

Articles of Association

Disclaimer: This English translation of the original German articles of incorporation (*Satzung*) as most recently amended and entered into the commercial register on 23 July 2012, and which is also made available in its original form, is provided solely as a courtesy and without liability. Only the German original is legally binding.

I. General provisions

§ 1 Company, registered office and fiscal year

(1) The name of the company (hereafter, the “Company”) shall be:

Baader Bank Aktiengesellschaft

(2) The Company shall have its registered office in Unterschleissheim, Germany.

(3) Its fiscal year shall be the calendar year.

§ 2 Purpose of the Company

(1) The business purpose of the Company shall be to provide banking and financial services in accordance with:

- Item 1 (deposit business) as described in the second sentence of sec. 1 para. 1 of the German Banking Act (*Kreditwesengesetz, KWG*)
- Item 2 (lending business) in the second sentence of sec. 1 para. 1 of the Banking Act
- Item 4 (principal broking business) in the second sentence of sec. 1 para. 1 of the Banking Act
- Item 5 (custody business) in the second sentence of sec. 1 para. 1 of the Banking Act
- Item 8 (guarantee business) in the second sentence of sec. 1 para. 1 of the Banking Act
- Item 9 (giro business) in the second sentence of sec. 1 para. 1 of the Banking Act
- Item 10 (underwriting business) in the second sentence of sec. 1 para. 1 of the Banking Act
- Item 1 (investment broking) in the second sentence of sec. 1 para. 1a of the Banking Act
- Item 1a (investment advice) in the second sentence of sec. 1 para. 1a of the Banking Act
- Item 1c (placement business) in the second sentence of sec. 1 para. 1a of the Banking Act
- Item 2 (contract broking) in the second sentence of sec. 1 para. 1a of the Banking Act
- Item 3 (portfolio management) in the second sentence of sec. 1 para. 1a of the Banking Act
- Item 4 (proprietary trading) in the second sentence of sec. 1 para. 1a of the Banking Act
- The third sentence (other proprietary business) of sec. 1 para. 1a of the Banking Act

(1a) The business purpose of the Company shall also include the provision of other services.

(1b) The Company may realise this purpose itself or through subsidiaries or affiliated companies.

- (2) The Company is entitled to take all measures and business transactions which are appropriate to further the business purpose of the Company. This also includes the establishment of branches and other enterprises, as well as the taking of interest participations in such enterprises, domestically and abroad.

§ 3 Announcements

- (1) Official announcements of the Company shall be published in the electronic version of the German Federal Gazette (*elektronischer Bundesanzeiger*), unless publication in a different form is prescribed by law.
- (2) Information may be distributed to the shareholders of the Company, and to holders of any other securities issued by the Company and approved for trading on an organised market as defined by sec. 2 para. 5 of the German Securities Trading Act (*Wertpapierhandelsgesetz*), by means of remote data transmission.

II. Registered capital and shares

§ 4

- (1) The registered capital (*Grundkapital*) of the Company shall be EUR 45,908,682.00. It shall be divided into 45,908,682 bearer shares without par value. The Executive Board shall, with the approval of the Supervisory Board, decide as to the form and content of share certificates, dividend coupons and renewal coupons¹. The Company shall be authorised to document its registered capital in the form of one or more global certificates. The right of shareholders to demand the issuance of individual share certificates is excluded.
- (2) The Executive Board shall, at any time until 29 June 2016, and with the approval of the Supervisory Board, be authorised to increase the Company's registered capital by no more than EUR 22,954,341.00 through the issuance of new shares one or more times against contributions in cash and/or in kind. Existing shareholders are in general to be granted subscription rights (*Bezugsrechte*). Subject to the approval of the Supervisory Board, however, the Executive Board may:
 - a) exclude fractional shares from such subscription rights;
 - b) exclude shareholders' subscription rights for the purpose of issuing new shares against cash contributions, provided that the issue price is not significantly lower than the exchange price of shares already listed on an exchange at the time that this issue price is conclusively determined (as per the fourth sentence of sec. 186 para. 3 of the German Stock Corporation Act [*Aktiengesetz*]), subject to the further limitation that such exclusion of subscription rights may only involve the issuance of shares not exceeding 10% of registered capital; or

¹ Note to English translation: Because bearer stock certificates have only a finite number of dividend coupons, it is customary in Germany for the last coupon (called an *Erneuerungsschein* or "renewal coupon") to be exchanged for a new set of coupons.

- c) exclude shareholders' subscription rights in order to issue shares against contributions in kind, which may also be an exchange of shares, for the purpose of acquiring companies, investment participations in companies, parts of companies or assets, as well as for the purpose of facilitating corporate mergers

(the "**Authorised Capital 2011**").

(2a) (intentionally left blank)

(2b) (intentionally left blank)

(2c) The Company's registered capital is herewith conditionally increased by up to EUR 600,000.00 in nominal amount. This contingent capital increase may only be carried out through the issuance of up to 600,000 new bearer shares without par value and with profit participation rights from the start of the fiscal year in which they are issued, and only to the extent that share options distributed under the Stock Option Plan 2004 of Baader Wertpapierhandelsbank AG under the authority granted on 14 July 2004 are exercised by the holders thereof (the "**Contingent Capital 2004**").

(2d) The Company's registered capital is herewith conditionally increased by up to EUR 1,600,000.00 in nominal amount. This contingent capital increase may only be carried out through the issuance of up to 1,600,000 new bearer without par value and with profit participation rights from the start of the fiscal year in which they are issued, and only to the extent that share options distributed under the Stock Option Plan 2006 of Baader Wertpapierhandelsbank AG under the authority granted on 19 July 2006 are exercised by the holders thereof (the "**Contingent Capital 2006**").

(2e) The Company's registered capital is herewith conditionally increased by up to EUR 20,754,341.00 through the issuance of up to 20,754,341 new bearer shares without par value (the "**Contingent Capital 2012**"). This conditional capital shall serve to grant [conversion/option] rights to the holders of convertible bonds (i.e. creditors) and/or of bonds with warrants (*Optionsscheine*), issued by Baader Bank AG, or by a company in which Baader Bank AG has a direct or indirect majority ownership, under the authority granted by resolution by the General Meeting of Shareholders of 29 June 2012, at any time until 28 June 2017. The conditional capital may also serve, in accordance with the terms and conditions of the convertible bond issue, to issue shares to holders of convertible bonds with mandatory conversion provisions. The new shares shall be issued at a conversion price or option price [strike price] consistent with the authorising resolution.

This conditional capital increase may only be executed to the extent that holders of convertible bonds and/or bonds with warrants issued by the Company on the basis of the aforementioned resolution during the period from 29 June 2012 to 28 June 2017 exercise their conversion and/or option rights, or to the extent that holders of convertible bonds with conversion obligations fulfil their conversion obligations, and only to the extent

that the Company does not use treasury shares for such exercise of rights or fulfilment of obligations. The newly issued shares shall participate in profits from the start of the fiscal year in which they are created through the exercise of conversion or option rights, or through the fulfilment of conversion obligations.

The Executive Board shall be authorised to determine, subject to approval of the Supervisory Board, further details governing the execution of the conditional capital increase.

- (2f) Where shares are issued under provisions for contingent capital, the Supervisory Board shall be authorised to amend this section (§ 4 of the Articles of Association) accordingly.
- (3) Where new shares are issued, the commencement of profit participation may be stipulated contrary to sec. 60 para. 2 of the Stock Corporation Act.

III. Corporate bodies and administration of the Company

[Executive Board (*Vorstand*)]

§ 5 Composition of the Executive Board

The Executive Board shall consist of at least two persons. The appointment of deputy members is permitted. Deputy members of the Executive Board shall have the same authority to externally represent the Company as regular members.

§ 6 Rules of procedure and resolutions of the Executive Board

- (1) The Executive Board of Directors shall, with the approval of the Supervisory Board, unanimously adopt its own rules of procedure (*Geschäftsordnung*).
- (2) The Executive Board may adopt resolutions by simple majority voting. In the event of a tie vote, the Chairman² shall have the determining vote. If the Chairman is unable to attend the meeting, the Deputy Chairman shall have the determining vote.

§ 7 Legal representation of the Company

The Company may be legally represented by two members of the Executive Board or by one member of the Executive Board acting together with a general authorised representative (*Prokurist*). The Supervisory Board is authorised to release one or more members of the Executive Board from the restrictions on multiple representation under sec. 181 of the German Civil Code. The provisions of sec. 112 of the Stock Corporation Act shall remain unaffected.

² Please note that certain grammatically male nouns and pronouns are used for convenience in this translation and refer equally to men and women.

Supervisory Board (Aufsichtsrat)

§ 8 Composition of the Supervisory Board

- (1) The Supervisory Board shall consist of six members, of which two shall be elected by the Company's employees in accordance with the Works Councils Act of 1952 (*Betriebsverfassungsgesetz*).
- (2) Members of the Supervisory Board shall be appointed for a term of office ending upon conclusion of the Annual General Meeting of Shareholders at which approval is retroactively granted (*Entlastung*) for the actions of the Supervisory Board for the fourth fiscal year following commencement of such term of office. The year in which the term of office commenced shall not be counted in this calculation.
- (3) Replacement members of the Supervisory Board may be elected, who – in an order specified at the time of election – shall succeed any members of the Supervisory Board who vacate their seats prior to the end of their scheduled terms of office. The election of such replacement members shall apply to the remaining term of office of the vacating member.

§ 9 Resignation from office

Any member of the Supervisory Board may resign from office by submitting a written declaration to this effect to the Executive Board, and without any obligation to state a compelling reason. A notice period of one month shall apply in this case.

§ 10 Chairman and Deputy Chairman

- (1) Following the General Meeting of Shareholders at which all of the members of the Supervisory Board subject to election have been newly elected, the Supervisory Board shall convene a meeting, for which no separate invitation [advance notice] shall be required. During this meeting, the Supervisory Board shall, from among its members, elect a Chairman and a Deputy Chairman.
- (2) In the event that the Chairman or Deputy Chairman vacates office prior to the end of the scheduled term, the Supervisory Board shall promptly elect a successor, who shall hold office for the remainder of the term of office of the vacating member.

§ 11 Convocation and adoption of resolutions

- (1) The Chairman (or Deputy thereof) shall convene meetings of the Supervisory Board subject to a notice period of 14 days and shall determine the form of the meetings.
- (2) Resolutions of the Supervisory Board shall, unless otherwise prescribed by law, be adopted by simple majority voting. The same shall also apply to elections.
- (3) The Chairman of the Supervisory Board shall be authorised to make declarations of intent (*Willenserklärungen*)³ on behalf of the Supervisory Board as necessary to carry out its resolutions.

§ 12 Duties of the Supervisory Board

- (1) The Supervisory Board shall supervise the management of the Company by its Executive Board. The Supervisory Board shall, in addition, bear all duties and rights assigned it by law, by these Articles of Association or by other lawful means. The Supervisory Board shall also be entitled to convene General Meetings of Shareholders.
- (2) The Supervisory Board shall be authorised to make non-substantive changes in these Articles of Association which solely involve form or wording.

§ 13 Remuneration of the Supervisory Board

The members of the Supervisory Board shall, with effect from 1 January 2004, receive remuneration for the performance of their duties to be determined as follows:

- (1) Each member of the Supervisory Board shall receive, in addition to reimbursement of expenses, a fixed annual remuneration (the “Basic Remuneration”) of EUR 20,000.00, payable following the end of the fiscal year. Each member shall additionally receive a variable remuneration amount, which shall be paid following the General Meeting that passes resolutions for the respective fiscal year. This amount shall be calculated as 0.09% of the annual net profit before tax as published in the Company’s annual financial statements. The Chairman shall receive double these amounts and the Deputy Chairman one and a half times these amounts.
- (2) In addition to the remuneration under the terms of paragraph (1), each member of a committee shall receive annual fixed remuneration of EUR 2,500.00. The committee chairman shall receive EUR 5,000.00.
- (3) The total remuneration of any individual member of the Supervisory Board may not exceed three times the Basic Remuneration.
- (4) The Company shall, upon application, reimburse any member of the Supervisory Board for value added tax obligations arising from this remuneration.

³ A declaration of intent (*Willenserklärung*), described in secs. 116 through 144 of the German Civil Code, essentially defines the capacity to enter into legal transactions and the form which this must take.

General Meeting of Shareholders (*Hauptversammlung*)

§ 14 Convocation and participation

- (1) General Meetings of Shareholders shall be held at the registered office of the Company, elsewhere within the greater Munich area, or in a city where a German stock exchange is domiciled.
- (2) In order to be entitled to participate in a General Meeting of Shareholders and to exercise voting rights, shareholders must provide proof of such entitlement to the Company, or to its agent as specified in the meeting invitation, no later than seven days before the General Meeting.
- (3) Proof of entitlement to participate in a General Meeting of Shareholders and to exercise voting rights shall be provided by presenting a confirmation of shareholding from a custodial institution. Unless otherwise mandated by law, such proof of entitlement shall refer to the 21st day prior to the General Meeting. The confirmation must be in English or German. The confirmation may be in text form. The meeting invitation may also provide for confirmations of shareholding written in other languages or issued by other institutions.
- (4) The Company shall be authorised, but under no obligation, to provide for the audio-visual transmission of General Meetings of Shareholders, either in part or in full. The Chairman shall decide whether such a transmission is to take place, and if so, what and how it will be transmitted, while also considering the cost thereof to the Company.

§ 15 Chairman of the General Meeting

- (1) The General Meeting shall be chaired by the Chairman of the Supervisory Board or, in the event of his being unable to attend, by his Deputy. In the event that neither the Chairman nor Deputy Chairman are able to attend, the chairman shall be elected by the General Meeting.
- (2) The chairman [of the General Meeting] shall preside over the Meeting. He shall determine the proceedings of the Meeting, as well as order of agenda items and form of voting. He may limit the right of shareholders to speak and pose questions to a reasonable period of time and set other conditions relating thereto.

§ 16 Resolutions

In the General Meeting, each share shall be entitled to one vote.

IV. Other provisions

§ 17 Costs of change in corporate form

The Company shall bear all of the direct expenses of its change in corporate form. Personal remuneration shall not be granted. The change in corporate form is estimated to have cost EUR 51,129.19. The final costs of the change in corporate form are to be prepared by the Executive Board and confirmed by the Supervisory Board within three months of entry thereof in the commercial register.

§ 18 Dividends in kind

The General Meeting may decide to distribute to shareholders part of or all of profit available for distribution (*Bilanzgewinn*) in the form of dividends in kind.