

**ARTICLES OF INCORPORATION  
OF  
NEW HAZARD BANCORP, INC.**

**ARTICLE I**

The Corporation's name shall be New Hazard Bancorp, Inc.

**ARTICLE II**

The Corporation's purpose shall be to engage in any lawful business for which corporations may be incorporated under the Kentucky Business Corporation Act ("KBCA").

**ARTICLE III**

The address of the Corporation's registered office in the Commonwealth of Kentucky is 144 North Broadway, 2<sup>nd</sup> Floor, Lexington, Kentucky 40507. The name of its registered agent at such address is David Prater.

**ARTICLE IV**

The mailing address of the Corporation's principal office shall be 144 North Broadway, 2<sup>nd</sup> Floor Lexington, Kentucky 40507.

**ARTICLE V**

A. Classes of Stock. The Corporation is authorized to issue two classes of shares to be designated, respectively, "Common Shares" and "5% Series A, Noncumulative, Perpetual, Participating Convertible Preferred Shares." The total number of shares that the Corporation is authorized to issue is Two Million One Hundred Thousand (2,100,000), of which One Million One Hundred Thousand (1,100,000) shares shall be Common Shares ("Common Shares"), and One Million (1,000,000) shares shall be 5% Series A, Noncumulative, Perpetual, Participating Convertible Preferred Shares ("Series A Preferred Shares").

B. Series A Preferred Shares.

1. Dividend Provisions.

(a) Dividend Rate. The holders of each Series A Preferred Share shall be entitled to receive, on a noncumulative basis, dividends (the "Fixed Dividends"), as authorized and declared by the Board of Directors, out of any assets legally available therefor, payable at a non-compounding per annum rate equal to five percent (5%) (the "Dividend Rate") of the Original Issue Price (as hereafter defined). The "Original Issue Price" for each Series A Preferred Share shall mean Twenty Dollars (\$20.00), as adjusted for any stock splits, stock dividends, recapitalizations or the like occurring after the date that such share was issued (the "Issuance Date"). Dividends shall be payable in annual installments on October 1 of each year (each, a "Dividend Payment Date"), commencing on October 1, 2019. Each dividend shall be payable to the holders of record as they appear in the stock register of the Corporation at the close of business on the first day of the month, whether or not a Business Day, in which the relevant Dividend Payment Date occurs (each, a "Record Date"). Each period from and including a Dividend

Payment Date (or the Issuance Date), but excluding the following Dividend Payment Date, is herein referred to as a “Dividend Period.” Dividends payable for a Dividend Period shall be computed as simple interest upon the Original Issue Price on the basis of a 360-day year of twelve 30-day months. If a scheduled Dividend Payment Date does not fall on a day that is not Saturday or Sunday and that, in Kentucky, is not a day on which banking institutions generally are authorized or obligated by law or executive order to be closed (a “Business Day”), the dividend shall be paid on the next Business Day as if it were paid on the scheduled Dividend Payment Date, and no interest or other amount shall accrue on the dividend so payable for the period from and after that Dividend Payment Date to the date the dividend is paid. No interest or sum of money in lieu of interest shall be paid on any dividend payment on Series A Preferred Shares paid later than the scheduled Dividend Payment Date. Dividends on the Series A Preferred Shares are not cumulative. If the Board of Directors does not authorize and declare a dividend on the Series A Preferred Shares for a Dividend Period, or if the Board of Directors authorizes and declares less than a full dividend in respect of any Dividend Period, the dividends shall not accrue and cumulate from that scheduled Dividend Payment Date and shall not be payable in arrears.

(b) Priority. Unless and until all Fixed Dividends on each Series A Preferred Share, declared for any Dividend Period, have been paid in full: (i) no dividends or other distributions (other than a dividend or distribution payable solely in Common Shares) may be declared or paid on any Common Shares; (ii) no Common Shares may be repurchased, exchanged, redeemed or otherwise acquired for any consideration by the Corporation, any subsidiary of the Corporation or any entity which the Corporation controls (whether directly or indirectly); provided, however, that this restriction shall not apply to the repurchase of Common Shares from current or former employees, officers, directors, consultants or other persons performing services for the Corporation, a subsidiary or entity pursuant to agreements under which the Corporation, such subsidiary or entity has the option to repurchase such shares at or below cost upon the occurrence of certain events, such as the termination of employment; and (iii) no funds may be set apart or reserved with respect to any of the actions described in clauses (i) or (ii).

(c) Pro Rata Payments. If any dividends declared on the Series A Preferred Shares are not sufficient to pay all of the declared but unpaid Fixed Dividends in full, any partial payment shall be made ratably to the holders of Series A Preferred Shares in proportion to the aggregate declared but unpaid portion of such Fixed Dividends on the Series A Preferred Shares held by such holders.

(d) Participation. If at any time all declared Fixed Dividends on each Series A Preferred Share have been paid in full, and dividends or distributions (other than a dividend or distribution payable solely in Common Shares) are declared or paid on Common Shares, the holders of Series A Preferred Shares shall be entitled to participate with the Common Shares and receive, before or at the same time as any dividends or distributions shall be declared and paid upon or set aside for the Common Shares, the same dividends or distributions, on an as-converted basis, as are to be distributed to the holders of the Common Shares. Each Series A Preferred Share shall be treated for purposes of such participation as being equal to the number of Common Shares (which may be a fraction) into which a Series A Preferred Share could then be converted.

## 2. Liquidation Preference.

(a) Preference Amounts. Subject to subparagraph (c) of this Section 2, in the event of any liquidation, dissolution or winding up of the Corporation (a “Liquidation Event”), either voluntary or involuntary, each holder of Series A Preferred Shares shall be entitled to receive, prior and in preference to any distribution of any of the assets of the Corporation to the holders of Common Shares by reason of their ownership thereof, an amount per Series A Preferred Share (the “Preference Amount”) equal to the sum of the Original Issue Price plus the amount of declared but unpaid Fixed Dividends on such share as of the consummation of the Liquidation Event. If upon the occurrence of a Liquidation

Event, the assets and funds thus distributed among the holders of the Series A Preferred Shares shall be insufficient to permit the payment to such holders of the full Preference Amount, then the entire assets and funds of the Corporation legally available for distribution shall be distributed ratably among the holders of the Series A Preferred Shares in proportion to the Preference Amount each such holder would otherwise be entitled to receive.

(b) Additional Amounts. Upon the completion of the distribution required by subparagraph (a) of this Section 2, the remaining assets of the Corporation available for distribution to shareholders shall be distributed among the holders of Series A Preferred Shares and Common Shares pro rata based on the number of Common Shares held by each such holder on an as-converted basis (the "Participation Amount"). Each Series A Preferred Share shall be treated for purposes of such participation as being equal to the number of Common Shares into which a Series A Preferred Share could then be converted.

(c) Liquidation Events.

(i) For purposes of this Part B of this Article V, unless otherwise agreed by the vote or written consent of the holders of at least a majority of the then outstanding Series A Preferred Shares (the "Requisite Majority"), a Liquidation Event shall be deemed to be occasioned by, or to include, (A) an acquisition of the Corporation by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger or consolidation) other than one in which shareholders of the Corporation holding fifty percent (50%) or more of the outstanding voting power of the Corporation immediately prior to such acquisition continue to hold fifty percent (50%) or more, by voting power, of the outstanding shares of capital stock of the surviving or resulting corporation; or (B) a sale, lease, transfer, exclusive license or other disposition of all or substantially all of the assets of the Corporation, unless the voting power of acquiring entity is held by persons holding fifty percent (50%) or more of the outstanding voting power of the Corporation immediately prior to any such event.

(ii) If the consideration received by the Corporation or its shareholders in a Liquidation Event is other than cash, its value shall be deemed its fair market value. Any securities shall be valued as follows:

(A) Securities not subject to a lock-up agreement or other similar restrictions on free marketability and that are immediately eligible for sale under applicable law:

(1) If traded on a securities exchange, shall be deemed to be valued at the average of the closing prices of the securities on such exchange over the thirty (30) day period ending three (3) days prior to the first public announcement of the Liquidation Event (the "Announcement Date");

(2) If actively traded over-the-counter, shall be deemed to be valued at the average of the closing bid or sale prices (whichever is applicable) over the thirty (30) day period ending three (3) days prior to the Announcement Date; and

(3) If there is no active public market, shall be deemed to be valued at the fair market value thereof immediately prior to the Announcement Date, as mutually determined by the Corporation and the Requisite Majority. If the Corporation and the Requisite Majority cannot agree on the fair market value, fair market value shall be determined by a qualified, independent appraiser acceptable to both the Corporation and the Requisite Majority, or, if the Corporation and the Requisite Majority cannot agree on an appraiser, fair market value shall be the average of the fair market

value as determined by a qualified, independent appraiser selected by the Corporation and the fair market value as determined by a qualified, independent appraiser selected by the Requisite Majority.

(B) The method of valuation of securities subject to a lock-up agreement or other similar restrictions on free marketability or that are not immediately eligible for sale under applicable law (other than restrictions arising solely by virtue of a shareholder's status as an affiliate or former affiliate) shall be to make an appropriate discount from the market value determined as above in (A)(1) or (2) to reflect such restrictions with the amount of such discount determined in the same manner as the determination of fair market value in (A)(3) above.

3. Conversion. The holders of the Series A Preferred Shares shall have conversion rights as follows:

(a) Right to Convert. Each Series A Preferred Share shall be convertible, at the option of the holder thereof, at any time after the first date of issuance of such share into one (1) (the "Conversion Number") fully paid and nonassessable Common Share (the "Conversion Ratio").

(b) Termination of Conversion Rights. In the event of a Liquidation Event, the conversion rights shall terminate at the close of business on the last full day preceding the date fixed for the initial payment of any such amounts distributable to the holders of Series A Preferred Shares.

(c) Mechanics of Conversion. Before any holder of Series A Preferred Shares shall be entitled to convert them into Common Shares pursuant to subsection 3(a), the holder shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for the Series A Preferred Shares, and shall give written notice to the Corporation at its principal corporate office, of the election to convert Series A Preferred Shares and shall state therein the name or names in which the certificate or certificates for Common Shares are to be issued. The Corporation shall, as soon as practicable thereafter, issue and deliver to the holder of the converted Series A Preferred Shares, or to the nominee or nominees of such holder, a certificate or certificates for the number of Common Shares to which such holder shall be entitled. Any conversion shall be effective immediately prior to the close of business on the date of the surrender of the Series A Preferred Shares to be converted, and the person or persons entitled to receive the Common Shares issuable upon such a conversion shall be treated for all purposes as the record holder or holders of such Common Shares as of such date. If the conversion is in connection with an underwritten offering of securities registered pursuant to the Securities Act of 1933, as amended (the "Securities Act"), the conversion may, at the option of any holder tendering Series A Preferred Shares for conversion, be conditioned upon the closing with the underwriters of the sale of securities pursuant to such offering, in which event the person(s) entitled to receive the Common Shares upon conversion of the Series A Preferred Shares shall not be deemed to have converted such Series A Preferred Shares until immediately prior to the closing of the underwritten sale of securities.

(d) Automatic Conversion. Each Series A Preferred Share shall automatically be converted into the Conversion Number of Common Shares based upon the Conversion Ratio at the time in effect, immediately upon the earlier of (i) the Corporation's sale of its Common Shares in an underwritten public offering with a nationally recognized underwriter pursuant to a registration statement on Form S-1 or any comparable successor form then in effect under the Securities Act, the public offering price of price per share that is not less than \$20.00 in an offering of not less than \$25,000,000. (before deduction of underwriters commissions and expenses) (a "Qualifying IPO"), or (ii) the date specified by vote or written consent of the Requisite Majority.

(e) Recapitalizations. If at any time or from time to time there shall be a recapitalization of the Common Shares (other than a subdivision, combination, reorganization, merger, consolidation or sale of assets transaction provided for elsewhere in this Section 3 or in Section 2), provision shall be made so that the holders of Series A Preferred Shares shall thereafter be entitled to receive upon any conversion of such Series A Preferred Shares, in lieu of Common Shares otherwise issuable upon such a conversion, the number of shares or other securities or property of the Corporation or otherwise, to which a holder of one Common Shares would have been entitled to receive on such recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 3 with respect to the rights of the holders of the Series A Preferred Shares after the recapitalization to the end that the provisions of this Section 3 (including adjustment of the Conversion Price then in effect and the number of securities issuable upon conversion of the Series A Preferred Shares) shall be applicable after that event as nearly equivalent as may be practicable.

(f) Adjustments. The one-to-one conversion ratio for the conversion of the Series A Preferred Shares into Common Shares in accordance with B.3 of this Article V shall in all events be equitably adjusted in the event of (a) any recapitalization of the Corporation by means of a stock dividend on, or a stock split or combination of, outstanding Common Shares and Series A Preferred Shares, or (b) any merger, consolidation or other reorganization of the Corporation with another corporation.

(g) No Fractional Shares and Certificate as to Adjustments.

(i) No fractional shares shall be issued upon the conversion of Series A Preferred Shares, and the number of Common Shares to be issued shall be rounded up to the nearest whole share. Whether or not fractional shares are issuable upon such conversion shall be determined on the basis of the total number of Series A Preferred Shares the holder is at the time converting into Common Shares and the number of Common Shares issuable upon such aggregate conversion.

(ii) Upon the occurrence of each adjustment of the Conversion Price pursuant to this Section 3, the Corporation, at its expense, shall promptly compute such adjustment in accordance with the terms hereof and prepare and furnish to each holder of Series A Preferred Shares a certificate setting forth such adjustment and showing in detail the facts upon which such adjustment is based. The Corporation shall, upon the written request at any time of any holder of Series A Preferred Shares, furnish or cause to be furnished to such holder a like certificate setting forth (A) such adjustment and (B) the number of Common Shares and the amount, if any, of other property that at the time would be received upon the conversion of such Series A Preferred Shares.

(h) Notices of Record Date. If the Corporation takes a record of the holders of any class of securities for the purpose of determining the holders who are entitled to receive any dividend (other than a cash dividend) or other distribution, any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any other right, the Corporation shall mail or e-mail to each holder of Series A Preferred Shares, at least twenty (20) days prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right.

(i) Reservation of Shares Issuable Upon Conversion. The Corporation shall at all times reserve and keep available out of its authorized but unissued Common Shares, solely for the purpose of converting the Series A Preferred Shares, the number of Common Shares as shall from time to time be sufficient to convert all outstanding Series A Preferred Shares into Common Shares; and if at any time the number of authorized but unissued Common Shares shall not be sufficient to convert all then outstanding Series A Preferred Shares, in addition to such other remedies as shall be available to the



holders of Series A Preferred Shares, the Corporation shall take such corporate action as may be necessary to increase its authorized but unissued Common Shares to a number of shares sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite shareholder approval of any necessary amendment to these Articles of Incorporation.

4. Notices. Any notice required by the provisions of this Part B of Article V to be given to the holders of Series A Preferred Shares shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder of record at such holder's address appearing on the books of the Corporation or if sent to each holder of record at the email address set forth on the books of the Corporation, which may be updated by notice to the Corporation from time to time.

5. Waiver. Any of the rights, preferences or other terms of the Series A Preferred Shares set forth in this Part B of Article V may be waived on behalf of all holders of Series A Preferred Shares by the affirmative written consent or vote of the Requisite Majority.

6. Voting Rights.

(a) The holders of Series A Preferred Shares shall have the right to one vote for each Common Share into which such Series A Preferred Shares could then be converted, and shall otherwise have the voting rights and powers equal to the voting rights and powers of the holders of Common Shares. Notwithstanding any provision hereof, holders of Series A Preferred Shares shall be entitled to notice of any shareholders' meeting in accordance with the Bylaws of the Corporation, and, except as otherwise required by these Articles of Incorporation or the KBCA, shall vote together with the Common Shares as a single class, and not as a separate class, with respect to any matter upon which shareholders of the Corporation have the right to vote. Fractional votes shall not, however, be permitted and any fractional voting rights available on an as-converted basis (after aggregating all shares into which Series A Preferred Shares held by each holder could be converted) shall be rounded up to the nearest whole number.

(b) So long as any Series A Preferred Shares are outstanding, in addition to any other vote or consent of shareholders required by law or by the Articles of Incorporation, the vote or consent of the holders of at least majority of the outstanding Series A Preferred Shares (subject to the last paragraph of this Section 6(b)) at the time outstanding and entitled to vote thereon, voting together as a single class, shall be necessary to approve:

(i) Any amendment of the Articles of Incorporation or this Part B of Article V (including by means of a merger, consolidation, or otherwise) to authorize or create, or increase the authorized amount of, any shares of any specific class or series of capital stock of the Corporation ranking senior to the Series A Preferred Shares with respect to either or both the payment of dividends or the distribution of assets on any Liquidation Event; or

(ii) Any amendment or repeal of any provision of the Articles of Incorporation or this Part B of Article V (including by means of a merger, consolidation, or otherwise) to the extent that such amendment or repeal materially and adversely affects the special rights, preferences, privileges or voting powers of the Series A Preferred Shares;

*provided, however*, that for all purposes of this Section 6(b), (1) any increase in the amount of the Corporation's authorized or issued Series A Preferred Shares and (2) to the extent allowed by Kentucky law, the creation and issuance, or an increase in the authorized or issued amount, of another class or series of capital stock of the Corporation ranking equally with or junior to the Series A Preferred Shares either or both with respect to the payment of dividends (unless such dividends are cumulative) and/or the

distribution of assets upon a Liquidation Event, shall not be deemed to materially and adversely affect the special rights, preferences, privileges or voting powers of the Series A Preferred Shares.

7. Status of Converted Shares. If any Series A Preferred Shares shall be converted pursuant to Section 3, the shares so converted shall be cancelled and shall not be reissuable.

8. Perpetual; No Maturity. The Series A Preferred Shares shall be perpetual and without maturity.

9. Non-Redeemable. The Series A Preferred Shares shall not be redeemable at the option of holders at any time. The Series A Preferred Shares shall be redeemable at the option of the Corporation, subject to prior approval of the Federal Reserve, if applicable. The purchase price payable upon a redemption of any Series A Preferred Shares by the Corporation shall be the Preference Amount plus the amount of declared but unpaid Fixed Dividends on such share as of the consummation of the redemption. The Series A Preferred Shares shall not be subject to any sinking fund or other obligation to redeem, repurchase or retire the Series A Preferred Shares.

C. Common Shares.

1. Dividend Rights. Subject to the rights of the holders of Series A Preferred Shares provided in Section B.1 and subject to the prior rights of holders of any other classes of stock at the time outstanding having prior rights as to dividends, the holders of the Common Shares shall be entitled to receive, when and as declared by the Board of Directors, out of any assets of the Corporation legally available therefor, such dividends as may be declared from time to time by the Board of Directors.

2. Liquidation Rights. Upon a Liquidation Event, the assets of the Corporation shall be distributed as provided in Section B.2 of this Article V.

3. Voting Rights. The holders of Common Shares shall have the right to ten (10) votes per Common Share. The holders of Common Shares shall be entitled to notice of any shareholders' meeting in accordance with the Bylaws of the Corporation, and shall be entitled to vote upon such matters and in such manner as may be provided by law, and, except as otherwise required by these Articles of Incorporation or the KBCA, shall vote together with the Series A Preferred Shares as a single class, and not as a separate class, with respect to any matter upon which shareholders of the Corporation have the right to vote. Except as otherwise required by law, holders of Common Shares, as such, shall not be entitled to vote on any amendment to these Articles of Incorporation that relates solely to the terms of the Series A Preferred Shares if the holders of such Series A Preferred Shares are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to these Articles of Incorporation or pursuant to the KBCA. There shall be no cumulative voting in the election of directors of the Corporation.

## ARTICLE VI

The number of directors of the Corporation shall be not less than one (1) nor more than fifteen (15), the exact number from time to time to be fixed by the Board of Directors in accordance with the Corporation's Bylaws. The number of directors may be fixed or changed from time to time, within the minimum and maximum by the shareholders or the Board of Directors.

## ARTICLE VII

No director of the Corporation shall be personally liable to the Corporation or its shareholders for monetary damages for breach of fiduciary duty as a director; provided, however, that the foregoing shall not eliminate or limit the liability of a director (a) for any breach of the director's duty of loyalty to the Corporation or its shareholders; (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law; (c) under KRS 271B.8-330; or (d) for any transaction from which the director derived an improper personal benefit. Any repeal or modification of this Article VII by the shareholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of, or increase the liability of any director of the Corporation with respect to any acts or omission occurring prior to, such repeal or modification.

## ARTICLE VIII

Each person who is or becomes an executive officer or director of the Corporation shall be indemnified and advanced expenses by the Corporation with respect to all threatened, pending or completed actions, suits or proceedings in which that person was, is or is threatened to be made a named defendant or respondent because he is or was a director or executive officer of the Corporation. This Article VIII obligates the Corporation to indemnify and advance expenses to its executive officers or directors only in connection with proceedings arising from that person's conduct in his official capacity with the Corporation and to the extent permitted by the KBCA, as amended from time to time, when the determination and authorization of such indemnification and advancement has been made in accordance with the KBCA. The indemnification and advancement of expenses provided by this Article VIII shall not be deemed exclusive of any other rights to which directors and executive officers may be entitled under any agreement, vote of shareholders or disinterested directors, or otherwise.

## ARTICLE IX

The name and mailing address of the incorporator are: FBT LLC, 400 West Market Street, 32<sup>nd</sup> Floor, Louisville, Kentucky 40202-3363.

FBT LLC, Incorporator

By

*Sue Battcher, Manager*

Date: March 5, 2019