

INFORMATION LETTER

Klagenfurt am Wörthersee, 3 December 2021

HETA ASSET RESOLUTION AG | Liquidation Participation | Dedication of Liquidation Proceeds

HETA ASSET RESOLUTION AG ("**HETA**") hereby informs about the imminent termination of the resolution of HETA pursuant to the Austrian Federal Act on the Recovery and Resolution of Banks (BaSAG), the related initiation of liquidation proceedings of HETA pursuant to the Austrian Stock Corporation Act (AktG) and the economic participation of the former creditors of eligible non-subordinated liabilities in the further course of the liquidation of HETA under stock corporation law provided for in this context.

We would like to clarify at the outset that the former creditors of eligible non-subordinated liabilities who have already participated in distributions by HETA do not need to take any measures to protect their rights in this regard.

In detail:

The Austrian Financial Market Authority ("**FMA**") ordered in its mandate decision of 1 March 2015, GZ FMA-A001-ABB/2015, confirmed by the decision of 10 April 2016, that HETA is to be wound down in accordance with the BaSAG. In the course of the wind-down of HETA under the BaSAG, the eligible non-subordinated liabilities of HETA, including the interest accrued until 28 February 2015 (hereinafter collectively referred to as the "**Eligible Non-Subordinated Liabilities**"), were initially reduced to 46.02% through the application of the bail-in tool and subsequently increased twice, most recently to 86.32% by decree of 13 September 2019.

In the course of a total of five distributions, most recently in October 2021, HETA paid in full the amount outstanding on the 86.32% quota of Eligible Non-Subordinated Liabilities. The Eligible Non-Subordinated Liabilities are thus deemed to have been discharged (§ 95 para 2 no. 1 BaSAG). The (reduced) amount of HETA's Eligible Non-Subordinated Liabilities in excess of the fully satisfied ratio of 86.32% continues to exist as an imperfect obligation (*Naturalobligation*) (hereinafter the "**Imperfect Obligations**")

HETA's portfolio wind-down has now been completed in accordance with § 84 para 10 BaSAG. The General Meeting of HETA will pass a resolution on 15 December 2021 in accordance with § 84 para 11 BaSAG and initiate the liquidation proceedings of HETA under Austrian stock corporation law. Still in December 2021, the FMA will issue a decree pursuant to § 84 para 12 BaSAG stating that HETA will cease to operate as a wind-down unit. HETA will then no longer be a wind-down unit within the meaning of the BaSAG and the supervision of HETA by the FMA under the BaSAG will end. In the course of the liquidation under the Austrian Stock Corporation Act (AktG), the liquidators of HETA must terminate the

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remaining business, collect the receivables, convert the remaining assets into cash and satisfy the creditors. Any assets remaining after settlement of the debts (liquidation proceeds) are to be distributed.

By decree dated 2 May 2017, FMA-AW00001/0044-AWV/2016, ("**Decree II**") "*the shareholder's right to participate in the liquidation proceeds (§ 212 Stock Corporation Act) ... was cancelled.*" The FMA stated in Decree II (page 77) that the "*creditors of the ... eligible liabilities will participate on a pro rata basis in the distribution of any remaining assets (liquidation proceeds) at the time of the resolution to wind up ... in accordance with the amount of their original claim.*" From an overall view of the meaning and purpose of the Bank Recovery and Resolution Directive (BRRD) and the BASAG, it follows from the FMA's legal opinion that a distribution of the liquidation proceeds to the former creditors of the Eligible Non-Subordinated Liabilities (now holders of the Imperfect Obligations and hereinafter referred to as the "**Holders of Imperfect Obligations**") is in line with the objective of these two legal bases even without an explicit legal obligation. Pursuant to the Austrian Stock Corporation Act, it is possible for the Articles of Association to stipulate a dedication of the liquidation proceeds by completely excluding the shareholders or for the General Meeting to pass a resolution on the basis of an authorization under the Articles of Association.

In preparation for the initiation of the liquidation proceedings under stock corporation law, the General Meeting of HETA on 1 December 2021 resolved to amend HETA's Articles of Association. On the one hand, the Articles of Association were amended to the effect that the liquidation proceeds of HETA remaining at the end of the liquidation under stock corporation law are to be distributed to the Holders of Imperfect Obligations with the full exclusion of the shareholder. On the other hand, HETA was obliged in the Articles of Association to allow the Holders of Imperfect Obligations to participate in advance in the economic result of the liquidation under Austrian stock corporation law. This is intended to ensure that any residual assets of HETA are distributed to the Holders of Imperfect Obligations as early as economically possible, excluding the shareholder.

In fulfilment of this obligation under the Articles of Association, on 1 December 2021 HETA granted the Holders of Imperfect Obligations a debt instrument, also approved by HETA's General Meeting, under the terms of which they will participate in advance in the economic result of the liquidation of HETA under stock corporation law (hereinafter the "**Liquidation Participation**"). In summary, with the Liquidation Participation, HETA undertakes (i) conditionally upon the occurrence of the conditions set out in the Liquidation Participation, (ii) on the due dates set out in the Liquidation Participation, (iii) pro rata in accordance with the distribution set out in the Liquidation Participation, to make payments on the Imperfect Obligations and, to that extent and insofar, to waive their lack of enforceability. This could lead to further payments to the Holders of Imperfect Obligations during the liquidation of HETA if excess liquidity is identified in the liquidation of HETA in accordance with the Liquidation Participation. The first payment would be possible subsequent to the annual financial statements as at 31 December 2022. In addition, based on the provisions of the Articles of Association and the Liquidation Participation, the Holders of Imperfect Obligations will receive any remaining liquidation proceeds at the end of the liquidation. The payments to the Holders of Imperfect Obligations are in any case limited to a maximum of 100% of the Eligible Non-Subordinated Liabilities, in each case taking into account payments already received, in particular from previous distributions and payments as well as on the basis of settlements reached or other agreements.

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In order to receive any payments from the Liquidation Participation and the dedication of the liquidation proceeds in the Articles of Association, the Holders of Imperfect Obligations do not have to take any further action. Any payment by HETA will be made in the same way as for the distributions in the course of the resolution pursuant to BaSAG.

HETA has undertaken to publish certain information in order to meet the information requirements of the Holders of Imperfect Obligations with regard to the Liquidation Participation. The specific terms and conditions of the Liquidation Participation as well as all announcements made by HETA to Holders of Imperfect Obligations are published on HETA's website at <https://heta-asset-resolution.com/de/liquidation>.

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