

**ARTICLES OF ASSOCIATION**  
of Nova Ljubljanska banka d.d., Ljubljana-

**I. (one): General provisions**

Goals, Firm Name and Registered Office of the Bank-

**Article 1 (One)**

Nova Ljubljanska banka d.d., Ljubljana, as a public limited company, abides by the principles of sound and responsible governance, in accordance with the Corporate Governance Code for Joint Stock Companies. The Bank's long-term goal is to maximise its value. The Bank considers the interests of its employees, clients, creditors and other stakeholders and the Bank as a whole, with the aim of long-term success in the conduct of its business. The Bank considers the environmental and social impacts of its business, with the aim of ensuring sustainable development of the Bank.

The firm name of the Bank shall be: Nova Ljubljanska banka d.d., Ljubljana.

The abbreviated firm name of the Bank shall be: NLB d.d.

The registered office of the Bank shall be in Ljubljana.

The business address of the Bank shall be Trg republike 2 (two) in Ljubljana. The Bank's business address may be changed on the basis of a resolution adopted by the Management Board in agreement with the Supervisory Board of the Bank.

In legal transactions, the Bank's branches shall add their firm name to the Bank's firm name. The Bank's branches shall have their own business addresses specified by the Management Board of the Bank.

In its business operations the Bank shall use, in addition to its name, the following emblems and signs in the form that is or is to be protected with the trademark:

- a trade-marked emblem consisting of small, stylized letters »lb« in the centre of an outlined circle in both black&white and colour techniques,
- a trade-marked emblem consisting of small, white stylized letters "lb" on a circular-shaped base in both black&white and colour techniques,
- a trade-marked emblem consisting of capital letters »NLB« and a trade-marked emblem consisting of small, white stylized letters »lb« in the centre of an outlined circle, in both black&white and colour techniques,
- a trade-marked emblem consisting of capital letters "NLB" and "Grupa" or "Group" and a trade-marked emblem consisting of small, white stylized letters "lb" in the centre of an outlined circle, in both black&white and colour techniques,
- a trade-marked emblem consisting of small letters "ljubljska banka" in both black&white and colour techniques.

The basic objective of the Bank is to independently perform a profitable activity on the market, as its sole activity.

## **Activity of the Bank**

### **Article 2 (Two)**

The Bank is established for the purpose of performing banking and other financial services for which an authorization has been obtained from the Bank of Slovenia or of which it has informed the Bank of Slovenia, as well as other business operations normally performed by banks in accordance with regulations applicable from time to time. The Bank may perform business operations both in the Republic of Slovenia and abroad in accordance with the regulations applicable at the time.

The business activity of the Bank shall be the provision of services as laid down by the law governing banking, namely banking services (including auxiliary services), financial services and additional financial services.

The Bank may perform the activities specified above on its own behalf and for its own account, on its own behalf and for the account of third parties, or on behalf and for the account of third parties, unless specified otherwise in applicable regulations.

## **Duration of the Bank and Business Year**

### **Article 3 (Three)**

The Bank shall be established for an indefinite period.

The business year of the Bank shall be equal to the calendar year.

## **Shares**

### **Article 4 (Four)**

The Bank shall have 20,000,000 (twenty million) no-par value shares.

The shares of the Bank shall be ordinary registered shares. This shall also apply for future share issues, unless stipulated otherwise in a relevant decision on the issue of shares in accordance with applicable law.

The General Meeting of the Bank may adopt a decision to change the class and/or category of issued shares in accordance with applicable regulations.

Shares shall be paid in accordance with the decision on share issue, as adopted from time to time, and with applicable law.

## **II. (two) Share Capital and Shares**

### **Share capital**

#### **Article 5 (Five)**

The Bank's share capital shall total EUR 200,000,000.00 (two hundred million euros 00/100). The Bank's share capital shall be divided into 20,000,000 (twenty million) no-par value shares.

Any increase in the Bank's share capital shall be decided by the Bank's General Meeting with an ordinary majority of votes cast.

8,707,483 (eight million seven hundred and seven thousand four hundred and eighty-three) shares shall be provided in the form of a non-cash contribution obtained by the Bank from the Republic of Slovenia, the subject of which is the receivable of the Republic of Slovenia due from the Bank on the payment of the principal in the amount of EUR 320,000,000.00 (three hundred and twenty million euros 00/100) under the "Hybrid Loan Agreement in the amount of EUR 320 (three hundred and twenty) million", signed by the Republic of Slovenia as the Lender and the Bank as the Borrower on 28/06/2012 (the twenty-eighth day of June two thousand and twelve). 577,318 (five hundred and seventy-seven thousand three hundred and eighteen) shares shall be provided in the form of a non-cash contribution obtained by the Bank from the Republic of Slovenia, the subject of which is the receivable of the Republic of Slovenia due from the Bank on the payment of the interest in the amount of EUR 21,216,438.36 (twenty-one million two hundred and sixteen thousand four hundred and thirty-eight euros 36/100) under the "Hybrid Loan Agreement in the amount of EUR 320 (three hundred and twenty) million", signed by the Republic of Slovenia as the Lender and the Bank as the Borrower on 28/06/2012 (the twenty-eighth day of June two thousand and twelve).

5.286.893 (five million two hundred and eighty-six thousand eight hundred and ninety-three) shares shall be paid by the Republic of Slovenia in a form of non-cash contributions the total value of which shall be EUR 409,998,555.42 (four hundred and nine million nine hundred and ninety-eight thousand five hundred and fifty-five euros 42/100) which the Bank shall obtain from the Republic of Slovenia, encompassing the following:

- a) 4,441,304 (four million four hundred and forty-one thousand three hundred and four) bonds RS62 (sixty-two) of the Republic of Slovenia, entered in the central register of dematerialised securities kept by KDD with the code SI0002102570 (zero-zero-zero-two-one-zero-two-five-seven-zero) (ISIN), with the total market value as at 9.12.2013 (the ninth day of December two thousand and thirteen) in the amount of EUR 184,999,973.12 (one hundred and eighty-four million nine hundred and ninety-nine thousand nine hundred and seventy-three 12/100).
- a) 90,950 (ninety thousand nine hundred and fifty) bonds RS63 (sixty-three) of the Republic of Slovenia, entered in the central register of dematerialised securities kept by KDD with the code SI0002102794 (zero-zero-zero-two-one-zero-two-seven-nine-four) (ISIN), with the total market value as at 9.12.2013 (the ninth day of December two thousand and thirteen) in the amount of EUR 89,999,936.30 (eighty-nine million nine hundred and ninety-nine thousand nine hundred and thirty-six 30/100).
- c) 52,451 (fifty-two thousand four hundred and fifty-one) bonds RS67 (sixty-seven) of the Republic of Slovenia, entered in the central register of dematerialised securities kept by KDD with the code SI0002103057 (zero-zero-zero-two-one-zero-three-zero-five-seven) (ISIN), with the total market value as at 9.12.2013 (the ninth day of December two thousand and thirteen) in the amount of EUR 49,999,230.46 (forty-nine million nine hundred and ninety-nine thousand two hundred and thirty 46/100).
- d) 44,824 (forty-four thousand eight hundred and twenty-four) bonds RS68 (sixty-eight) of the Republic of Slovenia, entered in the central register of dematerialised securities kept by KDD with the code SI0002103065 (zero-zero-zero-two-one-zero-three-zero-six-five) (ISIN), with the total market value as at 9.12.2013 (the ninth day of December two thousand and thirteen) in the amount of EUR 44,999,799.73 (forty-four million nine hundred and ninety-nine thousand seven hundred and ninety-nine 73/100).
- e) 41,927 (forty-one thousand nine hundred and twenty-seven) bonds RS69 (sixty-nine) of the Republic of Slovenia, entered in the central register of dematerialised securities kept by KDD with the code SI0002103149 (zero-zero-zero-two-one-zero-three-one-

four-nine) (ISIN), with the total market value as at 9.12.2013 (the ninth day of December two thousand and thirteen) in the amount of EUR 39,999,615.81 (thirty-nine million nine hundred and ninety-nine thousand six hundred and fifteen 81/100).

#### **Authorisation to transfer shares**

##### **Article 5a (five a)**

Any transfer of the Bank's shares as a result of which the Acquirer will, together with the shares held prior to such acquisition and the shares held by third parties on behalf of such Acquirer, hold shares exceeding 25% (twenty-five percent) of voting shares shall require a Bank's authorisation.

The authorisation to transfer the shares shall be granted by the Supervisory Board.

The Bank may refuse to grant authorisation to transfer shares if the Acquirer will, together with the shares held prior to the acquisition and the shares held by third parties on behalf of such Acquirer, hold shares exceeding 25% (twenty-five percent) of Bank's voting shares plus one share.

Notwithstanding the provision of the first paragraph of this Article, the authorisation to transfer shares shall not be required if the Acquirer acquires the shares on behalf of third parties, and as such it is not authorised to exercise their voting rights at its own discretion, while committing to the Bank that it shall not exercise the voting rights attached to these shares as instructed by a relevant third party on behalf of which these shares are held, if the Acquirer fails to receive from this party, together with instructions, a written undertaking stipulating that this party holds the shares for its own account and that at the same time it does not, directly or indirectly, hold more than 25% of the Bank's voting shares.

Without having applied for authorisation to transfer shares or without having received the Bank's authorisation the Acquirer exceeding 25% (twenty-five percent) of Bank's voting shares shall be able to exercise the voting rights of 25% (twenty-five percent) of its voting shares.

#### **Share Register of the Bank**

##### **Article 6 (Six)**

Share Register of the registered shares shall be kept in accordance with the applicable regulations.

### **III. (Three) Organization and Business Operation of the Bank**

#### **Organization of the Bank**

##### **Article 7 (Seven)**

The Bank shall conduct its business affairs in Slovenia and abroad at its head office and within the framework of corporate units stipulated by the legal instrument on organization of the Bank. The types, number and forms of corporate units shall be specified in the act governing organization of the Bank.

The internal organization of business operations and managing of corporate units of the Bank, designed on the territorial and functional principles, shall be stipulated by the Management

Board of the Bank through the act governing its organization and other legal instruments and special powers. Individual corporate units shall be founded, modified and dissolved by resolution of the Management Board of the Bank.

### **Authorizations of Corporate Units in Legal Transactions**

#### **Article 8 (Eight)**

Corporate units shall have certain powers in legal transactions; of these corporate units, the branch offices shall be entered in the companies register in accordance with legislation. The corporate units of the Bank shall in legal transactions have those powers stipulated in a relevant resolution on their establishment adopted by the Management Board of the Bank in accordance with applicable act on organization and act governing authorizations and signatories of the Bank.

### **IV. (Four) Equity Investments of the Bank**

#### **Equity investments**

##### **Article 9 (Nine)**

The Bank may participate in the share capital of other banks, financial and other institutions and companies in accordance with applicable laws and these Articles of Association.

### **V. (Five) Bodies of the Bank and Management**

#### **Bank Bodies**

##### **Article 10 (ten)**

The bodies of the Bank are:

- the General Meeting of the Bank,
- the Supervisory Board of the Bank,-
- the Management Board of the Bank.

#### **General Meeting of the Bank**

##### **Article 11 (Eleven)**

The shareholders exercise their rights relating to the Bank's affairs at general meetings of the Bank.

#### **Conditions for Participation and Voting at General Meetings**

##### **Article 12 (Twelve)**

Taking into account the class of their shares, only shareholders who are registered in the Share Register kept by KDD d.o.o., as at the end of the seventh day prior to the General Meeting of the Bank, or their legal representatives or authorised persons who present a written power of attorney can attend the General Meeting and vote, provided that they make their intention to participate in the General Meeting of the Bank and vote known in due time, i.e. at least at the end of the fourth day prior to the General Meeting of the Bank, with a declaration of the total number of their shares.

In cases when shares have not been issued or distributed, the notice of a General Meeting is to specify the conditions under which the shareholders are entitled to participate and vote at the General Meeting.

The notice of convocation may, in accordance with legislation, more precisely stipulate the conditions of admittance to the General Meeting.

The Management Board may stipulate that shareholders may attend or vote before or at the General Meeting by electronic means without physical presence. The Management Board regulates the procedure in more detail.

### **Convening General Meetings of the Bank- Article 13 (Thirteen)**

The General Meeting is convened by the Management Board of the Bank. The General Meeting may be convened by the Supervisory Board, in particular in cases where the Management Board fails to convene the General Meeting on time or when a convocation of the General Meeting is necessary to ensure unhindered operations of the Bank. The General Meeting must be convened in cases laid down by law and held at least as the Annual General Meeting or as may be necessary for the benefit of the Bank.

The General Meeting of the Bank, which shall decide on allocation of distributable profit and on relief shall be held within the first eight month following the end of the financial year, unless the legislation prescribes otherwise. As a rule the venue of the General Meeting shall be the locality of the registered office of the Bank, yet it may be convened also in another locality within the Republic of Slovenia specified by the convenor.

The notice of convocation of the General Meeting must be published no less than 30 (thirty) days before the date of the General Meeting. The published notice of convocation of the General Meeting shall also contain proposals for passing resolutions and the statement of the venue where the materials about to be presented for decision-making shall be made available as of the date of convocation of the General Meeting. The Bank shall immediately submit to all shareholders upon their written request the entire material for the General Meeting. The General Meeting of the Bank may also be convened by registered letter sent to all shareholders of the Bank according to the law regulating companies.

A General Meeting may be cancelled no later than three working days before the day of the meeting in a logically identical manner to the manner in which it was convened. Provided that the conditions of the meeting remain the same, the date of the General Meeting may be postponed for up to 15 (fifteen) days.

If all shareholders of the Bank are present or represented at the General Meeting, the General Meeting may adopt resolutions regardless of the provisions of the law or these Articles of Association about the content of the convocation, convocation deadline, publication of convocation, provisions on deadlines and the supplement to the General Meeting's agenda as well as the provisions on the majority required for the Bank's Management Board to adopt a decision on the convocation of the General Meeting.

### **Convening a General Meeting on Minority Request Article 14 (Fourteen)-**

The shareholders collectively holding at least one twentieth of the share capital are entitled to demand in writing that the Management Board convene the General Meeting of the Bank. Together with their request, they must submit a written agenda for each proposed item on the agenda to be decided upon by the General Meeting of the Bank or an explanation to the item

on the agenda if no resolution is adopted in relation to such item by the General Meeting of the Bank.

In such a case as described in the preceding paragraph, the Management Board of the Bank must convene the General Meeting of Shareholders within a period not exceeding one month from the receipt of a complete request in writing.

### **Amendments to the Agenda**

#### **Article 15 (Fifteen)**

One or more shareholders holding collectively at least one twentieth of the share capital of the Bank may request in writing that an additional item be put on the agenda of the General Meeting of Shareholders. The request shall be granted if it contains a formulated and substantiated proposal of a resolution within the competence of the General Meeting, or an explanation to the item on the agenda if no resolution is adopted in relation to such item by the General Meeting of the Bank and if the shareholder delivered the request to the Bank not later than seven days after the publication of the notice of the General Meeting of the Bank. In such case, the Management Board or the Supervisory Board of the Bank shall immediately after the expiry of the deadline from the previous sentence of this paragraph publish a supplemented agenda of the General Meeting or a clean copy of the agenda in accordance with applicable regulations and in the same manner in which the notice of the General Meeting of the Bank was published. As regards the submission of additional items on the agenda pursuant to this paragraph, the shareholders must have the possibility to submit such requests to the Bank using electronic channels.

### **Representation of Shareholders at General Meetings**

#### **Article 16 (Sixteen)**

Shareholders may exercise their rights at the General Meeting in person, through a proxy or through a legal representative. Entitlement to representation is to be proven by presenting an appropriate document to the Bank. A proxy shall be kept by the Bank. The description of the required appropriate document may be defined in the published notice of the General Meeting. Regarding the proof on the entitlement of the proxy to represent the shareholder, the shareholder or the proxy shall be enabled to submit such proof to the Bank using electronic channels.

### **Conduction of General Meetings**

#### **Article 17 (seventeen)**

The General Meeting of Shareholders shall be conducted by the Chair of the General Meeting of Shareholders. The Chair of the General Meeting of the Bank shall be elected by the General Meeting when the meeting starts.

The Bank's General Meeting shall be conducted by the Chair of the General Meeting.-

### **Majority Required for the Adoption of Resolutions**

#### **Article 18 (Eighteen)**

An ordinary majority of votes cast by shareholders shall be required for the adoption of resolutions by the General Meeting of the Bank, unless applicable laws or these Articles of Association stipulate a larger majority or other conditions.

A qualified majority of at least 75% (seventy-five percent) of the votes cast by shareholders shall be required for the adoption of the following resolutions of the General Meeting:

- adoption of the Bank's Articles of Association and any amendments thereto,
- issue of convertible bonds or other equity securities of the Bank,
- exclusion of pre-emptive right of existing shareholders,
- decrease in share capital,
- the status restructuring of the Bank (merger, division, transfer of property, changed form of legal organisation),
- liquidation of the Bank,
- discharge of Supervisory Board members.

### **Powers of the General Meeting**

#### **Article 19 (Nineteen)**

The General Meeting decides on and approves:

- the Articles of Association of the Bank and any amendments thereto,
- the Annual Report, if not approved by the Supervisory Board of the Bank, or if the Management Board of the Bank and the Supervisory Board of the Bank have conferred the decision on approval of the Annual Report upon the General Meeting of the Bank,
- allocation of distributable profit,
- the granting of discharge of duties to the Management Board of the Bank and the Supervisory Board of the Bank;
- any changes in the share capital of the Bank;
- annual volume and characteristics of issues of the Bank's convertible and equity securities,
- on the appointment and recall of the members of the Supervisory Board who represent the shareholders' interests,
- the remunerations and participation of members of the Management Board of the Bank and the employees of the Bank in the profits of the Bank;-
- the organization engaged to audit the financial statements of the Bank,
- the status restructuring of the Bank (merger, division, transfer of property, changed form of legal organisation) and dissolution of the Bank.

The General Meeting of the Bank also adopts resolutions on all other matters brought within its powers by applicable regulations and these Articles of Association.

### **Supervisory Board of the Bank**

#### **Article 20 (Twenty)**

The Supervisory Board of the Bank shall consist of a total of 12 (twelve) members, of which 8 (eight) members shall represent the interests of shareholders and 4 (four) members shall represent the interests of employees. Members of the Supervisory Board of the Bank representing the interests of shareholders shall be elected and recalled by the Bank's General Meeting from persons proposed by shareholders or the Supervisory Board of the Bank. Members of the Supervisory Board of the Bank representing the interests of employees shall be elected and recalled by the Workers' Council of the Bank, taking into account the conditions for members of the Supervisory Board of the Bank laid down in the regulations and these Articles of Association.

All Supervisory Board members must be independent experts. For the purpose of this article, persons shall be considered independent if:



- They are not and have not been in the past 24 (twenty-four) months from the date of election to the Supervisory Board in an employment relationship with the Slovenian Sovereign Holding, d.d., state authority, public agency, public fund, public institute or public utility institute established by the Republic of Slovenia, or with another body governed by the public law which is an indirect user of the public budget, or with persons in which the Republic of Slovenia, the Slovenian Sovereign Holding, d.d. or the Pension Fund Management d.d. have a prevailing influence, as defined by the law regulating corporate entities; and
- They have not in the past 24 (twenty-four) months held a leading or managing position in any political party in the Republic of Slovenia.

For the purpose of this Article, persons representing the interests of employees in the Supervisory Board of the Bank shall be considered independent despite the existence of an employment relationship with the Bank if they fulfil other terms and conditions.

Candidates for Supervisory Board members shall add to their written presentation a statement in which they declare whether they meet the independence criteria in accordance with the Articles of Association.

For the purpose of this article, professionals are deemed natural persons who meet professional conditions for appointment as a member of the Supervisory Board of the Bank, as provided by the law governing banking.

Only those natural persons may be elected as Supervisory Board members who meet the conditions and to whom no restrictions provided by the law governing banking and other regulations apply.

The Supervisory Board of the Bank adopts the Rules of Procedure on the work of the Supervisory Board, which regulates in detail the principles, procedures and functioning of the Supervisory Board.

The Supervisory Board members are entitled to a remuneration for performing their function and/or attendance fees for their membership in the Supervisory Board of the Bank and the committees of the Supervisory Board of the Bank, which are determined in accordance with respective applicable resolution by the General Assembly of the Bank, and to reimbursement of travel expenses, daily allowances and accommodation costs up to the amount provided by the regulations governing reimbursement of costs related to work and other income not included in the tax base.

### **Term of Office of Members of the Supervisory Board of the Bank-**

#### **Article 21 (Twenty-one)**

The term of office of members of the Supervisory Board of the Bank shall begin on the date of effect of the appointment (beginning of the term of office) and last until the end of the Bank's Annual General Meeting of Shareholders which decides on the use of accumulated profit for the fourth business year since they have begun their term of office, unless otherwise stipulated at the time of appointment of individual members. In this context, the first year shall be deemed the business year in which the members of the Supervisory Board of the Bank began their term of office.

Each member of the Supervisory Board of the Bank may prematurely resign her/his post with a period of notice of three months. A notice in writing shall be delivered to the Chair of the Supervisory Board of the Bank, and in the case of resignation of the latter to their Deputy and to the Management Board of the Bank. The notice period may be shorter than three months if so proposed by the resigning member of the Supervisory Board in his/her notice and subject to the approval of the Supervisory Board of the Bank.

The General Meeting of the Bank may dismiss individual or all members of the Supervisory Board of the Bank even before the expiration of their term of office. A resolution on dismissal shall be valid if adopted with at least a three-quarter majority of all votes cast.

### **Election of Members of the Supervisory Board of the Bank**

#### **Article 22 (Twenty-two)**

The Supervisory Board of the Bank shall at its first meeting after appointment elect from among its members a Chair and at least one Deputy Chair of the Supervisory Board of the Bank. A member of the Supervisory Board of the Bank representing the interests of employees cannot be elected Chair or Deputy Chair of the Supervisory Board of the Bank. A simple majority of votes of all members of the Supervisory Board of the Bank shall be required for appointment. If none of the persons nominated obtains a sufficient number of votes at first ballot, voting shall be repeated between the two persons who received the largest number of votes at first ballot. The person who receives the largest number of votes in the repeated ballot shall be elected to the proposed office.

If the term of office of the Chair or his/her Deputy is terminated, elections for his/her replacement in the period up to the expiry of his/her term of office shall be held at the first next meeting of the Supervisory Board of the Bank.

If the Chair of the Supervisory Board of the Bank is prevented from participation, their tasks shall be performed by the first deputy, if both are absent, by the next deputy Chair of the Supervisory Board of the Bank. If a Deputy Chair has not been appointed, the tasks of the Chair of the Supervisory Board of the Bank shall be performed by the member authorized in writing by the Chair.

### **Meetings and Resolutions of the Supervisory Board of the Bank**

#### **Article 23 (Twenty-three)**

As a rule, the work and adoption of resolutions of the Bank's Supervisory Board is done at the meetings either with physical presence of the members of the Supervisory Board or their attendance via a video or telephone conference which enables adequate discussion. Meetings of the Supervisory Board of the Bank shall be convened by the Chair or in their absence by the Deputy Chair by means of a registered letter to each member's address most recently communicated to the Bank, with a statement of agenda, venue and time of the meeting. As a rule, a meeting shall be convened 10 (ten) business days prior to the meeting date. In urgent cases, a meeting may also be convened by telephone, fax or by using similar technical devices, to the last telephone or fax number or e-mail address of a Supervisory Board member communicated to the Bank, not less than 5 (five) business days prior to the meeting date.

Unless stipulated otherwise by these Articles of Association, the Supervisory Board of the Bank shall constitute a quorum if convened in the correct manner and if at least one half of its members are present, of whom either the Chair or a Deputy Chair must always be present. As

regards correspondence sessions, members present shall be those, who have cast votes for individual items on the agenda and those who have abstained from voting in respect to that same item.

The Supervisory Board of the Bank shall adopt resolutions by a majority of votes cast. In case of a tied vote, the Chair of the Supervisory Board of the Bank shall have the casting vote.

The Supervisory Board of the Bank may adopt decisions through correspondence or via telephone, by means of electronic media or some other method (hereinafter: the correspondence meeting). A correspondence meeting shall be permissible at the Chairman's proposal, under the condition that such a manner of decision-making is not opposed in writing by any member of the Supervisory Board of the Bank not later than within the period specified in the convocation of the correspondence meeting. If a member of the Supervisory Board of the Bank does not oppose in writing to the correspondence meeting within the final deadline as specified in the previous sentence, it shall be deemed that such member agrees with the correspondence meeting. Resolutions adopted by telephone shall only be valid if each member of the Supervisory Board who voted by telephone confirms his/her decision in writing.

The work and method of voting of the Supervisory Board of the Bank shall be set forth in more detail by the Supervisory Board of the Bank in its Rules of Procedure.

## **Powers of the Supervisory Board of the Bank**

### **Article 24 (Twenty-four)**

In addition to the powers conferred upon the Supervisory Board under the Banking Act and the Companies Act, the decisions of the Management Board on the following items shall be subject to approval by the Supervisory Board:

- drafting the Bank's business policy;
- drawing up the Bank's financial plans;
- setting up the internal control system organisation;
- drawing up the annual action plan of the Internal Audit;
- new issues of securities exceeding 30.0 (thirty) million euro;
- All deals related to the acquisition and holding of equity stakes in companies and other legal entities with the book value exceeding EUR 550,000.00 (five hundred and fifty thousand euro 00/100);
- The acquisition and disposal of portfolio investments in securities exceeding 5% (five percent) of Bank's capital by issuer;
- decisions on the acts resulting in status changes of companies and other legal entities which are in the Bank's majority ownership;
- establishing a banking and/or financial group or groups;
- to conclude a legal transaction which would, considering the Bank's total exposure, including the indirect credit exposure, result in an exposure of the Bank to an individual client or group of related clients reaching or exceeding ten percent of the acceptable capital of the Bank from item 71(b) from the first paragraph of Article 4 of Regulation (EU) No. 575/2013, a prior approval of the Bank's supervisory board is required. A prior approval of the Supervisory Board must be obtained also to conclude any legal transaction due to which the total exposure including the indirect credit exposure of the Bank to an individual client of group of related clients increases by a further five percent of the Bank's acceptable capital;

- The conclusion of transactions resulting in Bank's exposure to a person having a special relationship with the Bank under Article 150 of the Banking Act;
- write-off of claims exceeding EUR 1,000,000 (one million euro 00/100) or its equivalent in any other currency, calculated according to the medium exchange rate of the Bank of Slovenia applicable on the date of approval, unless the write-off of individual receivable is based on a completed bankruptcy proceeding, of which the Management Board of the Bank informs the Supervisory Board of the Bank;
- borrowing by raising loans, or issuing bonds or subordinated debt instruments for each such liability exceeding 25% (twenty-five percent) of the Bank's capital;
- setting of limits and criteria pursuant to which the Bank may grant loans to shareholders and members of the Management Board and Supervisory Board of the Bank and procurators;
- any other resolution of the Management Board of the Bank relating to a type of transaction requiring, pursuant to a resolution of the Supervisory Board of the Bank adopted prior to the respective resolution of the Management Board of the Bank, the approval of the Supervisory Board of the Bank;
- gives approval to the appointment and dismissal of the head of the Internal Audit;
- other matters pursuant to the regulations.

The Supervisory Board may authorise one of its members, one of its committees or, for certain tasks, a special expert, to examine and verify the books and documents of the Bank, its cash box, stored securities and goods inventory and other items. Decisions on the conclusion of agreements with special experts are taken by the Supervisory Board; such agreements are then concluded by the Chair of the Supervisory Board acting as the representative of the company. In other cases, the Supervisory Board prepares a proposal for the Management Board for the outsourcing of legal and other advisers and institutions which the Supervisory Board of the Bank or its committees need when performing their tasks as well as decides on approvals of the decisions of the Management Board about the outsourcing of such advisers or institutions.

The Supervisory Board shall be authorised to make any amendments to the Articles of Association relating to the harmonization of its wording with the validly adopted resolutions of the General Meeting or the Management Board of the Bank in accordance with these Articles of Association.

In addition to the powers conferred upon the Supervisory Board under these Articles of Association and the Banking Act and the Companies Act, the Supervisory Board shall also have the following powers to:

- supervise the adequacy of procedures applied and efficiency gained through Internal Audit;
- discuss the findings of the Bank of Slovenia or the European Central Bank when it implements the authorisations and duties of supervision over the bank in accordance with Regulation (EU) No 1024/2013, the findings of other authorities when these findings concern the bank, the tax inspection and other supervisory authorities in the procedures of supervision over the Bank;
- check the annual reports and other financial reports and formulate a written report to the General Meeting of the Bank;
- explain to the General Meeting their opinion on the internal auditors' annual report and on the Management Board's annual report;

- act in accordance with the highest ethical standards of management, considering the prevention of conflict of interests;
- adopt and supervise the basic principles of remuneration policies;

A member of the Bank's Supervisory Board must promptly give written notice to the Bank, the Supervisory Board and the Bank of Slovenia or the European Central Bank, if it is, pursuant to the (EU) Regulation no. 1024/2013, during its supervision over the Bank, executing the tasks from Item (e) of Paragraph 1 of Article 4 of said Regulation with the aim to check the meeting of criteria from Article 36 of ZBan-2, that they were appointed Director or that such position at other companies and organisations expired, as defined by the law regulating banking.

A member of the Supervisory Board must promptly notify the Supervisory Board of any circumstances causing a conflict of interest in the execution of the function of a member of the Bank's Supervisory Board, and any other circumstances which could affect the meeting of criteria for the appointment as Supervisory Board member pursuant to the law regulating banking, including any significant change which affects or could affect the Bank's assessment of their suitability as member of the Bank's Supervisory Board.

The Supervisory Board must:

- examine the annual report accompanied by the auditor's opinion and the proposal of the Management Board for the allocation of net distributable profit;
- prepare a written report to the General Meeting in accordance with the law governing companies.

The Supervisory Board approves the annual report.

## **Committees of the Supervisory Board**

### **Article 25 (Twenty-five)**

The Supervisory Board shall appoint its committees in accordance with the law governing banking and the law governing companies and shall task them with preparing draft Supervisory Board resolutions, following-up their implementation and performing other expert tasks. The representative of employees shall be appointed to the committees of the Supervisory Board by the Workers' Council of the Bank.

## **Management Board of the Bank**

### **Article 26 (Twenty-six)**

The Management Board of the Bank represents the Bank and manages its business operation.

## **Members of the Management Board of the Bank and their Term of Office**

### **Article 27 (Twenty-seven)**

The Management Board of the Bank is comprised of three to seven members, one of whom is appointed President of the Management Board of the Bank, and one member may be a Worker Director. The President of the Management Board may appoint one of the members of the Management Board as his/her Deputy subject to a prior approval by the Supervisory Board. The number of Management Board members is determined by a resolution of the Bank's Supervisory Board.

The President and other members of the Management Board of the Bank shall be appointed and recalled by the Supervisory Board of the Bank; the President of the Management Board of the Bank may propose to the Chair of the Supervisory Board of the Bank to appoint or recall an individual member or the remaining members of the Management Board of the Bank; however, it is the Workers' Council of the Bank that may propose to the Supervisory Board of the Bank to appoint or recall a Worker Director

The President and members of the Management Board of the Bank shall be appointed for a period of five years and may be re-appointed for another term of office. The president and members of the Management Board of the Bank may be recalled prior to the expiry of their term of office in accordance with applicable laws and these Articles of Association.

Each member of the Management Board of the Bank may prematurely resign their term of office with a period of notice of three months. A written notice shall be delivered to the Chair of the Supervisory Board of the Bank. The notice term may be shorter than three months if so requested by the resigning member of the Management Board of the Bank in their notice and subject to the approval of the Supervisory Board of the Bank. -

A member of the Bank's Management Board may only be a person who meets the legally prescribed conditions for a management board member under the law governing banking and who has obtained a licence from the Bank of Slovenia or the European Central Bank, if executing the competences and tasks referred to in Item (e) of Paragraph 1 of Article 4 of Regulation (EU) No. 1024/2013 for the performance of the function of a bank's management board member under the law governing banking.

A member of the Bank's Management Board must promptly give written notice to the Supervisory Board and the Bank of Slovenia or the European Central Bank, if it is, pursuant to the (EU) Regulation no. 1024/2013, during the supervision over the Bank, executing the tasks from Item (e) of Paragraph 1 of Article 4 of said Regulation, with the aim to check the meeting of criteria from Article 36 of ZBan-2, that they were appointed Director or that such position at other companies and organisations expired.

A member of the Bank's Management Board must promptly inform the Management and Supervisory Boards about any circumstances causing a conflict of interest in the execution of the function of a member of the Bank's Management Board, and any other circumstances which could affect the meeting of criteria for the appointment as Management Board member pursuant to the law governing banking, including any significant change which affects or could affect the Bank's assessment of their suitability as member of the Bank's Management Board.

## **Conduct of Business and Decision-Making**

### **Article 28 (Twenty-eight)**

Resolutions within the scope of powers of the Management Board shall be adopted by the members of the Management Board of the Bank as a rule unanimously, or, failing that, unless otherwise provided in these Articles of Association, with majority of votes cast. In the case of a tie, the President of the Management Board of the Bank shall cast the decisive vote.

By a special resolution adopted unanimously, the Bank's Management Board may authorise each individual member of the Management Board to independently adopt decisions on individual matters and deals in the area of the current operations of the Bank.

In case of absence of the President of the Management Board of the Bank, their duties shall be discharged and their powers taken over by the Deputy President of the Management Board, if appointed, and otherwise by a member of the Management Board of the Bank designated in writing by the President of the Management Board of the Bank. In case of absence of the President of the Management Board and the Deputy President of the Management Board, if appointed, their duties shall be discharged and their powers taken over by a member of the Management Board of the Bank designated in writing by the President of the Management Board of the Bank. In exceptional cases the duties of the President of the Management Board or Deputy President of the Management Board, if appointed, or of a member of the Management Board of the Bank who is absent or prevented from participation shall be discharged by an employee of the Bank authorised in writing by the absent member.

### **Powers of the Management Board of the Bank**

#### **Article 29 (Twenty-nine)**

The Management Board of the Bank shall manage the Bank for the good of the Bank, independently, and at its own responsibility and shall hold all powers necessary for this purpose pursuant to legislation and these Articles of Association.

The Management Board of the Bank may transfer individual powers and tasks from its sphere of activity to other employees of the Bank or committees appointed in accordance with these Articles of Association.

More detailed provisions on the method of work of the Management shall be set out by the Rules of procedure governing the work of the Management Board adopted by the Supervisory Board of the Bank.

### **Representation of the Bank**

#### **Article 30 (Thirty)**

The Bank shall be represented by two members of the Management Board jointly.

All members of the Management Board may authorise in writing an individual member of the Management Board to independently represent the Bank in the conclusion of certain deals or certain types of business.

The Management of the Bank may, by written resolution, grant procuracy to one or more persons, whereby the Bank shall be represented by two procurators jointly or by a procurator together with a member of the Management Board of the Bank. Procurators may be appointed for branches only. Procurators' powers can be revoked at any time. Appointment of procurators is subject to previous approval to be granted by the Supervisory Board of the Bank.

The Management Board of the Bank may adopt a resolution on the internal limitations of granted procuracy and the division of powers among procurators.

## **VI. (Six) Other Bodies of the Bank-**

### **Working bodies**

#### **Article 31 (Thirty-one)**

Other committees, commissions, boards and other working bodies may be appointed by the Management Board of the Bank for the execution of individual tasks within the powers of the Management Board of the Bank.

The composition, powers, authorizations and methods of work of such working bodies shall be specified by the Management Board of the Bank in Rules of Procedure and resolutions on their appointment.

### **Internal Audit**

#### **Article 32 (Thirty-two)**

The Management Board of the Bank shall organise internal audit as an independent organisational unit. The Internal Audit shall operate in accordance with the provisions of the Banking Act, the International Standards for the Professional Practice of Internal Auditing, the Code of Professional Ethics of Internal Auditors, the Code of Internal Auditing Principles and the Charter of the Internal Audit of NLB d.d.

Based on the preliminary opinion of the Audit Committee of the Supervisory Board of the Bank, the Management Board shall in agreement with the Supervisory Board of the Bank adopt the annual action plan of the Internal Audit and may request that the Internal Audit perform specific tasks.

## **VII. (Seven) General Provisions**

### **Directors and Other Executives of the Bank**

#### **Article 33 (Thirty-three)**

A fixed-term employment contract may be concluded with directors and other executives of the Bank for the term of their office.

### **Annual Report**

#### **Article 34 (Thirty-four)**

The Bank shall prepare financial statements and annual report in accordance with the applicable legislation and the International Financial Reporting Standards.

It is an obligation of the Management Board of the Bank to ensure that the stipulated unconsolidated and consolidated financial statements, as well as the annual report are prepared in accordance with the International Financial Reporting Standards prior to the deadlines specified by regulations then in effect. Furthermore, it is an obligation of the Management Board of the Bank to ensure that the annual report is reviewed by an authorised auditor (audited annual report).

Prior to the deadlines for forwarding of the audited annual report to the competent bodies and institutions, or prior to the deadlines for convocation of the regular annual General Meeting of the Bank, the Management Board of the Bank shall forward the audited annual report, together with the proposal for the use of distributable profits, to the Supervisory Board of the Bank.



The Management Board of the Bank shall prepare and submit to the Supervisory Board of the Bank, in principle within the time periods prescribed for the submission of the annual report prepared in accordance with the International Financial Reporting Standards, also the annual financial statements of the Bank and the consolidated annual financial statements prepared in accordance with the International Financial Reporting Standards.

The Supervisory Board of the Bank shall inspect the submitted annual report and the proposal for the use of the distributable profits and submit the report to the General Meeting of Shareholders.

The Management Board and the Supervisory Board of the Bank shall devote all efforts to ensuring that the annual report is adopted within the periods stipulated in applicable regulations.

### **Utilisation of Distributable Profit and Revenue Reserves, and Payment of Interim Dividends**

#### **Article 35 (Thirty-five)**

Revenue reserves may not be used for payments to shareholders or other persons. Subject to legal terms and conditions, the Management Board of the Bank may decide that interim dividends are paid out to shareholders if this is approved by the Supervisory Board of the Bank.

### **Publication of Information and Reports**

#### **Article 36 (Thirty-six)**

The Bank shall publish information and announcements, obligatory publication of which is stipulated by legislation, on the website of the Agency of the Republic of Slovenia for Public Legal Records and Related Services or the Delo newspaper or the Dnevnik newspaper or the Official Gazette of the Republic of Slovenia or, if deemed an equal publication method by the regulations, on SEOnet or any other such information system, which may replace it, and on the Bank's web portal.

The Management Board of the Bank shall decide on publication of other information important for shareholders or for the Company and on the manner and form of its publication. The Bank shall publish information and announcements, subject to a decision of the Management Board, in the Delo newspaper or on SEOnet or any such information system, which may replace it, and on the Bank's web portal.

### **Business secret**

#### **Article 37 (Thirty-seven)**

All shareholders of the Bank, employees of the Bank, members of the Management Board of the Bank and of the Supervisory Board of the Bank, of other committees and bodies of the Bank and other persons who either at or in connection with their work or in any other way become acquainted with a business secret of the Bank shall be under obligation to safeguard it in accordance with the applicable regulation governing the business secret.

**Prohibition on competition****Article 38 (Thirty-eight)**

The members of the Supervisory Board and the Management Board of the Bank, and the procurators, shall be bound by the prohibition on competition laid down in the Companies Act and other applicable laws. The members of the Management Board and the Supervisory Board of the Bank, and the procurators, may participate in any of these roles with a competitive bank or other competitive company only with the prior written consent of the Supervisory Board of the Bank, adopted with a majority vote of all members; this matter is to be reported by the Supervisory Board of the Bank at the first next meeting of the General Meeting of the Bank.

**Method of Winding Up of the Bank****Article 39 (Thirty-nine)**

The Bank may be dissolved under the conditions and in the manner stipulated by applicable law.