

# ARTICLES OF ASSOCIATION

of

## Coop Pank AS

### 1. General Provisions

- 1.1. The business name of the public limited company is Coop Pank AS (hereinafter the **Company**).
- 1.2. The main and permanent activity of the Company is its operation as a credit institution.
- 1.3. The Company shall be guided in its activities by the legislation of the Republic of Estonia and the European Union, good morals and the customs, practices and ethical standards applicable in the business and field of activity of the Company.
- 1.4. The registered office and head office of the Company is in Tallinn, Estonia.

### 2. Company's Share Capital and Shares

- 2.1. The amount of the minimum share capital of the Company is 40,000,000 (forty million) EUR and the maximum amount is 160,000,000 (one hundred sixty million) EUR.
- 2.2. The Company has registered shares without nominal value to which an equal part of the share capital corresponds. There is one class of shares which grant equal rights to shareholders.
- 2.3. The minimum number of the Company's shares without nominal value is 40,000,000 (forty million) and the maximum number is 160,000,000 (one hundred sixty million). Each ordinary share grants 1 (one) vote to its holder at the General Meeting of shareholders.
- 2.4. By a resolution of the General Meeting, the share capital of the Company may be increased by supplementary monetary contributions or without supplementary contributions out of the retained profits or share premium of the Company by bonus issue or, with the previous written consent of the Financial Supervision Authority, by conversion of convertible bonds to shares or by the settlement of a financial claim arising out of a subordinated debt agreement and the issue price of the shares.
- 2.5. By a resolution of the General Meeting, payment for the shares may be made by a non-monetary contribution upon increase of the share capital of the Company in the course of a merger of credit institutions. Upon the increase of the share capital of the Company by a non-monetary contribution, the value of the item of the non-monetary contribution shall be assessed by the Management Board. If generally recognised experts are available for valuation of the item of a non-monetary contribution, valuation by such experts of the item shall be arranged. An auditor shall audit the valuation of a non-monetary contribution and shall present an opinion on whether the contribution meets the requirements specified in the Commercial Code.
- 2.6. The shares of the Company are freely transferable. For the purposes of the Company, the share shall be deemed to be transferred as of entry of the transferee in the share register of the Company.
- 2.7. A share of the Company may be pledged.
- 2.8. In order to cover possible future losses, the Company shall form a legal reserve which minimum amount is one-tenth (1/10) of the share capital. At least one-twentieth (1/20) of the net profit of the Company shall be transferred to the legal reserve each financial year until the legal reserve reaches its minimum amount. The General Meeting may decide to transfer other amounts to the legal reserve. The legal reserve may also be used to increase the share capital.

- 2.9. The Company may issue registered convertible bonds, the sum of the nominal values of which shall not be greater than one-tenth of the share capital and the holders of which have the right to convert their bonds to shares.

### **3. Company's Management and Principles of Organisational Structure**

#### **3.1. General Provisions**

- 3.1.1. The management bodies of the Company are the General Meeting of shareholders, the Supervisory Board and the Management Board.

#### **3.2. General Meeting of Shareholders**

- 3.2.1. The General Meeting of shareholders is the highest managing body of the Company.
- 3.2.2. General Meetings are annual or special. The General Meeting is held in the Republic of Estonia.
- 3.2.3. An annual General Meeting is held once a year. The Management Board shall call an annual General Meeting at the latest within four months after the end of the financial year.
- 3.2.4. A special General Meeting shall be called by the Management Board on the grounds and pursuant to the procedure provided for in the legislation either on its own initiative or if this is requested by any shareholder whose shares represent at least 1/10 of the share capital, or any other person who has been granted this right by legislation.
- 3.2.5. The General Meeting is competent to resolve the following issues:
- 3.2.5.1. amend the Articles of Association;
  - 3.2.5.2. increase and reduce the share capital;
  - 3.2.5.3. issue convertible bonds;
  - 3.2.5.4. elect and remove the members of the Supervisory Board;
  - 3.2.5.5. elect auditor(s);
  - 3.2.5.6. designate a special audit;
  - 3.2.5.7. approve the annual report and distribute profit;
  - 3.2.5.8. cover a loss on account of the legal reserve (reserve capital);
  - 3.2.5.9. dissolution, merger and division of the Company;
  - 3.2.5.10. decide on conduct of transactions with members of the Supervisory Board, determine the terms and conditions of the transaction, decide on holding legal disputes and appoint a representative of the Company in such transaction or dispute;
  - 3.2.5.11. other issues placed within the competence of the General Meeting by legislation and the Articles of Association.
- 3.2.6. The General Meeting may adopt resolutions on other matters related to the activities of the Company upon a demand of the Management Board or the Supervisory Board.
- 3.2.7. The time, place of holding the annual and / or special General Meeting and the agenda thereof, proposals of the Supervisory Board concerning each item on the agenda, and other significant circumstances related to the General Meeting shall be communicated to the shareholders at least three weeks in advance. The Management Board shall send a notice of the General Meeting to all shareholders pursuant to the procedure provided by law. If the Company has more than 50 shareholders, notices need not be sent to the shareholders, however a notice of the general meeting shall be published in at least one daily national newspaper. The General Meeting has a quorum if over one-half of the votes represented by shares are represented at the General Meeting unless the legislation prescribes a greater participation requirement.

- 3.2.8. If the quorum requirement specified in Article 3.2.7 is complied with at the General Meeting, the Management Board of the Company shall call a new General Meeting with the same agenda within three weeks but no sooner than in seven calendar days. Provided that the shareholders have been properly notified of the new General Meeting, the new General Meeting is qualified to adopt resolutions regardless of the votes represented at the General Meeting.
- 3.2.9. A resolution of the General Meeting is adopted if over one-half of the votes represented by shares are in favour, except the issues provided for in Articles 3.2.5.1, 3.2.5.2 and 3.2.5.9 of these Articles of Association, the adoption of which requires at least two-thirds of the votes represented at the General Meeting, and unless the law prescribes a greater majority requirement. In the election of a person, the candidate who receives more votes than the others shall be deemed to be elected.
- 3.2.10. Minutes shall be taken at the General Meeting. The minutes of the General Meeting shall be authenticated by the notary in the cases provided by law. The Shareholders are entitled to receive a copy of the minutes of the General Meeting.
- 3.2.11. In the cases provided by law, the Shareholders may also adopt resolutions without complying with the requirements for calling the General Meeting and adopting resolutions provided that all the shareholders agree to and sign the resolution.

### **3.3. Supervisory Board of the Company**

- 3.3.1. The Supervisory Board is the managing body of the Company which plans the Company's operation and organises the management of the Company and supervises the activities of the Management Board.
- 3.3.2. The Supervisory Board comprises five to seven members who are elected by the General Meeting for a term of three years. In order to elect a member of the Supervisory Board, his or her written consent is required.
- 3.3.3. The members of the Supervisory Board of the Company elect from among themselves the Chairman who shall organise the activities and administration of the Supervisory Board, call and chair the meetings of the Supervisory Board. The members of the Supervisory Board shall also elect from among themselves the Deputy Chairman who shall substitute for the Chairman of the Supervisory Board in the absence of the Chairman.
- 3.3.4. The Supervisory Board of the Company is competent to resolve the following matters and such matters shall be decided by a duly adopted resolution of the Supervisory Board:
  - 3.3.4.1. approval and amendment of the Company's risk profile;
  - 3.3.4.2. adoption or amendment of the Company's strategy and budget, and approval of any resolutions for deviation therefrom;
  - 3.3.4.3. election and removal of the members of the Management Board and deciding on their remuneration, appointment of the Chairman of the Management Board;
  - 3.3.4.4. deciding on the engagement in legal disputes with the members of the Management Board and appointment of the Company's representative in such disputes;
  - 3.3.4.5. making of important organisational changes in the Company;
  - 3.3.4.6. deciding on conduct of transactions by the Company that go beyond the boundaries of ordinary economic activity or initiation or termination of court proceedings or arbitration proceedings or entry into an agreement in such proceedings;
  - 3.3.4.7. foundation, merger, division, transformation and dissolution of subsidiaries of the Company, including appointment of a representative of the Company for participation in the meeting of the shareholders of a subsidiary or in the General Meeting of the shareholders;

- 3.3.4.8. opening and closing of branches of the Company and branches of subsidiaries;
  - 3.3.4.9. investment into other companies or acquisition of holdings in such companies by the Company and participation of the Company in any other joint undertaking or partnership or other organisation, transfer of such holding and termination of participation, except in the case the transaction is related to the trading portfolio of the Company and the transaction is conducted on the basis of the trading portfolio principles of the Company established by the Management Board of the Company, and transactions which form a part of the ordinary economic activities (in particular acquisition of holdings to secure the credits granted by the Company);
  - 3.3.4.10. deciding on transactions between the Company and a shareholder as well as between the Company and a member of the Management Board, conduct or amendment of transactions and determination of the terms and conditions of such transactions and appointment of a representative of the Company for the conclusion of transactions;
  - 3.3.4.11. other issues placed within the competence of the Supervisory Board by legislation or the Articles of Association.
- 3.3.5. For a period of three years after the adoption the wording of the Articles of Association, The Supervisory Board has the right to increase the share capital by monetary contributions. The Supervisory Board shall not increase the share capital by more than one tenth of the share capital, registered upon the entry into force of the wording of the Articles of Association.
- 3.3.6. The Supervisory Board shall adopt decisions in any issues not governed by the Articles of Associations and the Articles of Association in compliance with the procedure and in the manner provided by legislation.
- 3.3.7. The Chairman of the Supervisory Board or the Deputy Chairman of the Supervisory Board substituting for the chairman of the Supervisory Board shall notify, as appropriate, the Management Board of the Company of the time and place of holding the meeting of the Supervisory Board and of the agenda of the meeting of the Supervisory Board. At the request of the Chairman of the Supervisory Board or the Deputy Chairman substituting for the Chairman of the Supervisory Board, the members of the Management Board undertake to participate in the meetings of the Supervisory Board and report on the activities of the Company.
- 3.3.8. The Supervisory Board shall make decisions at the meeting of the Supervisory Board. The meetings of the Supervisory Board are held when necessary but not less frequently than once every three months. The meeting shall be called by the Chairman of the Supervisory Board or by the Deputy Chairman of the Supervisory Board substituting for the Chairman. Advance notice of at least five working days shall be given of the holding of the Supervisory Board meeting and of its agenda unless all members of the Supervisory Board agree to the shorter notice period. The meeting of the Supervisory Board shall be held at the registered address of the Company unless the members of the Supervisory Board decide otherwise.
- 3.3.9. Minutes shall be taken of a meeting of the Supervisory Board. The minutes shall be signed by all the members of the Supervisory Board who attended the meeting and by the recording secretary of the meeting. The dissenting opinion of a member of the Supervisory Board shall be entered in the minutes, which shall be confirmed by his or her signature. The Chairman of the Supervisory Board or the Deputy Chairman of the Supervisory Board substituting for the Chairman of the Supervisory Board is required to organise the taking of minutes at meetings of the Supervisory Board and the sending of the minutes to the Management Board.

- 3.3.10. A decision of the Supervisory Board is adopted if more than one-half of the members of the Supervisory Board attending the meeting vote in favour unless a greater majority requirement is prescribed by legislation or the Articles of Association. Members of the Supervisory Board who are absent from the meeting may participate in voting by sending their votes in a format which can be reproduced in writing. Each member of the Supervisory Board has one vote. A member of the Supervisory Board has no right to abstain from voting or to remain undecided. Upon an equal division of votes, the Chairman of the Supervisory Board has a casting vote.
- 3.3.11. In the issues provided for in Article 3.3.4.10, the resolution of the Supervisory Board is deemed adopted if all the members of the Supervisory Board who participated in the voting voted for the resolution of the Supervisory Board.
- 3.3.12. A member of the Supervisory Board shall not participate in voting if approval of conclusion of a transaction between the member and the Company is being decided, or if approval of conclusion of a transaction between a third party and the Company is being decided, if the interests of the member of the Supervisory Board arising from such transaction are in conflict with the interests of the Company.
- 3.3.13. The Supervisory Board has the right to adopt resolutions without calling a meeting of the Supervisory Board pursuant to the procedure provided for in § 323 of the Commercial Code if all the members of the Supervisory Board consent thereto. If a decision is made pursuant to the procedure established in this Article, the resolution is adopted if more than one-half of the votes of members of the Supervisory Board are given in favour, unless the Articles of Association or legislation prescribe a greater majority requirement.
- 3.3.14. If all the members of the Supervisory Board consent to and sign the decision, the decision of the Supervisory Board may also be executed without an advance notice of the meeting and without a record of vote.

#### **3.4. Management Board of the Company**

- 3.4.1. The Management Board is the managing body of the Company which represents and manages the everyday activities thereof.
- 3.4.2. The Management Board of the Company comprises three to seven members who shall be elected by the Supervisory Board for the term of three years.
- 3.4.3. The Chairman of the Management Board shall organise the activities of the Management Board and call and chair meetings of the Management Board. If the Chairman of the Management Board is unable to perform his or her duties, the Supervisory Board shall appoint a person substituting for the Chairman from among the members of the Management Board.
- 3.4.4. The Management Board conducts transactions which go beyond the scope of everyday economic activities only based on the prior relevant resolution of the Supervisory Board.
- 3.4.5. The Management Board is required to send each month an overview of the economic activities and economic results of the previous month to the Supervisory Board, including the balance sheet, income statement and cash flow statement of the Company concerning the previous month and cumulatively from the beginning of the year in comparison to the previous calendar year, and a monthly report explaining the economic results of the Company.
- 3.4.6. The Management Board shall submit the strategy and budget for the following year to the Supervisory Board for approval not later than in November of each calendar year.
- 3.4.7. The principal terms and conditions of a Management Board member contract and any amendments thereto, incl. remuneration principles and amendments to remuneration principles shall be agreed in the Supervisory Board and approved by a resolution of the Supervisory Board according to the provisions of Article 3.3.4.3.
- 3.4.8. Each member of the Management Board may represent the Company in conduct of transactions and other acts.

- 3.4.9. A meeting of the Management Board is called by the Chairman of the Management Board either on his or her own initiative or based on the proposal of a member of the Management Board or a member of the Supervisory Board or an auditor or the head of the Internal Audit Unit or the Financial Supervision Authority.
- 3.4.10. The meetings of the Management Board shall be held at a place in the Republic of Estonia designated by the Chairman of the Management Board.
- 3.4.11. The Management Board has a quorum if more than one-half of the members of the Management Board participate in the meeting thereof.
- 3.4.12. Resolutions of the Management Board are adopted by simple majority of votes. In the case of equal division of votes, the Chairman of the Management Board has the casting vote.
- 3.4.13. Minutes shall be taken of the Management Board meetings. The minutes shall be signed by all attending members of the Management Board and the recording secretary.

#### **4. Accounting, Reporting and Control, and Approving of Annual Reports**

- 4.1. The Company's financial year is a calendar year.
- 4.2. After the end of a financial year, the Management Board shall prepare the annual report and submit it together with the profit distribution proposal and the auditor's report to the Supervisory Board. The Supervisory Board shall review the annual report and prepare a written report in respect thereof, which shall be submitted to the General Meeting. The Supervisory Board shall indicate in the report whether it approves the annual report prepared by the Management Board. In addition, the report shall indicate how the Supervisory Board has organised and managed the activities of the Company. Thereafter, the Management Board shall present the annual report, the auditor's report and the profit distribution proposal to the General Meeting for approval. The Management Board shall submit the approved annual report to the Commercial Register.

#### **5. Remuneration Committee**

The Remuneration Committee is a working body of the Company which assesses the implementation of the remuneration principles and the impact of the decisions related to remuneration on the compliance with the requirements set for risk management, own funds and liquidity. The Remuneration Committee shall be formed by a resolution of the Supervisory Board of the Company from among the members of the Supervisory Board of the Company. The Remuneration Committee shall report to the Supervisory Board of the Company. The more precise competence, rights and principles of activities of the Remuneration Committee shall be determined by the Supervisory Board of the Company.

#### **6. Credit Committee**

- 6.1. The Credit Committee is a working body of the Company which ensures compliance with the principal crediting principles and with good banking practice upon granting and management of loans. The Credit Committee shall be formed by a resolution of the Management Board of the Company; it comprises at least five members who also include the Chairman of the Management Board of the Company, who shall not be the Chairman of the Credit Committee. The Credit Committee shall operate pursuant to the statutes approved by the Supervisory Board of the Company. The Credit Committee shall report their activities to the Company's Management Board.
- 6.2. Meetings of the Credit Committee shall be closed. A meeting of the Credit Committee has a quorum if more than one-half of the members of the committee participate in it. Granting of loans shall be decided by open ballot voting by name with simple majority of votes. Members of the Credit Committee have no right to abstain from voting or to remain undecided. The Chairman of the Credit Committee has the deciding vote upon an equal division of votes.

- 6.3. Minutes shall be taken of the meetings of the Credit Committee. The minutes shall be signed by all attending members of the committee.
- 6.4. A manager of the Company or a member of the Credit Committee thereof, an employee who decides on the grant of loans, and other persons who have equivalent economic interests to such persons shall not participate in the process of deciding on the grant of a loan to him or her.

## **7. Internal Audit Unit**

- 7.1. As a part of the internal audit system of the Company, an independent Internal Audit Unit is formed which shall monitor the activities of the Company and act pursuant to the procedure established in the statutes approved by the Supervisory Board.
- 7.2. The Internal Audit Unit shall evaluate the Company's day-to-day economic activities and the conformity and sufficiency of internal rules and rules of procedure to the activities of the Company and shall monitor continually adherence to the rules, rules of procedure, limits and other standards established by the Supervisory Board and the Management Board and shall monitor the compliance with of any precepts made by the Financial Supervision Authority.
- 7.3. The Internal Audit Unit shall analyse the deficiencies discovered in the activities of the Company and the employees thereof, cases of failure to perform duties and acting in excess of authority, make proposals for the elimination of deficiencies and for measures to prevent errors, prepare reviews of the activities of the unit on a regular basis and submit the reviews to the Supervisory Board and Management Board of the Company pursuant to the procedure provided for in the statutes of the Internal Audit Unit.
- 7.4. The employees of the Internal Audit Unit shall be appointed to and released from office on the basis of a resolution of the Supervisory Board of the Company. The exact number of posts shall be determined by the Supervisory Board of the Company based on the needs of the Company and the Internal Audit Unit.
- 7.5. Employees of the Internal Audit Unit have the right to examine all the documents of the Company, monitor without any restrictions the operation of the Company in any section thereof, participate in the meetings of the committees formed by the Management Board pursuant to the Articles of Association; demand written explanations from the employees of the Company about any deficiencies and mistakes that have been discovered in their activities, and elimination of the discovered deficiencies.

## **8. Audit Committee**

The Audit Committee is a working body of the Company which monitors the activities of the Management Board of the Company. The Audit Committee shall be formed by a resolution of the Supervisory Board of the Company from among the members of the Supervisory Board of the Company or the persons appointed by the Supervisory Board who are not the members of the Management Board or Employees of the Company. The Audit Committee shall report to the Supervisory Board of the Company. The more precise competence, rights and principles of activities of the Audit Committee shall be determined by the Supervisory Board of the Company.

## **9. Termination of Activities of Company**

- 9.1. The Bank shall be dissolved:
  - 9.1.1. by a resolution of the General Meeting of the shareholders of the Bank pursuant to the legislation and the Articles of Association of the Bank (voluntary dissolution);
  - 9.1.2. by a court ruling or judgement;
  - 9.1.3. on the initiative of the Financial Supervision Authority, on the basis of a court judgment (compulsory dissolution);
  - 9.1.4. in the case of insolvency, pursuant to the Credit Institutions Act and the Bankruptcy Act.
- 9.2. Dissolution of the Bank shall comply with legislation.

The new wording of the Articles of Association has been adopted by the resolution of the annual General Meeting of shareholders of \_\_\_\_ 2020.

/signed digitally/

**Margus Rink**

Chairman of the Management Board