



NOVA LJUBLJANSKA BANKA D.D., LJUBLJANA **subordinated Notes in the total nominal amount up to EUR 75 million** **with maturity in 2029**

This document ("**Description**") has been prepared in relation to subordinated notes of Nova Ljubljanska banka d.d., Ljubljana ("**NLB**", "**Company**" or "**Issuer**") with the ticker NLB27 and ISIN code SI0022103855 ("**Notes**") and represents a description of securities referred to in the second point of the second paragraph of Article 78. of the Market in Financial Instruments Act ("**ZTFI-1**"), which was approved by the Securities Market Agency of the Republic of Slovenia ("**SMA**").

This Description together with the registration document of the Issuer approved by the SMA with decision no. 40200-3/2018-12 as of 03/10/2018 ("**Document**") and the summary prospectus ("**Summary**") comprises the divided prospectus for the public offering of the Notes and their admission to trading on the regulated market ("**Prospectus**"). This Description and other sections of the Prospectus should be read as a whole.

The Notes will be offered to the public in the Republic of Slovenia.

An application will be filed for the admission to trading of the Notes into the bonds market segment of Ljubljanska borza d.d., Ljubljana ("**Ljubljana Stock Exchange**"), which is a regulated market within the meaning defined in the ZTFI-1 and Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments ("**MIFID II**").

The date of this Description is April 2019.

TABLE OF CONTENTS

INTRODUCTION AND IMPORTANT NOTES	5
LIST OF ABBREVIATIONS.....	7
TABLE OF REFERENCES	10
1. RISK FACTORS.....	11
1.1 Risks arising from the Notes.....	11
1.1.1 Risk of default	11
1.1.2 Liquidity risk	11
1.1.3 The risk of change in the sales price on the regulated market	11
1.1.4 Currency risk and exchange control	12
1.1.5 Noteholders do not have the option to demand early payment of obligations arising from the Notes	12
1.1.6 The Issuer has the option of early payment or call of the Notes	12
1.1.7 The risk of reinvesting the principal and coupons of the Note	12
1.1.8 The risk of the change in the yield arising from the Notes in case the Issuer fails to early call them after 5 years of the Notes Issue Date	13
1.1.9 The Terms and Conditions of the Notes can be changed without the Noteholder's consent.....	13
1.1.10 The risk that the Notes would be used for covering losses in the event of the Issuer resolution	13
1.1.11 The risk associated with the subordination of the Notes in the event of liquidation or bankruptcy of the Issuer.....	13
1.1.12 The risk associated with exclusion of set-off.....	14
1.1.13 The risk associated with withholding tax.....	14
1.1.14 The risk of future regulatory changes	14
2. INFORMATION ON NOTES.....	15
2.1 Notes Issuer.....	15
2.2 Size of the Notes Issue	15
2.3 Type of Notes.....	15
2.4 Maturity of Notes	15
2.5 Possibility of early redemption of Notes.....	15
2.6 Governing law based on which the Notes were created	16
2.7 Form of the Notes	16
2.8 Currency of the Note Issue.....	16
2.9 Classification of Notes.....	16
2.10 Rights arising from Notes	17
2.11 Description of limitations arising from the Notes	17
2.12 Nominal Interest Rate and interest obligations	17

2.13	Method and period of payment of obligations	18
2.14	Yield of the Notes	19
2.15	Representation of Noteholders	19
2.16	Decision on the issue of the Notes	19
2.17	Expected date of Issue of the Notes	20
2.18	Transferability of Notes	20
2.19	Exchangeability of the Notes and Possibility for changing the Terms and Conditions of the Notes without consent of the Noteholders	20
2.20	Taxation	20
3.	ESSENTIAL INFORMATION.....	22
3.1	Interest of natural persons and legal entities participating in the issue/offer	22
3.2	Reasons for the offer and use of proceeds.....	22
4.	TERMS AND CONDITIONS APPLYING TO THE OFFERING	23
4.1	Total nominal value of the issue	23
4.2	Offering price	23
4.3	Validity of the offering and manner of subscribing	23
4.4	Note subscription procedure.....	23
4.5	The minimum and the maximum subscription amounts	23
4.6	Subscription of Notes	23
4.6.1	Binding Offer for the purchase of Notes	24
4.7	Condition that can be set by the Subscriber when subscribing the Notes	25
4.8	Subscriber's withdrawal from subscription	25
4.9	Method of selecting Investors and allotting Notes.....	26
4.10	Disclosure of the final price and the size of Notes Issue.....	26
4.11	Payment of Notes.....	26
4.12	Costs incurred by the Investors	26
4.13	Delivery of Notes to Investors.....	27
4.14	Method of returning surplus or invalid payments	27
4.15	Companies participating in the organisation of the offering and sale of the Notes	27
5.	ADMISSION TO TRADING AND DEALING ARRANGEMENTS.....	28
5.1	Place of trading	28
5.2	List of payment points and agents	28
5.3	Brokers on the secondary market regarding the assurance of liquidity	28
6.	EXPENSE OF THE ADMISSION TO TRADING.....	29
7.	ADDITIONAL INFORMATION.....	30
7.1	Consultant for the sale of the Notes	30
7.2	Review of the Prospectus by the auditor	30
7.3	Expert statement or report in relation to the Notes	30

7.4	Third party information in relation to the Notes	30
7.5	Credit ratings assigned to the Issuer or the Notes	30
8.	MAJOR CHANGES IN THE ISSUER'S OPERATIONS FROM THE DOCUMENT APPROVAL DATE (i.e. REGISTRATION DOCUMENT).....	31
8.1	Ownership structure of the Issuer.....	31
8.2	The Issuer's Operations	31
8.2.1	Financial operations	31
8.2.2	International credit ratings	32
8.2.3	Statutory changes in the members of the NLB Group.....	32
8.2.4	Regulatory requirements affecting the Issuer's operations	32
8.3	Legal and administrative proceedings	33
9.	SELLING AND TRANSFER RESTRICTIONS	34
10.	LIST OF CHANGES AND UPDATES IN THE DOCUMENT (i.e. THE REGISTRATION DOCUMENT)	35
11.	PERSONS RESPONSIBLE	42
	ANNEX 1: TERMS AND CONDITIONS OF THE NOTES ("the Conditions")	43

INTRODUCTION AND IMPORTANT NOTES

The Issuer assumes full responsibility for the information contained in this Description and the other parts of the Prospectus. To the best knowledge of the Issuer (acting with due care), the information contained in the Prospectus is in accordance with the true facts and no information has been omitted that could impact the significance of the Prospectus.

The purpose of the information contained in the Prospectus is to enable potential investors to make their own assessment of the Issuer's assets and liabilities, the financial position, profit and development potential of the Issuer and rights associated with the Notes. The information contained in the Prospectus does not represent investment recommendations, investment or personal consulting or legal, tax or any other professional consulting or advice. For such advice or consulting, each potential investor should contact their attorney, tax consultant or other relevant expert. The Prospectus should be considered as a whole and for a complete and correct understanding of the information and statements contained in the Prospectus, it is necessary to take into account its entire content, including references to other sources of information. Furthermore, the Issuer does not guarantee that the Prospectus includes all relevant information for a full assessment of the deliberate investment in the Notes. As a result, all potential investors assume full responsibility for obtaining all the additional relevant information required to complete the analysis and estimates of the financial position and credit risk of the Issuer, and in the scope and manner believed to be required or seen fit by each potential investor. Potential investors should be aware that the operations, business performance and results, financial position and outlook of the Issuer may have changed since the date of publication of the Document or this Description. Despite such potential changes, the Prospectus shall not be updated or amended by the Issuer. Information related to the Issuer's operations, their activity, legal and financial position that could significantly affect the investors' decision to purchase the Notes is provided in the annual reports or documents published on the Issuer's website (<http://www.nlb.si>). The Issuer regularly communicates to the public any material business events via publications on SEOnet (<http://seonet.ljse.si/>) and the RNS information system of the London Stock Exchange (<https://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>).

The Issuer shall itself carry out the activities related to the offering of the Notes and their issue in the central securities register with the Central Securities Depository - KDD - Centralna klirinško depotna družba delniška družba, Tivolska cesta 48, Ljubljana, and the admission to trading of the Notes to the regulated market of the Ljubljana Stock Exchange - Ljubljanska borza d.d., Ljubljana, Slovenska cesta 56, Ljubljana. The legal advisory services shall be provided to the Issuer by the law firm Odvetniki Vidmar Zemljarič, Slovenska cesta 29, Ljubljana.

The Prospectus may be used only for the purpose it was prepared. Use of the entire Prospectus or any parts thereof is not permitted for any other purpose and no unauthorised distribution, copying, and publication of the Prospectus or any parts thereof is allowed.

No person or entity is authorised to provide any information or statements regarding the Notes not included in or compliant with the Prospectus or other data provided by the Issuer in relation to the Notes, or made on Issuer's behalf. Should anyone provide such information or statements, the investors should not consider them to have been confirmed by the Issuer.

There is no basis to assume that in the period from the date of publication of the Document or this Description there were no changes that could be important for the investors in the Notes and that the Issuer's financial position had not deteriorated.

This Description can include forward-looking statements, estimates or forecasts, that do not rely on the past facts. Such forecasts about the future include known and unknown risks, uncertainties and other relevant factors that are beyond the Issuer's influence or control, which could result in the Issuer's actual results, operations or performance being considerably different from any of the future results, operations or performance data stated or contained in these forecasts. Such statements are contained in different chapters of this Description and based on the beliefs, assumptions and expectations of the Issuer regarding future events and trends that affect their future operations, taking into account all information currently available to it and do not give any assurances regarding future results. The assumptions in this Description reflect the condition as at the date of publication of this Description. The Issuer assumes no obligation or covenant regarding the forwarding of potential updates or changes in assumptions contained in this Description, either

because of the changed expectations of the Issuer or any other changes in the developments, conditions or circumstances on which such assumption is based, except when it is obliged to do so in accordance with the applicable regulations.

Investors should be aware that several important factors may cause the actual results to differ considerably from the plans, goals, expectations, estimates and forecasts expressed in forward-looking statements.

The Prospectus is published on the Issuer's website (<http://www.nlb.si>), on the SEOnet (<http://seonet.ljse.si>), while the RNS information system of the London Stock Exchange (<https://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>) contains a link to the publication on the Issuer's website. The Issuer regularly communicates to the public any material business events via its website, the SEOnet and the RNS information system of the London Stock Exchange.

LIST OF ABBREVIATIONS

Abbreviation:	Full name:
SMA	Securities Market Agency of the Republic of Slovenia
Central Register	Central securities register maintained by KDD
Interest Rate Determination Date	Means the day which is two Business Days prior to the Fifth Anniversary
Interest Payment Date	6 May each year, starting on 6 May 2020
Issue Date	6 May 2019
VAT	Value added tax
Business Day	Means any day which is a day on which the Trans-European Automated Real Time Gross Settlement Express Transfer (TARGET2) payment system which utilises a single shared platform and which was launched on 19 November 2007 is operating
Document	Registration document of the Issuer approved by the SMA with decision no. 40200-3/2018-12 as of 3 October 2018
Final Maturity Date	6 May 2029
ECB	European Central Bank
EUR or €	Euro
Final Offering Price	The Final Offering Price of the Notes, set within the Offering Price Range based on the Binding Offers and equal to all allotted Notes
MIFID II	Directive 2014/65/EU of the European Parliament and Council on markets in financial instruments
NLB or the Issuer or the Company	Nova Ljubljanska banka d.d., Ljubljana, Trg republike 2, 1520 Ljubljana
Noteholder	Person recorded in the Central Register as the holder of a particular number of the Notes at a specific time
KDD	KDD - Centralna klirinško depotna družba delniška družba (Securities Clearing Corporation, public limited company), Tivolska cesta 48, 1000 Ljubljana, Slovenia
KDD Business Day	A day on which KDD operates
Ljubljana Stock Exchange	Ljubljanska borza, d.d., Ljubljana, Slovenska cesta 56, Ljubljana
Interest Rate	Interest Rate means annual interest rate, which amounts to: (i) before the Fifth Anniversary (however excluding the Fifth Anniversary), 4.2%; (ii) from and including the Fifth Anniversary, the sum of Reference Interest Rate, applicable on Interest Rate Determination Date, and Margin.
Interest period	Means the period from and including the Issue Date to but excluding the first Interest Payment Date and each period from and including an Interest Payment Date to but excluding the next Interest Payment Date
Notice of the Allotment of the Notes	On 29 April 2019, the Issuer shall inform the Subscribers of the Final Offering Price and the final number of allotted Notes to be paid by the Subscribers by the Deadline for the payment of Notes
Notes	Notes of the Issuer with the ticker NLB27 and ISIN SI0022103855
Description	This document
Code of Obligations	Code of Obligations (OZ)
Fifth Anniversary	Means 6 May 2024
Terms and Conditions of the Notes	The legally binding description of the Issuer's obligations and the rights arising from the Notes from Annex 1, which will be included in the registration order for issuance of the Notes, entered into the Central Register, and shall be applicable to each Note
Condition	A provision that is a part of the Terms and Conditions of the Notes

Threshold	A condition that can be set by the Subscriber in the Binding Offer, namely that they subscribe the number of Notes indicated in the offer, provided that they, either by themselves or together with the related persons to be taken into account when calculating the condition, do not exceed the 10%, 20% or 30% of the share of all finally allotted Notes to the Investors
Margin	Number of percentage points calculated by the Issuer by deducting from 4.2% the Reference Interest Rate applicable on the day falling two Business Days before the Issue Date, and notified to the Noteholders in accordance with Condition 12
Summary	Summary of Prospectus
Prospectus	Divided Prospectus for the public offering of NLB Notes and their admission to trading on the regulated market, comprised of this Description, Document and Summary
Offering Price Range	Range between 99.10% and 100.00% of the nominal value of the Note
Relevant Time	The end of the last KDD Business Day prior to the maturity date of each individual obligation under the Note
Reference Date	Reference Interest Rate valid on a specific date
Reference Interest Rate	Means: (i) the applicable mid-swap rate for swap transactions in euro with a maturity of 5 years, as displayed on the Reference Page at 11:00 a.m. on the Reference Day; or (ii) if at such time such rate is not displayed: (1) the rate of interest, rounded to the nearest 0.001 per cent., calculated as the arithmetic mean of the Reference Quotations provided by the Reset Reference Banks to the Issuer at its request at or around 11:00 a.m. on the Reference Day provided that, If at least four Reference Quotations are provided, the arithmetic mean shall be calculated by eliminating the highest and the lowest Reference Quotation (or, in the event of equality, one of the highest and/or the lowest Reference Quotations); or (2) in the event that no Reference Quotation is provided to the Issuer, the mid-swap rate for swap transactions in euro with a maturity of 5 years which was last displayed on the Reference Page.
Reference Quotation	Means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed for floating interest rate swap transaction which has the following characteristics: (i) the notional amount is denominated in euro and is representative of transactions between acknowledged participants in the relevant market; (ii) it has a floating leg based on the 6-month EURIBOR rate (calculated on an Actual/360 day count basis); (iii) it has a term of 5 years, commencing on the second Business Day after date on which such Reference Quotation is provided to the Issuer.
Reference Page	Means Bloomberg screen page for the product EURIBOR ICE SWAP 11:00 Fft 5Y Index (EUAMDB05 Index), or such other screen page as may replace it on Bloomberg or, as the case may be, on such other information service that may replace Bloomberg, in each case, as may be nominated for the purpose of displaying the relevant rates
Reference Banks	Means five leading participants in trading with interest rate swaps in the principal interbank market relating to euro selected by the Issuer
Deadline for receiving Binding Offers	From 15 April 2019 to including 26 April 2019 before 12:00
Deadline for the payment of Notes	On 6 May 2019 by 12:00
NLB Group	The parent company NLB and its consolidated subsidiaries, associates and joint ventures
Beneficiary	A person entered at the Relevant Time in the Central Register as the person entitled to receive the monetary obligation under the Note

CRR Regulation	Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012
Listed Notes	Notes traded on the regulated market or in a multilateral trading system in an EU Member State or a member of the Organisation for Economic Co-operation and Development – OECD at the moment the Issuer pays out interest
Investor	A Subscriber who subscribed the Notes and paid them in full
Subscriber	Potential investor who submitted a Binding Offer for the entry and payment of the Notes
Subscription Point	NLB d.d., Investment Banking & Custody, Corporate Finance, Trg republike 2/IX, 1520 Ljubljana
Paid-up amount	Amount received by the Issuer as payment of the Notes or proceeds for the Notes upon their first sale
Binding Offer	Offer for the subscription and payment of the Notes submitted by the Subscriber by the Deadline for receiving Binding Offers and which cannot be resigned after the subscription of the Notes
ZDDPO-2	Corporate Income Tax Act (Official Gazette of the RS, no. 117/2006 and subsequent)
ZDavP-2	Tax Procedure Act (Official Gazette of the RS, no. 13/11 – official consolidated text and subsequent)
ZDoh-2	Personal Income Tax Act (Official Gazette of the RS, no. 117/2006 and subsequent)
ZNVP-1	Dematerialized Securities Act (Official Gazette of the RS, no. 75/2015)
ZPPDFT-1	Prevention of Money Laundering and Terrorism Financing Act (Official Gazette of the RS, no. 60/2007 and subsequent)
ZTFI-1	Market in Financial Instruments Act (Official Gazette of the RS, no. 77/18)

TABLE OF REFERENCES

Reference:	Data:
https://www.nlb.si/financna-porocila-2018	Interim Report of the NLB Group for Q3 2018
https://www.nlb.si/financna-porocila-2018	Unaudited annual financial statements of the NLB Group for 2018
https://www.nlb.si/financna-porocila-2018	Annual Report of the NLB Group for 2018
http://seonet.ljse.si	System of electronic publications of the Ljubljana Stock Exchange SEOnet
https://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html	RNS information system of the London Stock Exchange

1. RISK FACTORS

Before deciding on the investment in the Notes, potential investors should examine in detail all the information given in the Prospectus, including the risk factors described in this chapter and in the Document.

Investment in the Notes is related to many risks. Below are some of the risk factors related to the investment in the Notes, not necessarily comprising all possible factors, which is why potential investors must carefully consider and take into account all information provided in the Prospectus, before deciding on an investment in the Notes, which includes the risk factors described in this chapter and in the Document, as well as other factors that can affect the judgement of whether the investment in the Notes is suitable for them or not, including their own personal circumstances.

The order in which the risks are presented below does not represent the order of likelihood for certain risk to arise nor does it represent the order of sequence of possible consequences if risks arise.

Before deciding on the purchase of the Notes, potential investors are advised to consult independent financial and other experts.

1.1 Risks arising from the Notes

1.1.1 Risk of default

Noteholders face the risk that the Issuer is unable to pay the liabilities pertaining to the Notes. The Issuer's liabilities pertaining to the Notes, towards the Noteholders, are backed by all of the Issuer's assets. The Notes are not secured by the Issuer and the Noteholders shall not have any preferential treatment relative to other creditors or claims regarding repayment.

The Notes are not in any way secured or covered by a guarantee of the Issuer, its associated persons or based on any other form of contract which, in the legal or economic view, would improve the level of priority of payments before other creditors or claims of other creditors of the Issuer. Furthermore, the Notes are not considered guaranteed deposits which are part of the system of guaranteed deposits in the Republic of Slovenia, nor a part of the guarantee scheme of the Republic of Slovenia, which is why the Noteholders can, in case the Issuer fails to meet its obligations arising from the Notes, lose part or all of their investments in the Notes.

1.1.2 Liquidity risk

Notes are securities for which there is no guarantee that active trading in these Notes would develop or that active trading would last until the final maturity of these Notes.

Although a request will be made for listing of the Notes on the Ljubljana Stock Exchange, there is no guarantee that the Notes will be actually listed on that stock exchange or that they will be actively traded. Consequently, there is no guarantee regarding development of trading and creating liquidity with the Notes on an organised market. It can thus happen that the Noteholder is unable to sell the Notes prior to their maturity.

The Issuer has no agreement with any liquidity provider for trading with Notes. Should there be no active trading in these Notes, this could have negative impact on the market price and liquidity of the Notes.

1.1.3 The risk of change in the sales price on the regulated market

The fluctuation of the Notes sales price on the regulated market depends on the demand and supply of the Notes and movements of market interest rates.

Even if active trading with the Note does develop after the issue, there is a possibility that the market price falls below the initial price of the Notes at the issuance (discount trading) which is among other things a result of movement of interest rates, conditions on financial markets, general economic situation and the financial

position of the Issuer. There is an additional risk that the Noteholder fails to find adequate demand and supply at a given price.

1.1.4 Currency risk and exchange control

Based on the issued Notes, the Issuer has an obligation for payment of the principal and interest in euros which represents currency risk if a Noteholder has a substantial portion of their financial activities denominated in another currency. The latter involves the risk of a substantial change in the exchange rate (including depreciation of the euro or appreciation of the currency in which a Noteholder has a substantial portion of their financial activities) as well as the risk that the competent authorities introduce or change exchange control for the currency in which a Noteholder has a substantial portion of their financial activities. The Noteholder may receive amounts of the principal and interest lower than the anticipated amounts in the case the euro depreciates.

1.1.5 Noteholders do not have the option to demand early payment of obligations arising from the Notes

The Noteholders do not have the right to demand early payment of the obligation arising from the Notes, not even in the event where the Issuer breaches its obligations under the Notes. No obligation of the Issuer under the Notes shall become payable prior to its maturity date, determined in accordance with the Terms and Conditions of the Notes, except in the case of payments made in compulsory liquidation or bankruptcy or any other proceedings the aim of which is compulsory winding-up of the Issuer.

1.1.6 The Issuer has the option of early payment or call of the Notes

The Issuer has the option of early payment or call of the Notes before their maturity in the following cases:

- (i) if the Issuer fails to obtain the approval of the European Central Bank for inclusion of the amount received by the Issuer as the paid-up amount or proceeds of the initial sale of the Notes in the calculation of its Tier 2 capital on or before 6 August 2019;
- (ii) if, as a result of any change in, or amendment to, the laws or regulations or any change in the application or official interpretation of such laws or regulations which becomes effective after the Issue Date, there is a change in the tax treatment of the Notes due to which:
 - (a) the Issuer becomes (or it becomes certain that on the next Interest Payment Date the Issuer will become) required to pay additional amounts as provided or referred to in Condition 6; or
 - (b) the Issuer ceases to be (or it becomes certain that on the next Interest Payment Date the Issuer will cease to be) entitled to treat the interest on the Notes as a tax-deductible expense, either entirely or in a material part; or
 - (c) for other reasons the tax treatment of the Notes becomes more burdensome for the Issuer than on the Issue Date; or
- (iii) if, due to a change in the conditions for inclusion of the Notes in the Tier 2 capital of the Issuer on individual and consolidated level, it becomes likely that the Paid-Up Amount, in whole or in part, will no longer qualify as Tier 2 capital of the Issuer on individual and consolidated level or will be re-classified as a lower quality form of capital; or
- (iv) the possibility for redemption of the Notes is enforced at the Fifth Anniversary of the Notes Issue, taking into account the conditions from the applicable provisions.

In the case of any of the above circumstances, the Issuer may repay early or call the Notes in full meaning that Noteholders will be paid before the maturity of the Notes in line with the Terms and Conditions of the Notes.

1.1.7 The risk of reinvesting the principal and coupons of the Note

In the event of the early payment or call of the Notes prior to their maturity, the Noteholder is exposed to reinvestment risk. This is the risk that the Noteholder will have to reinvest the received principal and accrued

interest at an interest rate that is lower than the rate at the time of the purchase of the Notes. As a result, it is possible that the Noteholder falls short of achieving the theoretically calculated yield-to-maturity.

1.1.8 The risk of the change in the yield arising from the Notes in case the Issuer fails to early call them after 5 years of the Notes Issue Date

In the first five years from the Notes Issue Date, the Notes yield such return as defined in the Terms and Conditions of the Notes. In case the Issuer does not exercise the right to timely payment or call of the Notes, the yield can change due to the re-setting of the Interest Rate based on the sum of the Reference Interest Rate valid as at the Interest Rate Determination Date increased by Margin.

The Interest Rate set in line with the above can be lower than the Interest Rate at which interest is accrued on the principal of the Notes in the first five years of the issue and can affect the return and the market value of the Notes.

1.1.9 The Terms and Conditions of the Notes can be changed without the Noteholder's consent

The Terms and Conditions of the Notes enable the Issuer to change the conditions of the Notes without the consent of some (Condition 8) or even all Noteholders (Condition 4.5 and Condition 9). Such changes are binding for all Noteholders, including those who did not agree to such change.

The Terms and Conditions of the Notes, including the change of Note principal maturity, the amount of Interest Rate and the interest payment maturity date can also change due to implementation of resolution measures of the Issuer on the basis of a decision of the Bank of Slovenia, Single Resolution Board or other competent body adopted in line with the then applicable regulations.

Such changes can significantly impact the content and scope of the Noteholder's rights based on the Notes, their market value and yield, while the Noteholders can only have access to limited legal remedies for the purpose of enforcing or protecting their rights.

1.1.10 The risk that the Notes would be used for covering losses in the event of the Issuer resolution

The Issuer estimate that its obligations arising from the Notes meet the conditions from the third paragraph of Article 45 of the Resolution and Compulsory Dissolution of Credit Institutions Act (the "ZRPPB") and the sixteenth paragraph of Article 12 of the Regulation (EU) No. 806/2014 (the "SRM" Regulation"), which is why in case the competent body applies the resolution measures to the Company according to the ZRPPB or the SRM Regulation, they can be either terminated (write-off) or converted into the Issuer's shares (conversion) based on a decision adopted by the competent body, or their conditions can change, including the Note principal maturity, the Interest Rate, the interest maturity date or temporary suspension of the payment of overdue liabilities can be exercised. The use of the resolution measures is difficult to predict since it depends on different factors and criteria that can be publicly unavailable, as well as significant discretion of the competent body. In line with the bank resolution principles based on the ZRPPB and the SRM Regulation, it is not expected that the Issuer would be resolved with the use of public funds in the event of failing.

The application, announcement or expectations of resolution measures for the Issuer can negatively impact the rights of the Noteholders and their enforcement, the value of the Notes and the meeting of the Issuer's obligations arising from the Notes; the Noteholders may only have limited legal remedies available for the purpose of enforcing their rights. The Noteholders can partially or completely lose their investments in the Notes or can obtain other securities as a replacement of the Notes which can be worth less than the Notes.

1.1.11 The risk associated with the subordination of the Notes in the event of liquidation or bankruptcy of the Issuer

The Notes are securities with the characteristics of subordinated debt for inclusion in Tier II capital according to Article 63 of the CRR Regulation.

In the event of bankruptcy or liquidation of the Issuer, the claims of the Noteholders for the payment of the principal of the Notes are subordinated to all non-subordinated claims towards the Issuer and potential

subordinated claims specifically defined as having priority over the claims arising from the principal of the Notes. As regards the priority of payments and other rights arising from the Notes, all claims arising from the Notes are equal (*pari passu*) to the claims of the Issuer arising from other Tier II instruments and shall be repaid proportionally, with the exception of potential obligations specifically defined as being senior or subordinated to the obligations arising from the Notes. In the event of the Issuer's bankruptcy or liquidation, the Noteholders can lose part or all of their investments in the Notes.

The Issuer did not commit to any restriction regarding the maximum permitted amount of the obligations having priority over the obligations arising from the Notes or being repaid proportionally with them.

1.1.12 The risk associated with exclusion of set-off

In the event of the Issuer's bankruptcy, its obligations arising from the Notes can be set off by potential counter obligations of the Noteholders solely on the basis of the set-off statement which is issued by the Issuer's receiver, while automatic set-off or set-off based on the Noteholder's statement is not possible. The ZRPPB permits the receiver to set off the obligations arising from the Notes with the counter obligations of the Noteholders only in case all creditors' claims having priority over the obligations arising from the Notes have been previously repaid in full in accordance with the priority of payments.

It is therefore probable that in the event of the Issuer's bankruptcy, the Noteholder who is also the Issuer's debtor would not be entitled to set off its liabilities to the Issuer with its claims arising from the Notes; instead, it would have to meet its obligation even though it may not recover its claims arising from the Notes.

1.1.13 The risk associated with withholding tax

If and until the Notes are traded on the regulated market or in a multilateral trading system in an EU Member State or a member of the OECD, interest on the Notes in the Republic of Slovenia shall not be subject to withholding tax. In the opposite case, a person who is considered a payer of the interest under the Notes pursuant to the Slovenian tax regulations shall be obliged to deduct the tax when paying interest to certain persons at the rate stipulated by the then applicable regulations (currently no more than 25%) or a potential lower rate applicable on the basis of an international treaty on the avoidance of double taxation.

The Issuer shall be obliged to replace any shortcomings of the Noteholders due to such deduction only in case such deduction had not been prescribed at the time of the Notes issue and provided that certain additional conditions are met, as specified in the Condition 6.

1.1.14 The risk of future regulatory changes

Changes in the provisions or their interpretation or procedures or measures adopted by the supervisory or other bodies following the issue of the Notes can have a negative impact on the value of the Notes or the rights of the Noteholders arising from the Notes.

2. INFORMATION ON NOTES

The information on the Notes contained in this chapter describe only some characteristics of the Notes, and not all of them, and are not legally binding. A comprehensive and legally binding description of rights arising from the Notes are contained in the Terms and Conditions of the Notes the text of which is attached in Annex 1 to this Description.

2.1 Notes Issuer

The Issuer of the Notes is Nova Ljubljanska banka d.d., Ljubljana.

2.2 Size of the Notes Issue

The total nominal value of the Notes Issue is no more than EUR 75 million. Notes shall be issued in nominal value of EUR 100,000.00 each. The entire issue of the Notes contains no more than 750 denominations of EUR 100,000.00.

2.3 Type of Notes

The Notes are subordinated, registered, EUR-denominated, issued in dematerialized form. Ticker of the Notes is NLB27. ISIN code of the Notes is SI0022103855.

2.4 Maturity of Notes

Unless previously redeemed, or purchased and cancelled in accordance with the Item *Possibility of early redemption of Notes*, the Notes principal will be paid on 6 May 2029.

2.5 Possibility of early redemption of Notes

The principal of the Notes cannot be prepaid upon demand of a Noteholder. No liability of the Issuer arising out of the Notes can be paid before the maturity of such liability, determined in accordance of Terms and Conditions of the Notes, except in the case of the Issuer's compulsory liquidation or bankruptcy or any other proceedings, the aim of which is compulsory winding-up of the Issuer.

Provided that it obtains a permission of the competent authority referred to in Article 77. of the CRR Regulation for conducting redemption, repurchase, repayment or payment of the Notes, the Issuer may, at its sole discretion and after prior irrevocable notice to Noteholders at least 30 days but no more than 60 days in advance, pay the principal of all the Notes (but not only some), together with the interest calculated until the date of redemption, in the following cases:

- (a) if the Issuer fails to obtain the approval of the European Central Bank for inclusion of the amount received by the Issuer as the paid-up amount or proceeds of the initial sale of the Notes (the **Paid-Up Amount**) in the calculation of its Tier 2 capital on or before 6 August 2019;
- (b) if the Notes are redeemed on the Fifth Anniversary; or
- (c) if, as a result of any change in, or amendment to, the laws or regulations or any change in the application or official interpretation of such laws or regulations which becomes effective after the Issue Date, there is a change in the tax treatment of the Notes due to which:
 - (i) the Issuer becomes (or it becomes certain that on the next Interest Payment Date the Issuer will become) required to pay additional amounts as provided or referred to in Condition 6; or
 - (ii) the Issuer ceases to be (or it becomes certain that on the next Interest Payment Date the Issuer will cease to be) entitled to treat the interest on the Notes as a tax deductible expense, either entirely or in a material part; or
 - (iii) for other reasons the tax treatment of the Notes becomes more burdensome for the Issuer than on the Issue Date; or

- (d) if, due to a change in the conditions for inclusion of the Notes in the Tier 2 capital of the Issuer on individual and consolidated level, it becomes likely that the Paid-Up Amount, in whole or in part, will no longer qualify as Tier 2 capital of the Issuer on individual and consolidated level or will be re-classified as a lower quality form of capital.

2.6 Governing law based on which the Notes were created

The rights and obligations under the Notes (including the Terms and Conditions of the Notes) and any non-contractual obligations arising out of or in connection with the Notes shall be construed and governed by the Slovenian law. The competent courts in the Republic of Slovenia shall have the sole jurisdiction to decide on all claims, lawsuits and disputes arising from Notes and the Terms and Conditions of the Notes or related to them.

2.7 Form of the Notes

Notes shall be issued in dematerialised form and shall be entered in the Noteholders' accounts in the Central Register of dematerialised securities maintained by the KDD.

2.8 Currency of the Note Issue

Notes shall be paid in the currency euro (EUR).

2.9 Classification of Notes

Status and subordination:

The Issuer's obligations arising from the Notes have the characteristics of subordinated debt for inclusion in Tier 2 capital according to Article 63. of the CRR Regulation.

Covering of losses in the case of resolution:

The Issuer's obligations arising from the Notes as estimated by the Issuer meet the conditions for eligible qualified obligations laid down in the third paragraph of Article 45. of the Resolution and Compulsory Dissolution of Credit Institutions Act ("ZRPPB") and for eligible obligations under the sixteenth paragraph of Article 12. of Regulation (EU) no. 806/2014 ("SRM Regulation") and may be written down or converted if competent body applies resolution measures to the Company as provided for in the ZRPPB or the SRM Regulation.

Order of claim repayment in the event of bankruptcy or liquidation:

In the event of bankruptcy or liquidation of the Issuer, the claims arising from the principal amount of the Notes are repaid:

- (a) after repayment in full of all unsubordinated claims against the Issuer as well as of all subordinated claims (if any) which are not those referred to in sub-paragraph (b) or (c) below;
- (b) with the same priority (*pari passu*) as, and proportionally with, the following claims against the Issuer:
 - (i) claims arising under other instruments which qualify as Tier 2 instruments;
 - (ii) any other subordinated claims which are expressed to have in the event of insolvency of the Issuer the same priority of repayment as the Tier 2 instruments;
- (c) in priority to the following claims against the Issuer:
 - (i) claims arising under instruments which qualify as Common Equity Tier 1 capital instruments or Additional Tier 1 instruments; and

- (ii) other subordinated claims which, pursuant to their contractual terms in the event of compulsory winding-up of the Issuer, have the same priority of repayment as Common Equity Tier 1 capital instruments or Additional Tier 1 instruments.

2.10 Rights arising from Notes

Notes do not grant the Noteholders any other rights not even the right to be exchanged for other securities. Notes are not part of the guaranteed deposit system in the Republic of Slovenia or part of the guarantee scheme of the Republic of Slovenia.

The obligations arising from Notes are not secured or covered by a guarantee, agreement on set-off or netting, or another arrangement that could improve the level of priority of payments or reduce their eligibility for the coverage of losses in the process of resolution in line with the regulations.

2.11 Description of limitations arising from the Notes

For the inclusion of obligations arising from the Notes into the Tier 2 capital of the Issuer on individual and consolidated level, the following conditions have to be met pursuant to the CRR Regulation:

- The Notes are issued and fully paid in;
- The Notes were not purchased by the Issuer or a person related to the Issuer, which is its subsidiary or a company in which the Issuer directly or indirectly controls 20% or more voting rights or the company's capital;
- The purchase of Notes was not directly or indirectly financed by the Issuer;
- The claims arising from the Notes principal are fully subordinated to the claims of all non-subordinated creditors as evident from the Item *Classification of Notes*;
- The Issuer's obligations arising from the Notes are not secured or covered with a guarantee of the: (i) Issuer or its subsidiaries, (ii) the parent undertaking of the Issuer or its subsidiaries, (iii) the parent financial holding company or its subsidiaries, (iv) the mixed activity holding company or its subsidiaries, (v) the mixed financial holding company or its subsidiaries, (vi) and undertaking that has closed links with entities referred to in points (i) to (v);
- The Notes have no characteristics which, in the legal or economic view, would improve the level of priority of payments before other creditors of the Issuer;
- The Notes have no characteristics that would encourage redemption or repayment of the Notes by the Issuer prior to maturity;
- The Notes contain no characteristics that would give the Noteholder the right to accelerate the future payments of interest or principal except in the event of the Issuer's insolvency or liquidation;
- The Interest Rate of the Notes cannot change as a result of a change in the credit rating of the Issuer or its parent.

2.12 Nominal Interest Rate and interest obligations

Interest Rate means annual interest rate, which amounts to:

- (i) before the Fifth Anniversary (however excluding the Fifth Anniversary), 4.2%;
- (ii) from and including the Fifth Anniversary, the sum of Reference Interest Rate, applicable on Interest Rate Determination Date, and Margin.

Interest is calculated on the nominal value of Notes as at each day of interest maturity date according to a linear method, which means that the Interest Rate is multiplied by the nominal value of the Notes, taking into account the actual number of days in the interest-accruing period and the actual number of days in the year. Interest is rounded down to two decimal points (to the nearest EUR 0.01).

Interest shall be calculated as of 6 May 2019. Interest due for payment on the interest due date (as defined in Item *Method and period of payment of obligations*) is calculated for the interest period starting on the last

previous date on which interest was due (or 6 May 2019 in the case of the first payment of interest of the Notes) and ending on the interest due date, which is not included when determining the period. Interest is calculated on the basis of the following formula:

$$o = \frac{om}{100} * \frac{d_1}{d_2} * G$$

where:

o	interest in the period concerned
om	annual interest rate
d_1	actual number of days in the interest-accruing period
d_2	actual number of days in the year
G	nominal value of a Note

Interest shall no longer be accrued on Notes as of the date of their maturity. If the payment of the Notes principal is unreasonably held back or refused, a beneficiary of such payment shall be entitled to the payment of interest at the Interest Rate stated hereunder until the earlier of the following days: (a) the day all due amounts arising from such Note are paid to the beneficiary or another person for the beneficiary's account and (b) the day which is five business days after the day on which the Issuer informs the beneficiaries that the payment of all due amounts arising from the principal and interest to each beneficiary would be made (unless the Issuer later again defaults on its payment obligations).

Pursuant to Articles 346. and 347. of the Code of Obligations, the rights to claim the payment of the principal shall be time-barred if not submitted within five years of each claim maturity. The claims for the payment of the interest shall be time-barred if not submitted within three years of the relevant maturity.

2.13 Method and period of payment of obligations

Interest is due for payment annually in arrears for the past period, on 6th May each year until maturity date of the Notes, excluding the last day of maturity from the calculation of interest.

Total nominal value of principal of the Notes falls due in one amount on the maturity date of the Notes.

The Issuer will pay the obligations arising from the Notes in accordance with the hypothetical plan presented below (the example is prepared for the amount of EUR 100,000.00, offering price 100%, and taking into account early repayment of the Notes on 6 May 2024, i.e. five years from the issue of the Notes).

	Due date of obligations	Number of days	Interest Rate	Principal (in EUR)	Interest (in EUR)	Total (in EUR)
1	06/05/2020	366	4.2 %	0.00	4,200.00	4,200.00
2	06/05/2021	365	4.2 %	0.00	4,200.00	4,200.00
3	06/05/2022	365	4.2 %	0.00	4,200.00	4,200.00
4	06/05/2023	365	4.2 %	0.00	4,200.00	4,200.00
5	06/05/2024	366	4.2 %	100,000.00	4,200.00	104,200.00
	TOTAL			100,000.00	21,000.00	121,000.00

The Issuer pays its obligations arising from the Notes, including in case of early payment or call of the Notes in accordance with the item *Possibility of early redemption of Notes* into the account communicated by the beneficiary of such payment to the Issuer. Prior to any payment of liabilities arising from the Notes, the Issuer will ask the beneficiaries to provide the information on their cash accounts if the Issuer does not have such data in its records.

If a beneficiary of any amount arising from the Notes fails to communicate the information on their accounts, in accordance with the previous paragraph until the last business day of KDD prior to the date of maturity of such payment or in the case the information on the beneficiary or the account is incomplete and the Issuer is unable to make payments into the beneficiary's account, the Issuer shall be obliged to pay to the beneficiary such amount as soon as possible but no later than within five business days after having been submitted the correct data on the account, in accordance with this and the previous paragraph; in such case, the beneficiary is not entitled to interest or any other payment that could result from such delay.

If any amount arising from the Notes falls due for payment on the day that is not a business day in the Republic of Slovenia, the beneficiary shall be paid such amount on the first next business day after the maturity date of such amount and the beneficiary shall not be entitled to interest or any other payment in relation to any such delay. Business day means such day on which payments can be executed in the Republic of Slovenia in domestic currency on accounts during regular working hours, which is not Saturday, Sunday, national holiday or other non-working day.

2.14 Yield of the Notes

Yield until maturity of the Notes is the so-called internal rate of return, which can be calculated using the tables or financial calculator. It represents the yield of the Note at the annual level and is calculated with the following formula, taking into account the actual number of days in the interest-accruing period and the actual number of days in the year (the Act/Act method):

$$PC = \frac{Obr_1}{(1 + I_{annual})} + \frac{Obr_2}{(1 + I_{annual})^2} + \dots + \frac{Obr_n}{(1 + I_{annual})^n} + \frac{Obr_{10} + G}{(1 + I_{annual})^{10}}$$

where:

<i>PC</i>	Sales price of the Note
<i>Obr_n</i>	Payment of interest in the period n
<i>G</i>	Principal
<i>I_{annual}</i>	Yield until maturity of the Note at the annual level; if multiplied by 100, it is expressed in percentage

The yield-to-maturity of the Notes is indicated in the item *Nominal Interest Rate and interest obligations and Terms and Conditions of the Notes*.

In the event that the Issuer does not exercise the right to early payment or recall of the Notes on the Fifth Anniversary, the yield of the Notes may be changed for the purpose of re-setting the Interest Rate on the basis of the sum of the Reference Interest Rate applicable on the Interest Rate Determination Date plus the Margin as set out in the *Nominal Interest Rate and interest obligations and Terms and Conditions of the Notes*.

2.15 Representation of Noteholders

In relation to the Issuer, no organisation represents the Noteholders.

2.16 Decision on the issue of the Notes

The Issuer's Management Board adopted a resolution on the issue of the Notes under the conditions stipulated in this Prospectus. The resolution on the final total nominal value of the issue of the Notes and the Final Offering Price of the Notes shall be adopted by the Issuer after the receipt of the Binding Offers for the purchase of the Notes.

The Issuer's Supervisory Board gave its consent to the issue of the Notes.

2.17 Expected date of Issue of the Notes

The Notes will be issued after the completion of the public sale of the Notes and the entry of the Notes in the Central Securities Register maintained by KDD, presumably on 6 May 2019 or around that date.

2.18 Transferability of Notes

Following the issue, the Notes are freely transferable in line with the provisions of the ZNVP-1 and other regulations, rules and guidelines regulating the operations of KDD or adopted by KDD. The Notes will be transferred by registration in the Central Register.

Besides the Noteholder, no other person is entitled to exercise any rights arising from the Notes. Notwithstanding the above, a claim for the payment of any cash amount based on the Notes can only be exercised by the Beneficiary entitled to such payment.

Beneficiary entitled to payment of interest or principal under Condition 5.1 shall be any person who is the legal Noteholder (or the right to payment of interest or principal arising from the Notes), at the end of the last KDD Business Day prior to the day of maturity of such right.

2.19 Exchangeability of the Notes and Possibility for changing the Terms and Conditions of the Notes without consent of the Noteholders

In the event that any provision of the Notes or Terms and Conditions of the Notes is supplemented, amended or revoked, the Replacement Notes may be issued on the basis of such change, as defined in Condition 10 of Terms and Conditions of the Notes.

As described in Condition 4.5 of Terms and Conditions of the Notes, and Subject to Condition 4.3(b) of Terms and Conditions of the Notes, if circumstances referred to in Condition 4.4(c) or 4.4(d) arise or if the Paid-Up Amount no longer qualifies as eligible liabilities of the Issuer (*kvalificirane obveznosti*) pursuant to third paragraph of Article 45. of the Resolution and Compulsory Dissolution of Credit Institutions Act (ZRPPB) (hereinafter, collectively: **Disqualification**), then the Issuer may, having given not less than 30 nor more than 60 days' irrevocable notice to the Noteholders in accordance with Condition 12, without any requirement for the consent or approval of the Noteholders, modify these Conditions so that the Disqualification no longer applies or is prevented from occurring.

2.20 Taxation

The below description of the return achieved through the payment of interest on Notes or through disposal of Notes is of general nature and does not constitute legal or tax advice to an individual acquirer or seller of Notes and cannot be considered to be a comprehensive description of all tax consequences that may be of importance for the Noteholders. The description has been prepared on the basis of Slovene tax regulations applicable at the time of drafting this document. The Issuer warns that legislation may change and that their tax position may also be influenced by foreign tax regulations. For persons having doubts regarding the taxation of the return on Notes or taxes payable upon their disposal, it is recommendable that they consult adequately qualified advisors.

Taxation of interest received by residents of Slovenia and permanent establishment of non-residents in Slovenia

Interest on the Notes received by:

- (1) a legal entity which is a resident of Slovenia or a permanent establishment of non-resident in Slovenia is considered to be income for the purpose of determining the tax base for the corporate income tax on which tax is charged at the rate of 19% pursuant to the ZDDPO-2;
- (2) a natural person who is a resident of Slovenia, is considered a special tax base for the income tax on which tax is calculated and paid at the rate of 25% pursuant to the ZDoh-2.

If interest on the Notes is received by a person which is not mentioned in the previous paragraph and such interest is not taxed by withholding tax, then the income resulting from such interest is not subject to taxation in the Republic of Slovenia.

Taxation of interest by withholding tax:

Taxation of interest income arising from Notes depends on whether the Notes are traded on the regulated market or in a multilateral trading system in an EU Member State or a member of the Organisation for Economic Co-operation and Development – OECD at the moment the Issuer pays out interest or not. The term Listed Notes is used for the notes admitted to trading.

(a) Taxation of Listed Notes

If and until the Notes are Listed Notes, the Issuer or another person considered a taxpayer under Article 58. of the ZDavP-2 for the purpose of the payment of interest arising from the Notes (hereinafter, the Issuer and such other person are referred to as the "**Payer of Tax**") can pay interest on the Notes without a tax deduction.

(b) Taxation of interest accrued on the Notes that are not Listed Notes

If at the time the Taxpayer pays interest on the Notes, the Notes are not Listed Notes and there is a reason to assume that the recipient of the payment receives interest on the Notes for the account of another person, the Payer of Tax shall be obliged to calculate, withhold and pay for the recipient's account tax on the payment of interest arising from the Notes at the rate of 25% unless prior to the payment the recipient of the payment provides the Payer of Tax with a statement that the rights arising from the Notes are exercised on its own behalf. In such case the person for the account of which the recipient of the payment received the paid interest, is entitled to submit a written request to the tax authority and demand a refund of the amount by which the amount deducted exceeds the amount of tax calculated at the tax rate otherwise applicable to it. The Payer of Tax shall be obliged to assume that the recipient of interest receives interest for the account of a third party when the recipient conducts business which is or part of which is receiving of income for the account of a third party, or the person is known to act, although occasionally, as a person receiving income for the account of a third party; or the address for the payment of income differs from the registered address of the payment recipient.

If, however, the reason for such assumption does not exist, the Payer of Tax shall calculate, withhold and pay for the recipient's account the tax as follows:

- (i) if the recipient of a payment is a natural person, at the tax rate of 25% or at a lower tax rate used on the basis of a special regulation or an international treaty depending on the country of residence or other circumstances; or
- (ii) if the recipient of the payment is a legal entity with a registered office or place of actual operation of the management or residence is in a country that is not an EU Member State in which the general or average nominal tax rate is below 12.5% and which is included in the list of such countries published pursuant to the fifteenth paragraph of Article 8. of the ZDDPO-2 by the Ministry of Finance and the Financial Administration of the Republic of Slovenia, at the tax rate of 15%;

If the recipient of payment is any other legal person, the interest shall be paid without deduction for account of tax.

Tax on capital gains:

Profit earned from the sales of Notes is a component of taxable income applicable to corporate income taxpayers, residents and non-residents which earn income by engaging in activities or deals in a branch or through a branch in Slovenia.

Value added tax:

Transactions in securities and payments based on securities are exempt from the payment of value added tax.

3. ESSENTIAL INFORMATION

3.1 Interest of natural persons and legal entities participating in the issue/offer

The Issuer did not conclude any agreement on the purchase of the Notes with any entity on the basis of firm commitment or based on best efforts. The Issuer has no knowledge of the existence of natural persons or legal entities participating in the Notes issue/offer who could have any interest, including the conflicting interest, which would be relevant for the Notes issue/offer.

3.2 Reasons for the offer and use of proceeds

The purpose of the Notes issue is to optimise the Issuer's capital structure on individual and consolidated level.

4. TERMS AND CONDITIONS APPLYING TO THE OFFERING

4.1 Total nominal value of the issue

The total nominal value of Notes issue shall not exceed EUR 75,000,000.00. Notes shall be issued in nominal value of EUR 100,000.00 each. The complete issue of the Notes contains no more than 750 denominations of EUR 100,000.00.

4.2 Offering price

Potential investors may submit an offer to buy the Notes at the offering price expressed as a percentage of the nominal Note value, in the range between 99.10% and 100.00% of the nominal Note value (hereinafter: "**Offering Price Range**").

Final Offering Price

Based on the received offers from potential investors, the Issuer shall set the Final Offering Price (hereinafter: the "**Final Offering Price**") at which all allotted Notes will be paid in based on the received offers. The value of the Final Offering Price will be the same for all allotted Notes and its value will be set within the Offering Price Range in which the potential investors can submit their offers for the subscription and payment of Notes pursuant to this Prospectus.

4.3 Validity of the offering and manner of subscribing

Notes shall be subscribed in the period from **15 April 2019 to including 26 April 2019 before 12:00** Slovenian local time (hereinafter: "**Binding Offers Deadline**").

4.4 Note subscription procedure

Offers can be submitted by institutional investors (in this Prospectus, the term "institutional investors" means (i) credit institutions, (ii) investment firms, (iii) undertakings for collective investments (collective investment schemes, investment companies and/or investment management companies), (iv) insurance companies, (v) pension funds and management companies of such funds, (vi) brokerage houses, (vii) trust companies, (viii) international financial institutions (IFIs), and (ix) other financial institutions, including depository banks, including qualified investors as defined in ZTFI-1) invited by the Issuer to submit their offers, provided that they are independent from the Republic of Slovenia.

The invited institutional investors shall subscribe Notes by signing a Binding Offer for the purchase of the Notes and pay them in line with the conditions set in this Prospectus.

4.5 The minimum and the maximum subscription amounts

There shall be no restriction on the subscription of Notes. The minimum number of denominations included in a single offer is one Note denomination (minimum nominal value of purchase is EUR 100,000.00) while the maximum number of denominations of an offer equals the number of all Notes that are the subject of the offer.

4.6 Subscription of Notes

Notes shall be subscribed at NLB d.d., Investment Banking & Custody, Corporate Finance, Trg republike 2/IX, 1520 Ljubljana (hereinafter: the "**Subscription Point**").

Persons subscribing and paying in (buying) the Issuer's Notes in initial offering (hereinafter: the "**Investors**"), shall be determined on the basis of the procedure for accepting Binding Offers for the purchase of Notes.

4.6.1 Binding Offer for the purchase of Notes

A person invited by the Issuer to subscribe and pay in the Notes can subscribe the Notes by submitting a completed and signed form "Binding Offer for the purchase of Notes" (hereinafter: the "**Binding Offer**") received together with the invitation to purchase the Notes.

A person who subscribes the Notes (hereinafter: the "**Subscriber**") may submit several offers (up to five) on a single Binding Offer form at different offering prices (all of which must be within the Offering Price Range). A Binding Offer must comprise all the required data, among other:

- the number of denominations of purchased Notes*, where the minimum number of denominations included in a single offer is one denomination (nominal value of purchase EUR 100,000);
- the offered price for the purchase of Notes, expressed as percentage of the nominal Note value (rounded to two decimal places), which may not be lower than 99.10% and not higher than 100.00%;
- name of the Subscriber;
- registered office of the Subscriber;
- VAT ID number or tax number of the Subscriber;
- company registration number and LEI code;
- KID code (mandatory data in the case of a non-resident Subscriber);
- the Subscriber's transaction account number;
- number of the account of dematerialized securities (hereinafter also: the "**Trading Account**") with the selected KDD member, into which the subscribed and paid Notes would be entered;
- surname, name, telephone and e-mail of the Subscriber's contact person;
- name and surname of the Subscriber's authorised person(s) for signing the Binding Offer;
- signature of the Subscriber's authorised person(s).

*The number of Note denominations is the maximum possible number of Notes to be purchased; the final number of Notes purchase will be determined according to the method of adoption and selection of the Binding Offers as defined by this Prospectus.

The Issuer shall handle each of such received offers as an independent Binding Offer that can be either accepted or rejected, partially or in whole. If a Binding Offer is missing data or contains inaccurate data, the Issuer shall be entitled to disregard such a Binding Offer. Binding Offers containing offered purchase prices that are lower than the lowest price within the Offering Price Range shall not be accepted (are not valid).

Subscriber identification

Subscribers can be identified pursuant to the provisions of the Money Laundering and Terrorism Financing Prevention Act (hereinafter: the ZPPDFT-1). Detailed information on the procedure and possible methods of identification (personally, via authorised person) is available to the Subscribers at the contact persons listed in the invitation to subscribe the Notes.

For the purpose of identification, the Subscribers must submit to the Issuer the data pursuant to the ZPPDFT-1 and, among other, but not exclusively, the following documentation (hereinafter: the "**Required Documentation**")¹:

- the completed and signed form Identification Sheet for legal entities sent to the invited persons together with the invitation;
- original copy from the companies register or other institution competent for the registration of the company, which must not be older than three months and which reveals the legal representative(s) who signed the authorisation referred to in the following indent;

¹ *The Buyer of the Notes must be identified on the basis and in accordance with point 2. of the first paragraph of Article 17. of ZPPDFT-1, whereby for the purpose of carrying out the identification of the Subscriber or purchaser of the Notes, data in accordance with Article 20. of the ZPPDFT-1 in connection with Article 137. of the ZPPDFT-1 and in the manner defined in Articles 23.-28., 31. and 32. of the ZPPDFT-1.*

- original power of attorney for a legal person's representative(s) if Notes are subscribed by the authorised person and not by the legal representative of a legal entity, as evident from the companies or another business register;
- a valid personal identification document for persons as evident from the attachment to the invitation to subscribe Notes;
- the Subscriber's LEI code (to be obtained from the KDD);
- the KID code for non-residents (to be obtained from the KDD).

The method of submitting the Required Documentation depends on the method of identification - personal or in the case of identification of a person not being present - via e-mail to the address: zdajevp@nlb.si; in the latter case, the original of the Required Documentation must also be sent via regular mail to the address:

NLB d.d.
Investment Banking and Custody
Corporate Finance
Trg republike 2
1520 Ljubljana

by no later than including 29 April 2019.

Submission of a Binding Offer

The Issuer will consider all Binding Offers sent by the Subscribers previously identified according to the ZPPDFT-1, with correctly completed and signed Binding Offer form **via e-mail to the address: zdajevp@nlb.si or personally at the Subscription Point**, by no later than **26 April 2019 before 12:00** (hereinafter: the "**Deadline for receiving Binding Offers**").

The Subscribers that send a Binding Offer via e-mail shall be obliged to send the original Binding Offer also via regular mail to the address: NLB d.d., Investment Banking and Custody, Corporate Finance, Trg republike 2, 1520 Ljubljana by no later than including 29 April 2019.

A Binding Offer of a Subscriber that fails to submit the Required Documentation or data according to the ZPPDFT-1 pursuant to this Prospectus or the Issuer's instructions shall be deemed invalid and the Subscriber shall not be entitled to the allotment of Notes under such Binding Offer.

For the purpose of investment in the Notes, a potential investor must have opened with KDD a dematerialized securities account maintained by a KDD member selected by the potential investor (in this Prospectus also: the "**Trading Account**") into which KDD will enter the Notes allotted to the potential investor. A potential investor that does not yet have a Trading Account and wishes to subscribe the Notes must first open a Trading Account with any KDD member.

4.7 Condition that can be set by the Subscriber when subscribing the Notes

In the Binding Offer, the Subscriber may set a condition that they subscribe the number of Notes indicated in the offer under condition that they, either by themselves or together with the related persons, do not exceed the 10%, 20% or 30% of the share of all finally allotted Notes to the Investors (hereinafter: the "**Threshold**"); the list of such related persons with identification data to be taken into account in the calculation of the condition is provided in the Binding Offer.

If the Subscriber that subscribes the Notes were to exceed the Threshold set in the Binding Offer depending on the subscribed number of Notes, it shall be deemed that the Binding Offer is made out to such a number of Notes that is still compliant with the set Threshold and shall be deemed invalid in the remaining part of Notes subscribed in surplus.

4.8 Subscriber's withdrawal from subscription

A Subscriber who subscribes Notes by completing and signing the Binding Offer cannot withdraw from the subscription except in the cases defined by the applicable laws.

4.9 Method of selecting Investors and allotting Notes

The Issuer shall have the discretionary right to decide to which Subscribers to allot the Notes, what amount of the Notes to allot to individual Subscribers (the number of allotted Notes can be smaller than or equal to the number indicated by an individual Subscriber in the Binding Offer, without violating the potential Condition of Subscription set by the Subscriber in the Binding Offer) and to define the Final Offering Price of the Notes.

Based on the received Binding Offers, the Issuer shall set the Final Offering Price of the Notes, expressed as a percentage of the nominal value of the Notes at which the Subscribers shall be obliged to pay the allotted Notes. The value of the Final Offering Price will be the same for all allotted Notes and its value will be set within the Offering Price Range in which the Subscribers can submit their Binding Offers for the purchase of Notes pursuant to this Prospectus. Binding Offers with prices lower than the Final Offering Price shall be rejected. The Issuer shall have the discretionary right to accept, partially accept or reject the other Binding Offers; the offering price of the Notes for all accepted Binding Offers shall equal the Final Offering Price.

4.10 Disclosure of the final price and the size of Notes Issue

The Issuer shall inform each Subscriber of the allotment, partial allotment or non-allotment of the Notes (hereinafter: the "**Notice of the Allotment of the Notes**"), namely via the e-mail to the e-mail address indicated by the Subscriber on the Binding Offer by no later than 29 April 2019. The Subscribers to which the Notes are allotted shall be informed of the number of the allotted Notes, the Final Offering Price, the total nominal value of allotted Notes, the total sales value of the allotted Notes, calculated as multiplication of the number of allotted Notes and the Final Offering Price, and asked to pay in the allotted Notes.

The Issuer will publish the Final Offering Price and the final number of allotted Notes on 29 April 2019 at the Issuer's website (<http://www.nlb.si>) and on SEOnet (<http://seonet.ljse.si>). A link to the location on Issuer's website with this information will be posted on the RNS London Stock Exchange website (<https://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>).

4.11 Payment of Notes

Notes shall be paid in into the NLB's collection account. Notes can only be paid in money, namely in euros (EUR).

The Subscribers whose duly submitted and complete Binding Offers will be accepted by the Issuer must pay the Notes by **6 May 2019 before 12:00** (hereinafter: the "**Deadline for the payment of Notes** ") in one-off amount credited to the account indicated in the notice on the acceptance of the offer.

Notes shall be deemed subscribed only if fully paid in and only persons who shall subscribe and pay in the Notes in full shall be deemed as Investors. A Subscriber that does not pay in the Notes by the set Notes Payment Deadline shall not be deemed as an Investor of the Notes and cannot become a buyer of Notes after the end of the offering.

The Issuer shall send to all Investors that will pay in the Notes in full and in due time the Note Subscription and Payment Certificate within two business days after the payment.

4.12 Costs incurred by the Investors

If a person that wishes to subscribe the Notes has no dematerialized securities account (Trading Account) opened with a brokerage company or a bank that is a member of KDD, it must open such a Trading Account with a selected KDD member at their own expense prior to subscribing the Notes that are the subject of the offer.

The Investor shall cover the costs related to the opening and management of the Trading Account and all other costs charged by the KDD member managing the Investor's Trading Account, charged in accordance with valid price list (e.g. annual Trading Account management fee, fee for maintaining the balance of securities, fee for the payment of interest and principal upon the maturity of the Note, etc.).

Furthermore, the Investor shall also be obliged to cover the costs of fee for performed payment transactions in relation to the payment of the Notes charged by the payment institutions.

4.13 Delivery of Notes to Investors

After the closing of the offer and the payment of the Notes by the Subscribers, the Issuer shall place with KDD the order for the issue of the Notes in the Central Register of dematerialized securities, namely by entering them in the Trading Accounts of the Investors, so that the Notes allotted to each Investor are registered to the names of the Investors and entered into their Trading Accounts.

The Issuer assumes that the Notes would be entered into the Investors' Trading Accounts presumably on 6 May 2019 or no later than within a few days after the payment of the Notes.

4.14 Method of returning surplus or invalid payments

Invalid payments or payments made on the basis of the Binding Offer considered invalid pursuant to this Prospectus, and/or payments that exceed the allotted amount of Notes or payments of the Subscribers based on the Binding Offer that had not been allotted any Notes (hereinafter: the "**Surplus Payments**") shall be refunded to the Investors within eight days of the issue of the Notes to the Trading Accounts without interest and without any other compensation, namely to the Subscribers' or payers' transaction accounts indicated in the Subscribers' Binding Offers.

4.15 Companies participating in the organisation of the offering and sale of the Notes

The Issuer shall itself carry out the activities related to the offering of the Notes and their issue in the Central Securities Register at the KDD. The legal advisory services shall be provided by the law firm Odvetniki Vidmar Zemljarič, Slovenska cesta 29, Ljubljana.

The Issuer did not conclude an agreement on the purchase of Notes with any entity on the basis of firm commitment or based on best efforts.

5. ADMISSION TO TRADING AND DEALING ARRANGEMENTS

5.1 Place of trading

The Issuer shall file an application for the admission to trading of the Notes into the bonds market segment of the Ljubljana Stock Exchange.

Except for the securities regulated market which is run by the Ljubljana Stock Exchange, there is no other regulated securities market for trading of notes in Slovenia.

5.2 List of payment points and agents

The Issuer shall carry out itself the activities required for the admission to trading of the Notes on the regulated market of the Ljubljana Stock Exchange.

5.3 Brokers on the secondary market regarding the assurance of liquidity

The Issuer has not made any agreement with any entity regarding any operations in the secondary market (or aftermarket) nor for assuring liquidity of the Notes.

6. EXPENSE OF THE ADMISSION TO TRADING

The costs of admission to trading of the Notes on the regulated market of securities of the Ljubljana Stock Exchange is EUR 14,600 (without VAT).

7. ADDITIONAL INFORMATION

7.1 Consultant for the sale of the Notes

The Issuer shall carry out itself the activities related to the sale of the Notes. The legal advisory services related to the Notes shall be provided by the law firm Odvetniki Vidmar Zemljarič, Slovenska cesta 29, Ljubljana.

7.2 Review of the Prospectus by the auditor

The auditor has not reviewed this Description or the Summary.

The role of the auditor in relation to the Issuer's Document (registration document which the SMA approved on 03/10/2018) is presented in the Issuer's Document.

7.3 Expert statement or report in relation to the Notes

The Issuer did not receive any expert statement or report in relation to the Notes.

7.4 Third party information in relation to the Notes

The Issuer did not receive any third party information in relation to the Notes.

7.5 Credit ratings assigned to the Issuer or the Notes

The Issuer has the following international credit ratings:

Credit rating agency	Long-term assessment of credit risk	Future outlook
Fitch	BB+	Stable
Standard & Poor's	BB+	Positive
Moody's	Baa2	Positive

The Notes have no credit rating assigned by international credit rating agencies.

8. MAJOR CHANGES IN THE ISSUER'S OPERATIONS FROM THE DOCUMENT APPROVAL DATE (i.e. REGISTRATION DOCUMENT)

8.1 Ownership structure of the Issuer

The first phase of privatisation of the NLB was completed at the end of 2018, in which a 65% ownership share of the Republic of Slovenia in the Company was sold. Thus, the share of the Republic of Slovenia in the ownership of the Issuer was reduced to 35%.

The Issuers shares have been admitted to the Prime Market of the Ljubljana Stock Exchange; the GDRs representing the shares have been admitted to listing on the Main Market of the London Stock Exchange. Five GDRs represent one Bank share.

NLB's main shareholders as of 31 December 2018:

Shareholder	Number of shares	Percentage of shares
Bank of New York Mellon on behalf of the GDR holders*	11,071,394	55.36
- of which Brandes Investment Partners, L.P.**	1,342,035	6.71
- of which EBRD**	1,250,000	6.25
Republic of Slovenia	7,000,000	35.00
OTP banka d.d. - client account	550,000	2.75
Addiko Bank d.d. - Pension fund 1 - fiduciary account	267,500	1.34
Other shareholders	1,111,106	5.55
Total	20,000,000	100.00

Notes:

* The Bank of New York Mellon holds shares in its capacity as the depository (the GDR depository) for the GDR holders and is not the beneficial owner of such shares.

** The information on GDR ownership is based on self-declarations by individual GDR holders as required pursuant to the applicable provisions of Slovenian law.

8.2 The Issuer's Operations

8.2.1 Financial operations

The NLB Group achieved profit for the fifth consecutive year in the amount of EUR 203.6 million in 2018 (2017: EUR 225.1 million). The strong result reflects business growth at a stable margin and the negative cost of risk. This result is based on the following key drivers:

- A strong positive performance in NLB with the year-end result of EUR 165.3 million. All NLB Group subsidiary banks in the SEE contributed an important part to the consolidated net profit of the NLB Group (37%, i.e. EUR 75.8 million).
- ROE a.t. stood at 11.8%, whereas the RORAC a.t. (on a normalised capital requirement of 15.38% of RWA) was at 15.3%.
- Non-recurring income from the sale of the subsidiary NLB Nov penziskifond, Skopje in the positive amount of EUR 12.2 million.
- Continued loan growth in Strategic foreign markets (10% YtD) and in retail loan balances in Slovenia (6% YtD).
- A very solid performance in the total net operating income based on higher net interest income and fee, and commission income.
- Continued solid performance with a negative cost of risk, due to release of impairments and provisions.

- NPL levels were reduced by 26%, thus the NPL ratio decreased to 6.9% (from 9.2% in 2017); the NPE ratio is already at 4.7%.
- Liquid assets portfolio amounted to EUR 5,172 million (41% of total assets), while capital ratios for the NLB Group stood at 16.7%.

More detailed information on the operations of the NLB Group after the publication of the Document is available on the Issuer's website as indicated in the table below.

Financial reports:	Website where the report is available:
Interim Report of the NLB Group for Q3 2018	https://www.nlb.si/financna-porocila-2018
Unaudited annual financial statements of the NLB Group for 2018	https://www.nlb.si/financna-porocila-2018
Annual Report of the NLB Group for 2018	https://www.nlb.si/financna-porocila-2018

8.2.2 *International credit ratings*

As of the date of the Document, the international rating agencies have improved the Issuer's credit ratings. In November 2018, Fitch increased the long-term issuer default rating (IDR) of the NLB from "BB" (outlook: in observation) to BB+ (outlook: stable). In December 2018, Moody's increased its long-term rating from Ba1 to Baa2. Outlook remains positive.

8.2.3 *Statutory changes in the members of the NLB Group*

On 8 January 2019 the company REAM, Beograd was merged with SR-RE, Beograd.

On 15 January 2019 a decrease of shareholders equity for KM 6,500,759.20 the reduction in the share capital of the company NLB Leasing, Sarajevo in the amount of was registered.

On 17 December 2018 there has been a share transfer contract signed for the transfer of a 100% share of the company REAM, Zagreb from the Bank to S-REAM. The share transfer was entered into registry on 21 January 2019.

On 28 January 2019, after the end of the liquidation proceedings, the company NLB Lizing dooel, Skopje was deleted from the companies register.

8.2.4 *Regulatory requirements affecting the Issuer's operations*

From 1 March 2019, NLB is required to maintain the Overall Capital Requirement (OCR) on the level of 14.75% on a consolidated basis as prescribed by the ECB, consisting of:

- the Total SREP Capital Requirement (TSCR) of 11.25%, that includes minimum own funds of 8% (Pillar 1 Requirement) and own funds requirement of 3.25% (Pillar 2 Requirement) to be held in excess of minimum own funds requirement on consolidated level.
- the Combined Buffer Requirement (CBR) of 3.5%, consisting of the Capital conservation buffer of 2.5%, other systemically important banks (O-SIIs) of 1% and Countercyclical buffer of 0%.

The increase of the requirement in comparison to the 2018 level is mainly due to the phasing-in of the capital conservation buffer and the implementation of the O-SII buffer. On the other hand, the Pillar 2 Requirement decreased by 0.25 p.p. to 3.25%, as a result of better overall SREP assessment.

8.3 Legal and administrative proceedings

Important information on legal and administrative proceedings after the date of publication of the Document is available on the Issuer's website in the document NLB Group 2018 Annual Report, namely at: <https://www.nlb.si/financna-porocila-2018> in disclosure 5.19.a.

In addition to the information in the NLB Group 2018 Annual Report, the following major changes occurred after the publication of the Document:

(i)

It is stated in the disclosure, in chapters "If it is found that the NLB is responsible for claims related to bail-in, this may cause a significant financial burden" and "Proceedings related to the Decision of the Bank of Slovenia" that all proceedings have been terminated. After the publication of the Document the NLB had been informed that one procedure against the NLB, in which the plaintiff claimed the payment of EUR 62,500.00 from the NLB, had not been terminated and that the court would decide on the claim regardless of the potential liability of the Bank of Slovenia.

(ii)

The following changes occurred in relation to the disclosure in the chapter of the Document "Other property claims of significant amount":

In the case of the lawsuit initiated against the NLB and certain members of the NLB Group by two plaintiffs in BiH in relation to the alleged violations of the contractual obligations by the plaintiffs regarding the planned and subsequently abolished construction of business real property in Sarajevo, with the claimed amount of EUR 32.3 million, in which the court of first instance decided in the repeated procedure in 2017 that it had no jurisdiction in the matter in relation to all but two items of the claim (totalling approx. EUR 6.2 million) against which the plaintiffs appealed, the Higher Court issued a decision in the appellate procedure by which it confirmed the decision of the court of first instance, meaning that the court had no jurisdiction in the matter in relation to all but two items of the claim. One of the plaintiffs filed for revision against the court's decision, which will be handled by the Supreme Court of BiH.

In the case in which NLB Crna gora is a defendant in the litigation initiated by 68 (70 on the date of Description) of its present and former employees due to allegedly insufficiently paid salaries, where the total amount of all filed claims did not exceed EUR 2 million (EUR 3 million as at the date of the Description), NLB Crna gora reached an agreement with the remaining employees on the arrangement of the mutual rights and obligations, thus annulling the risk of potential new claims which was assessed in the Document at EUR 15 million, which means that the procedure became immaterial.

In relation to the indictment of the Specialised State Prosecutor's Office of Montenegro, filed with the Higher Court of the Republic of Montenegro, of the suspected criminal offence of abuse of position by a former member of the Management Board, five other persons and NLB Crna gora as a legal entity, the first hearing was held before the Higher Court of Montenegro which decided that the indictment met all the formal conditions for the continuation of the procedure and approved it. The date of the beginning of the criminal proceedings is not yet known and as disclosed in the Document, NLB Crna gora believes that there are no grounded reasons for any sanctions to be taken against the bank.

9. SELLING AND TRANSFER RESTRICTIONS

No action has been taken by the Issuer that would permit a public offer of the Notes or the distribution or possession of the Prospectus in any country or jurisdiction outside the Republic of Slovenia. The Issuer therefore gives no assurance that the Notes can be lawfully offered and that the Prospectus can be possessed or distributed on any territory outside the Republic of Slovenia.

10. LIST OF CHANGES AND UPDATES IN THE DOCUMENT (i.e. THE REGISTRATION DOCUMENT)

On page 3, the first full paragraph, of the registration document relating to the Company for the purposes of the Prospectus Directive approved by the SMA on 3 October 2018 and published on 8 October 2018 (the "Registration Document"), should read "Additionally, political instability and a lack of government efficiency in the Republic of Slovenia or frequent changes [...] with a universal income tax (whereas a schedular tax is currently applied) [...] while the announced intention to introduce of a minimum corporate income tax [...] disruptive protests, all of which may undermine favourable political conditions for the NLB Group." instead of "Additionally, political instability and a lack of government efficiency in the Republic of Slovenia, including struggles to form a government that appeared in the last parliamentary elections, or frequent changes [...] with a universal income tax (as opposed to the progressive tax which is currently applied) [...] while the introduction of a minimum corporate income tax [...] disruptive protests, and the privatisation process (including with respect of the offering) may lead to division in the current government coalition, all of which may undermine favorable political conditions for the NLB Group."

On page 4, the first full paragraph, of the Registration Document, "Are you in favour of NATO and EU membership, and accepting the name agreement between the Republic of Macedonia and Greece?" A negative outcome in this referendum could have material negative effect on development of the country, and thus may impact NLB Banka Skopje." has been subsequently updated to read "The results of the referendum question, "Are you in favour of NATO and EU membership, and accepting the name agreement between the Republic of Macedonia and Greece?", have been called into question on constitutional grounds as a result of the turnout of eligible voters being below 50 percent, which has led to ongoing uncertainty with regards to the name change. In addition, as a result of the referendum result being non-binding, its ratification will still require two-thirds approval of the parliament. The Macedonian Prime Minister Zoran Zaev has vowed to push forward with the changes in parliament despite the assertions that the result is invalid. Ongoing uncertainty regarding the referendum and any potential negative outcome in this respect could have material negative effect on development of the country, and thus may impact NLB Banka Skopje".

On page 4, the fourth full paragraph, of the Registration Document, " On 7 October 2018, Bosnia and Herzegovina held a general election where the national Presidency and House of Representatives, as well as the respective Presidents and legislatures of the Republika Srpska and the Federation of Bosnia and Herzegovina and the legislatures of the ten cantons of the Federation of Bosnia and Herzegovina were elected. The ballot was seen by many as a test for Bosnia and Herzegovina to determine if it will progress toward European Union membership and NATO integration or remain held back by the aforementioned ethnic rivalries and instability. However, the election results are unlikely to ease Bosnia and Herzegovina's political crisis. " has been added as an update.

Reflecting that the Registration Document did not take into account the consequences of this Offering on the Selling Shareholder's shareholding, on page 10, the third full paragraph, of the Registration Document, should read "In accordance with the New Commitments [...] state aid. A reopening of the proceedings may occur [...] ownership in NLB." instead of "In accordance with the New Commitments, if it were to fail to reduce its shareholding in NLB by at least 50 per cent. plus one share by 31 December 2018 or [...] as state aid. A reopening of the proceedings may occur even in the event of a successful public offer where less than 50 per cent. plus one share of NLB is sold by the Republic of Slovenia by 31 December 2018 [...] ownership in NLB."

Reflecting that the Registration Document did not take into account the consequences of this Offering on the Selling Shareholder's shareholding, on page 11, the first full paragraph, of the Registration Document, should read "If the Republic of Slovenia were to fail to reduce its shareholding in NLB by 31 December 2019 to 25 per cent., plus one Share [...] as state aid. A reopening of the proceedings may occur or [...] ownership in NLB." instead of "If the Republic of Slovenia were to fail to reduce its shareholding in NLB by at least 50 per cent. plus one share by 31 December 2018, or if it were to fail to reduce its shareholding in NLB by 31 December 2019 to 25 per cent., plus one share [...] state aid. A reopening of the proceedings may occur even in the event of a successful public offer where less than 50 per cent. plus one share of NLB is sold by the Republic of Slovenia by 31 December 2018 or [...] ownership in NLB."

On page 13, the second full paragraph, of the Registration Document, "In April 2018, Fitch assigned NLB a BB long-term credit rating (outlook Rating watch evolving), in May 2018 S&P [...]" has subsequently been

updated to read "In April 2018, Fitch assigned NLB a BB long-term credit rating (outlook Rating watch evolving) that was affirmed in October 2018, in May 2018, S&P [...]"

On page 16, the fourth full paragraph, of the Registration Document, should read "[...] Abanka, by the end of 2019 in accordance with the EC commitments would further consolidate the Republic of Slovenia's banking system. As reported in the media, the private equity fund Apollo, who already owns the majority of NKBM's shares, OTP and Erste have been mentioned as a potential buyer of Abanka's shares [...]" instead of "[...] Abanka, by the end of 2019 in accordance with the EC Commitments would further consolidate the Republic of Slovenia's banking system. As reported in the media, only the private equity fund Apollo, who already owns the majority of NKBM's shares, has been mentioned as a potential buyer of Abanka's shares [...]"

On page 19, the fifth full paragraph, of the Registration Document, should read "In addition, although all NLB Group banking members have established an IT back-up location, many of these locations, including that of NLB, are geographically close to the primary location, and as a result a catastrophic event, such as a severe earthquake, at these locations or at the location [...]" instead of "In addition, although the NLB Group banking members have established an IT back-up location, a catastrophic event, such as a severe earthquake, at this location or at the location [...]"

On page 22, the fourth full paragraph, of the Registration Document, "[...] and two civil actions or claims for damages in the total amount of EUR 12,246,895.06." has subsequently been updated to read "[...] and four civil actions or claims for damages, of which two are still pending, in the total amount of EUR 10,664,935 million plus default interest".

On page 22, the seventh full paragraph, of the Registration Document, should read "[...] NLB Montenegro discovered certain irregularities in the loan underwriting process and filed a criminal charge against anonymous persons in this case in 2014 [...]" instead of "[...] NLB Montenegro discovered certain irregularities in the loan underwriting process and had previously filed a criminal charge against anonymous persons in this case in 2014 [...]"

On page 23, the first partial paragraph, of the Registration Document, should read "This indictment is not yet final, with the date of an initial hearing with the High Court in Montenegro determining the merits of the indictment yet to be announced. [...] NLB Montenegro initiated the filing of a criminal charge against persons-then-unknown in 2014 and it does not believe that it should be subject to fines in relation to these proceedings, and therefore has no provisions in relation to these proceedings. However, there can be no assurance that the High Court of Montenegro would not take a different position." instead of "This indictment is not yet final, with an initial hearing with the High Court in Montenegro to determine the merits of the indictment to be scheduled to take place on 5 October 2018, for which a decision is currently pending. [...] Because, as described above, NLB Montenegro initiated the filing of a criminal charge against persons-then-unknown in 2014, it does not believe that it should be held liable in relation to these proceedings, and has therefore no provisions in relation to these proceedings. However, there can be no assurance that the High Court of Montenegro would not take a different position."

On page 26, the first full paragraph, of the Registration Document, should read "In May 2015, [...] the principal value of EUR 254.76 plus default interest in the amount of approximately EUR 327.00, which exceeds the principal amount [...]" instead of "In May 2015, [...] the principal value of EUR 254.76 plus default interest [...]"

On page 27, following the fourth full paragraph, of the Registration Document, "In accordance with the ZVKNNLB and the Agreement with the Fund, NLB requested a reimbursement from the Fund of the enforced amount from the first negative final judgment from May 2015, as described above. Pursuant to its request, the Fund acted in accordance with the terms of the signed Agreement with the Fund NLB received the payment from the Fund on 5 October 2018 in the amount of EUR 3,461.31." has been added as an update. On page 29, the fourth full paragraph, of the Registration Document, should read "As at 30 June 2018, the exposure from such loans was EUR 227.2 million, which represented approximately 12 per cent. of the retail loan portfolio." instead of "As at 30 June 2018, the exposure from such loans was EUR 207.3 million, which represented approximately 11 per cent. of the retail loan portfolio."

On page 32, the fifth full paragraph, of the Registration Document, "It must be fulfilled by 31 March 2019 at the latest." has subsequently been updated to read "It must be fulfilled by 31 March 2019 at the latest, and

NLB expects the MREL requirement to be covered by CET1, existing MREL-eligible senior debt and other eligible liabilities."

On page 36, the sixth full paragraph, of the Registration Document, should read "[...] may therefore result in further financial costs." instead of "[...] may therefore result in further financial costs, depending on the development of the TPP."

On page 37, the fourth full paragraph, of the Registration Document, should read "[...] granted a special tax status to the NLB for a period of 3 years (until 9 March 2021) [...]" instead of "[...] granted a special tax status to the NLB for a period of 5 years (until 9 March 2021) [...]"

On page 40, the first full paragraph, of the Registration Document, "The Company intends to pay a dividend in line with the New Commitments at the level of 100 per cent. of net profit in the amount of up to EUR 270.6 million (which consists of EUR 189.1 million of profit for the fiscal year 2017 and EUR 81.5 million of retained profit of NLB from previous years). This dividend will be submitted to the General Assembly for approval only once the ECB lifts its restriction on the distribution of dividends imposed on the basis of the Council Regulation (EU) No 1024/2013 (as discussed below) or for conditional approval pending the outcome of the ECB's decision. NLB expects the ECB approval to occur before the end of 2018. Assuming that the ECB lifts the restriction on the distribution for the full amount of the dividend as described above, New Shareholders of NLB will not receive the dividend from profit for the fiscal year 2017 and retained profit from previous years." has been subsequently updated to read "The Company paid a dividend on 22 October 2018 to the registered Shareholders of NLB as of 19 October 2018 in line with the decision of the General Meeting of NLB's Shareholders dated 12 October 2018 and in line with the New Commitments in the amount of EUR 270.6 million (which consists of 100 per cent. of net profit for the fiscal year 2017 in the amount of EUR 189.1 million and EUR 81.5 million of retained profit of NLB from previous years). Investors in the Offering will not receive this dividend."

On page 40, the fourth full paragraph, of the Registration Document, should read "The New Commitments relating to the distribution of dividends remain applicable until the reduction of the Republic of Slovenia's shareholding in NLB to 25 per cent. plus one Share, provided that if the Divestiture Trustee is awarded a mandate to reduce the Republic of Slovenia's shareholding, they cease to apply from 31 December 2018 onward. The same applies if the Republic of Slovenia reduces its shareholding in NLB to 25 per cent. plus one Share by 31 December 2018." instead of "The New Commitments relating to the distribution of dividends remains applicable until the reduction of the Republic of Slovenia's shareholding in NLB by at least 75 per cent. plus one Share or, if applicable, until the Divestiture Trustee is awarded a mandate to reduce the Republic of Slovenia's shareholding."

On page 41, the fourth full paragraph, of the Registration Document, "Assuming that the ECB lifts the restriction on the distribution for the full amount of the dividend as described above, New Shareholders will not receive the dividend from profit for the fiscal year 2017 and retained profit from previous years." has been subsequently updated to read "Following ECB decision no. ECB-SSM-2018-SINLB-5 dated 9 October 2018 lifting the restriction on the distribution for the full amount of the dividend (as described below) and the resulting payment of the dividend (as described above), investors in the Offering will not receive the dividend from profit for the fiscal year 2017 and retained profit from previous years."

In the table on page 41 of the Registration Document, the third column "2017" of the rows "Dividends distributed to Shareholders (EUR thousands)", "Gross dividend per Share (EUR/share)", "Dividends distribution rate – NLB on a stand-alone basis" and "Dividends distribution rate – on a consolidated basis" have been subsequently updated to read "270,600", "13.53", "143%" and "120%" instead of "0", "0", "0%" and "0%", respectively, the footnote "(1) Consists of EUR 189.1 million of profit for the fiscal year 2017 and EUR 81.5 million of retained profit from previous years." has been added in reference to the dividends distributed to Shareholders for 2017, and the footnote "(1) The dividend distribution rate to Shareholders [...]" has been updated to "(2) The dividend distribution rate to Shareholders [...]"

On page 42, the first full paragraph, of the Registration Document, "Based on such changed circumstances and according to the above mentioned decision of the ECB, NLB has applied for the approval of ECB to make the proposal to the General Assembly (Shareholders) of NLB for distributing dividends in the total amount of profit for the fiscal year 2017 and retained profit from previous years)." has been subsequently updated to read "Based on such changed circumstances and according to the above-mentioned decision of the ECB, NLB applied for the approval of the ECB to make the proposal to the General Meeting of NLB's Shareholders

for distributing dividends in the total amount of net income for the fiscal year 2017 and retained profit from previous years. With the decision no. ECB-SSM-2018-SINLB-5 dated 9 October 2018, the ECB permitted the distribution of the dividends in the amount of net income for the fiscal year 2017 and retained profit from previous years and lifted the general restriction on dividends distributions. In accordance with the decision of the ECB, NLB proposed this dividend distribution to the General Meeting of NLB's Shareholders, following which the Shareholders approved the distribution of the dividends in the amount of net income for the fiscal year 2017 and retained profit from previous years."

On page 42, the second full paragraph, of the Registration Document, "It is expected that NLB will also include its profits [...] and consequently not to distribute this amount as dividend. The declaration [...]" has been subsequently updated to read " It is expected that NLB will also partially include its profits [...] and consequently not to distribute this amount as dividend. In addition, NLB has agreed with the ECB that it will include a portion of its profit for the financial year ending 31 December 2018 that is sufficient to maintain the NLB Group's total capital ratio above 17 per cent. As a result, it is expected that the Management Board of NLB will propose to the Supervisory Board of NLB and to the General Meeting of NLB's Shareholders the allocation of that portion of the year-end profits into retained earnings, and consequently not to distribute such amount as dividend. The declaration [...]".

On page 43, the fifth full paragraph, of the Registration Document, should read "[...] EUR 1,797 million and EUR 1,654 million in Shareholders' equity (without non-controlling interest) as at 30 June 2018 and 31 December 2017, respectively." instead of "[...] EUR 1,797 million and EUR 1,654 million in shareholders' equity as at 30 June 2018 and 31 December 2017, respectively."

On the second table on page 45 of the Registration Document, the third column "NLB Banka, Banja Luka" of the row "Capital adequacy" should read "16.7%" instead of "16.6%", and the last column "NLB Banka, Belgrade" of the rows "Cost-to-income ratio" and "Loans-to-deposit ratio (net)" should read "77.2%" and "99.1%" instead of "77.3%" and "98.9%", respectively.

On page 47, the first full paragraph, of the Registration Document, should read "48 per cent. of the NLB Group's net profit attributable to owners of the parent for 2015 were paid out in August 2016 and 58 per cent. of the NLB Group's net profit attributable to owners of the parent for 2016 were paid out in April 2017" instead of "48 per cent. of the NLB Group's net profit for 2015 were paid out in August 2016 and 58 per cent. of the NLB Group's net profit for 2016 were paid out in April 2017".

On page 47, the fifth full paragraph, of the Registration Document, should read "[...] a sale of a corporate NPE in the gross amount of EUR 75 million of claims in Serbia [...]" instead of "[...] a sale of a corporate and SME NPE in the gross amount of EUR 79.4 million of claims in Serbia [...]".

On page 56, the last partial paragraph, of the Registration Document, should read "As referred to above [...] 50 per cent. by 31 December 2017 [...]" instead of " As referred to above [...] 50 per cent. plus one Share by 31 December 2017 [...]".

In the table on page 75, footnote (3), of the Registration Document, should read "[...] a EUR 4.0 million and EUR 3.5 million for the years ended 30 June 2018, 30 June 2017, 31 December 2017, 31 December 2016 and 2015, respectively." instead of "EUR 4.0 million, EUR 3.5 million and EUR 4.1 million for the years ended 30 June 2018, 30 June 2017, 31 December 2017, 31 December 2016, 2015 and 2014, respectively."

On page 76, the first partial paragraph, of the Registration Document, should read "[...] a 9.2 per cent. increase compared to the previous year [...]" instead of "[...] a 9.4 per cent. increase compared to the previous year [...]".

In the table on page 82 of the Registration Document, the column "Total assets (standalone)" of the row "REAM Entities" should read "75" instead of "67".

On page 91, following the fourth full paragraph, of the Registration Document, "In accordance with the ZVKNNLB and the Agreement with the Fund, NLB requested a reimbursement from the Fund of the enforced amount from the first negative final judgment from May 2015, as described above. Pursuant to its request, the Fund acted in accordance with the terms of the signed Agreement with the Fund NLB received the payment from the Fund on 5 October 2018 in the amount of EUR 3,461.31." has been added as an update.

On page 91, the last partial paragraph, of the Registration Document, should read "In May 2015, [...] the principal value of EUR 254.76 plus default interest in the amount of approximately EUR 327.00, which exceeds the principal amount and costs of the proceedings totalling HRK 15,781.25 (approximately EUR 2,122.00). Different interpretations in the application of the interest rate and methods of interest calculation are possible and the Croatian courts apply different practices in the application of the interest rates, and as a result, a decision on the accrued interests on the principal amount in other proceedings (if negative for NLB) could be different, either higher or lower, than as was the case in this particular proceeding. Additionally, the applicable interest rate is different for each currency of the original claim." instead of "In May 2015, [...] the principal value of EUR 254.76 plus default interest and costs of the proceedings totalling HRK 15,781.25 (approximately EUR 2,122.00).".

On page 92, following the first partial paragraph, of the Registration Document, "NLB has already received the reimbursement of the enforced amount from the Fund in full (see the last paragraph above in "Background")." has been added as an update.

On page 94, the fourth full paragraph, which reads "NLB is also involved [...] by the end of 2019." should be deleted to reflect the rejection of the plaintiff's appeal and final judgment by the court.

On page 95, the first partial paragraph, of the Registration Document, should read "This indictment is not yet final, with the date of an initial hearing with the High Court in Montenegro determining the merits of the indictment yet to be announced. [...] NLB Montenegro initiated the filing of a criminal charge against persons-then-unknown in 2014 and it does not believe that it should be subject to fines in relation to these proceedings, and therefore has no provisions in relation to these proceedings. However, there can be no assurance that the High Court of Montenegro would not take a different position." instead of "This indictment is not yet final, with an initial hearing with the High Court in Montenegro to determine the merits of the indictment to be scheduled to take place on 5 October 2018, for which a decision is currently pending. [...] Because, as described above, NLB Montenegro initiated the filing of a criminal charge against persons-then-unknown in 2014, it does not believe that it should be held liable in relation to these proceedings, and has therefore no provisions in relation to these proceedings. However, there can be no assurance that the High Court of Montenegro would not take a different position.".

On page 112, the fifth full paragraph, of the Registration Document, "[...] NPE ratio (based on EBA methodology) of less than 5 per cent. as part of the targets set by NLB's management as a part of the five-year plan for 2017-2021." has been subsequently updated to read "[...] NPE ratio (based on EBA methodology) of 3-4 per cent. as part of the targets set by NLB's management as a part of the five-year plan for 2019-2023.".

On page 120, the fourth full paragraph, of the Registration Document, "In 2018, seven branches were renovated, and an additional 17 branches are planned to be renovated. The renovation of the remaining 93 branches is planned until 2020." has been subsequently updated to read "In 2018, nine branches were renovated through September, and an additional four branches are planned to be renovated by the end of the year. The renovation of the remaining branches is planned until 2020.".

On page 120, the fourth full paragraph, of the Registration Document, should read "[...] hybrid integration platform and digital banking platforms." instead of "[...] hybrid integration platform. As of the date of this Document, NLB is in the final stage of contracting the implementation of these digital banking platforms.".

On page 120, the sixth full paragraph, of the Registration Document, "In April 2018, Fitch assigned NLB a BB long-term credit rating (outlook Rating watch evolving), in May 2018 S&P [...]" has subsequently been updated to read "In April 2018, Fitch assigned NLB a BB long-term credit rating (outlook Rating watch evolving) that was affirmed in October 2018, in May 2018, S&P [...]".

On page 120, following the seventh full paragraph, of the Registration Document, a subsection entitled "Current trading and prospects" has been added as an update.

On page 131, the first full paragraph, of the Registration Document, should read "[...] profit-before-tax of 21.9 per cent., 14.9 per cent., 13.6 per cent. and 52.3 per cent. [...]" instead of "[...] profit-before-tax of 21.3 per cent., 14.5 per cent., 13.3 per cent. and 50.9 per cent. [...]".

In the first full table on page 136 of the Registration Document, the first column "2017" of the row "Coverage ratio of NPLs with impairments on all loans" should read "67.8%" instead of "71.2".

On page 138, the second full paragraph, of the Registration Document, should read "The NLB Group's net interest margin was 2.6 per cent. in 2017, 2.6 per cent. in 2016 and 2.8 per cent. for the year ended 31 December 2015." instead of "The NLB Group's net interest margin decreased to 2.6 per cent. in 2017 from 2.6 per cent. in 2016 and 2.8 per cent. for the year ended 31 December 2015."

On page 146, the first full paragraph, of the Registration Document, should read "[...] contributed 16.4 per cent., 31.3 per cent., 8.8 per cent. and 42.6 per cent., respectively, of the NLB Group's total Core net income. This corresponded to a contribution to the NLB Group's Core profit-before-tax of 25.6 per cent., 20.2 per cent., 13.3 per cent. and 49.5 per cent. from Corporate Banking [...]" instead of "[...] contributed 17 per cent., 32 per cent., 9 per cent. and 43 per cent., respectively, of the NLB Group's total Core net income. This corresponded to a contribution to the NLB Group's Core profit-before-tax of 24 per cent., 19 per cent., 12 per cent. and 46 per cent. from Corporate Banking [...]"

On the first table on page 149 of the Registration Document, the fourth column "2015" of the rows "Impairments and provisions", "Net gains from equity investments in subsidiaries, associates, and joint ventures" and "Result before tax" should read "(9,795)", "4,486" and "38,658" instead of "(9,796)", "4,485" and "38,656", respectively.

In the first table on page 150 of the Registration Document, the fourth and fifth columns "2015" and "YoY" of the row "Impairments and provisions" should read "218" and "(76)%" instead of "183" and "(71)%", respectively, and the column "2015" of the row "Results before tax" should read "57,551" instead of "57,616", and the column "31 December 2015" of the row "Segment assets" should read "3,350,804" instead of "3,351,547".

In the second table on page 150 of the Registration Document, the fifth column "YoY" of the row "of which Result of minority shareholders" should read "62%" instead of "-".

On page 151, the third full paragraph, of the Registration Document, should read "[...] while 2015 ended with a loss of EUR 70.3 million, [...]" instead of "[...] while 2015 ended with a loss of EUR 70.1 million, [...]"

On page 153, the third full paragraph, of the Registration Document, should read "[...] of which EUR 12,171 million and EUR 345 million were contributed by core and non-core operations [...]" instead of "[...] of which EUR 12,171 million and EUR 335 million were contributed by core and non-core operations [...]"

On page 230, the fifth full paragraph, of the Registration Document, should read "[...] According to the current Statut all Supervisory Board members are required to be independent experts, which is in accordance with the New Commitments requiring the Republic of Slovenia to allocate all of the seats and voting rights on the supervisory board and its committees to independent experts (and requiring the Republic of Slovenia has to ensure compliance with such Commitment). [...]" instead of "[...] According to the current Statut three quarters of the Supervisory Board members are required to be independent experts, whereas in accordance with the New Commitments Slovenia has to allocate all of the seats and voting rights on the supervisory board and its committees to independent experts (and the Republic of Slovenia has to ensure compliance with such Commitment). [...]"

On page 230, the sixth full paragraph, of the Registration Document, "The agreement enters into force with the first day of trading of the Shares of the Company on the Prime market of the LJSE [...]" has been subsequently updated to read "The agreement enters into force with the first day of trading of the Shares of the Company on the Standard market or the Prime market of the LJSE [...]"

On page 231, the eleventh full paragraph, of the Registration Document, should read "[...] in several banks in Central and Southeastern Europe, Russia and Central Asia." instead of "[...] in several banks in Central and Southeastern Europe and Russia."

On page 232, the fifth full paragraph, of the Registration Document, should read "He currently works as Sales Director at BAWAG in Vienna." instead of "He currently works as the Director of Corporate and Real Estate at BAWAG in Vienna."

On page 226, the tenth full paragraph, of the Registration Document, should read "[...] four civil actions or claims for damages, of which two are still pending (in the total amount of EUR 10.7 million plus default

interest)." instead of "[...] two civil actions or claims for damages (in the total amount of approximately EUR 12.2 million.)."

On page 244, the fourth full paragraph, of the Registration Document, should read "NLB does not provide for variable remuneration in the form of shares, nor do stock option plans and comparable financial instruments make up the majority of the variable remuneration of any member of the NLB Management Board. NLB complies with the Guidelines of the Bank of Slovenia [...]" instead of "NLB does not have variable part of remuneration given as Shares, nor do stock option plans and comparable financial instruments stand for the majority of a member of the NLB follows the Guidelines of the Bank of Slovenia [...]"

On page 254, the first full paragraph, of the Registration Document, should read "The tough interest earning environment [...]" instead of "The tough earning environment [...]"

On page 274, the second full paragraph, of the Registration Document, "The EBA expects to publish the results of the exercise by 2 November 2018." has been deleted.

On page 285, the fifth full paragraph, of the Registration Document, "The agreement enters into force with the first day of trading of the Shares of the Company on the Prime market of the LJSE [...]" has been subsequently updated to read "The agreement enters into force with the first day of trading of the Shares of the Company on the Standard market or the Prime market of the LJSE [...]"

11. PERSONS RESPONSIBLE

Nova Ljubljanska banka d.d., Ljubljana with the headquarters at Trg republike 2, 1520 Ljubljana, accept responsibility for the information contained in this Description. To the best of Nova Ljubljanska banka d.d., Ljubljana knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Description is in accordance with the facts and does not omit anything likely to affect the import of such information.

On behalf of **NOVA LJUBLJANSKA BANKA D.D., LJUBLJANA**

Blaž Brodnjak, President of the Management Board

Andreas Burkhardt, Member of the Management Board

Archibald Kremser, Member of the Management Board

László Pelle, Member of the Management Board

ANNEX 1: TERMS AND CONDITIONS OF THE NOTES (“the Conditions”)

The Conditions of the Notes set out below will be applicable to each Note and the Slovenian language version thereof will be included in the registration order for issuance of the Notes and entered into the Central Register.

1. FORM, DENOMINATION AND TITLE

- 1.1 Subordinated notes in the nominal amount of € [·] (the **Notes**, which expression includes any further notes issued pursuant to Condition 11. and forming a single series therewith) of the issuer Nova Ljubljanska banka d.d., Ljubljana (the **Issuer**) are in uncertified and dematerialised registered form in the denomination of €100,000.00 each.
- 1.2 The Notes are issued as dematerialised securities in accordance with the provisions of the Dematerialised Securities Act (*Zakon o nematerializiranih vrednostnih papirjih* (ZNVP-1)) as entries in the central register (the **Central Register**) maintained by KDD d.d., Tivolska cesta 48, SI-1000 Ljubljana, Slovenia (**KDD**). No global or definitive Notes will be issued in respect of the Notes in any circumstances.
- 1.3 The Notes are transferable in accordance with the provisions of the ZNVP-1, other applicable Slovenian legislation and the rules and regulations applicable to, and/or issued by, KDD. Title to the Notes will pass by registration in the Central Register.
- 1.4 Each person to whose account a Note is credited in the Central Register at any specified time will be deemed as the legal holder of such a Note (each such person a **Noteholder**). Any certificate or other document issued by KDD as to the number of Notes standing to the account of any person shall be conclusive and binding for all purposes.
- 1.5 No person other than the Issuer and the respective Noteholder shall have any right to enforce any rights arising under the Note. Notwithstanding the aforesaid, the right to receive payments in respect of a Note may only be enforced by the Beneficiary (as defined in Condition 5.1) of such payments or by an Accountholder (as defined in Condition 5.3).
- 1.6 In these Conditions, **€** or **euro** means currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2. of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended.

2. STATUS OF THE NOTES

- 2.1 The Notes are Tier 2 instruments referred to in Article 63. of the Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 (hereinafter: **CRR Regulation**).
- 2.2 In the event of bankruptcy or liquidation of the Issuer any claim on the principal amount of the Notes will be repaid:
 - (a) after repayment in full of all unsubordinated claims against the Issuer as well as of all subordinated claims (if any) which are not those referred to in sub-paragraph (b) or (c) of this Condition 2.2;
 - (b) with the same priority (*pari passu*) as, and proportionally with, the following claims against the Issuer:
 - (i) claims arising under other instruments which qualify as Tier 2 instruments;
 - (ii) any other subordinated claims which are expressed to have the same priority of repayment as the Tier 2 instruments;
 - (c) in priority to the following claims against the Issuer:
 - (i) claims arising under instruments which qualify as Common Equity Tier 1 capital instruments or Additional Tier 1 instruments; and
 - (ii) other subordinated claims which, pursuant to their contractual terms, have the same priority of repayment as Common Equity Tier 1 capital instruments or Additional Tier 1 instruments.

2.3 The obligations arising under the Notes are neither secured nor subject to a guarantee or any set off or netting arrangement or any other arrangement that could enhance the seniority of the claims or undermine their capacity to absorb losses in resolution of the Issuer in accordance with the relevant law and each Noteholder shall be deemed to have consented that any agreement between the Noteholder and the Issuer to the contrary shall be without effect.

3. INTEREST

3.1 The Principal of the Notes shall bear interest from 6 May 2019 (the **Issue Date**) at the Interest Rate, payable in arrears on 6 May in each year commencing on 6 May 2020 (each, an **Interest Payment Date**), subject to as provided in Condition 5.

3.2 Each Note will cease to bear interest from the due date for final redemption. If payment of principal is improperly withheld or refused, the Beneficiary of such payment will be entitled to receive interest at the Interest Rate until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Beneficiary (as defined in Condition 5.1) or (b) the day which is five Business Days after the Issuer has notified the Beneficiaries that all sums due in respect of such principal and interest will be paid subject only to the receipt by the Issuer of a notice specifying the missing details (if any) in accordance with Condition 5.2 (except to the extent that there is any subsequent default in payment).

3.3 The amount of interest due in respect of any Notes will be calculated by reference to the aggregate principal amount of Notes held by the relevant holder and the amount of such payment shall be rounded down to the nearest €0.01.

3.4 Where interest is to be calculated in respect of a period which is shorter than an Interest Period, it will be calculated on the basis of the number of days in the relevant period, from and including the first day of such period to but excluding the last day of such period, divided by the number of days in the Interest Period in which such period falls.

3.5 As used herein:

- (a) **Interest Rate Determination Date** means the date falling two Business Days before the Fifth Anniversary;
- (b) **Business Day** means any day which is a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) payment system which utilises a single shared platform and which was launched on 19 November 2007 is operating;
- (c) **Interest Rate** means the annual rate of interest which is equal to:
 - (i) before the Fifth Anniversary (however excluding the Fifth Anniversary), 4.2%;
 - (I) from and including the Fifth Anniversary, the sum of Reference Interest Rate, applicable on Interest Rate Determination Date, and Margin;
- (d) **Interest Period** means the period from and including the Issue Date to but excluding the first Interest Payment Date and each period from and including an Interest Payment Date to but excluding the next Interest Payment Date;
- (e) **Fifth Anniversary** means 6 May 2024;
- (f) **Margin** means the number of percentage points calculated by the Issuer by deducting from 4.2% the Reference Interest Rate applicable on the day falling two Business Days before the Issue Date, and notified to the Noteholders in accordance with Condition 12;
- (g) **Reference Interest Rate** means, in relation to a day (being the **Reference Day**):
 - (i) the applicable mid-swap rate for swap transactions in euro with a maturity of 5 years, as displayed on the Reference Page at 11:00 a.m. on the Reference Day; or
 - (ii) if at such time such rate is not displayed:
 - (1) the rate of interest, rounded to the nearest 0.001 per cent., calculated as the arithmetic mean of the Reference Quotations provided by the Reset Reference Banks to the Issuer at its request at around 11:00 a.m. on the Reference Day provided that, If at least four Reference Quotations are provided, the arithmetic mean shall be calculated by eliminating the highest and the lowest Reference Quotation (or, in the event of equality, one of the highest and/or the lowest Reference Quotations); or

- (2) in the event that no Reference Quotation is provided to the Issuer, the mid-swap rate for swap transactions in euro with a maturity of 5 years which was last displayed on the Reference Page.
- (h) **Reference Quotation** means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed for floating interest rate swap transaction which has the following characteristics:
- (i) the notional amount is denominated in euro and is representative of transactions between acknowledged participants in the relevant market;
 - (ii) it has a floating leg based on the 6-month EURIBOR rate (calculated on an Actual/360 day count basis);
 - (iii) it has a term of 5 years, commencing on the second Business Day after date on which such Reference Quotation is provided to the Issuer;
- (i) **Reference Page** means Bloomberg screen page for the product EURIBOR ICE SWAP 11:00 Fft 5Y Index (EUAMDB05 Index), or such other screen page as may replace it on Bloomberg or, as the case may be, on such other information service that may replace Bloomberg, in each case, as may be nominated for the purpose of displaying the relevant rates;
- (j) **Reference Banks** means five leading participants in trading with interest rate swaps in the principal interbank market relating to euro selected by the Issuer.

4. REDEMPTION, VARIATION OF THE CONDITIONS AND PURCHASE OF THE NOTES

4.1 Principal amount of the Notes

The principal of a Note is equal to the nominal amount of such Note.

4.2 Scheduled redemption

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 6 May 2029 (the **Final Maturity Date**), subject to as provided in Condition 5.

4.3 Conditions for early redemption and purchase of the Notes

Before the Final Maturity Date any redemption of the Notes, variation of these Conditions or purchase of the Notes by the Issuer shall only be permitted if the following conditions are met:

- (a) it being expressly permitted by the provisions of these Conditions;
- (b) the Issuer having obtained the permission referred to in Article 77. of the CRR Regulation or any other or additional permission which may be required pursuant to the then applicable law.

4.4 Early redemption

Subject to the Condition 4.3(b) the Issuer may at its discretion, by giving not less than 30 nor more than 60 days' irrevocable notice to the Noteholders in accordance with Condition 12, redeem all Notes (but not some only) before the Final Maturity Date, at their principal amount, together with any accrued and unpaid interest thereon to the date of redemption, if:

- (a) if the Issuer fails to obtain the approval of the European Central Bank for inclusion of the amount received by the Issuer as the paid-up amount or proceeds of the initial sale of the Notes (the **Paid-Up Amount**) in the calculation of its Tier 2 capital on or before 6 August 2019;
- (b) if the Notes are redeemed on the Fifth Anniversary; or
- (c) if, as a result of any change in, or amendment to, the laws or regulations or any change in the application or official interpretation of such laws or regulations which becomes effective after the Issue Date, there is a change in the tax treatment of the Notes due to which:
 - (i) the Issuer becomes (or it becomes certain that on the next Interest Payment Date the Issuer will become) required to pay additional amounts as provided or referred to in Condition 6; or
 - (ii) the Issuer ceases to be (or it becomes certain that on the next Interest Payment Date the Issuer will cease to be) entitled to treat the interest on the Notes as a tax deductible expense, either entirely or in a material part; or

- (iii) for other reasons the tax treatment of the Notes becomes more burdensome for the Issuer than on the Issue Date; or
- (d) if, due to a change in the conditions for inclusion of the Notes in the Tier 2 capital of the Issuer on individual and consolidated level (i.e. on NLB Group level, consisting of the Issuer and its consolidated subsidiaries, associates and joint ventures (hereinafter, the **NLB Group**), it becomes likely that the Paid-Up Amount, in whole or in part, will no longer qualify as Tier 2 capital of the Issuer on individual and consolidated level or will be re-classified as a lower quality form of capital.

4.5 Variation of the Conditions without consent of the Noteholders

Subject to Condition 4.3(b), if circumstances referred to in Condition 4.4(c) or 4.4(d) arise or if the Paid-Up Amount no longer qualifies as eligible liabilities (*kvalificirane obveznosti*) pursuant to third paragraph of Article 45. of the Resolution and Compulsory Dissolution of Credit Institutions Act (ZRPPB) (hereinafter, collectively: **Disqualification**), then the Issuer may, having given not less than 30 nor more than 60 days' irrevocable notice to the Noteholders in accordance with Condition 12, without any requirement for the consent or approval of the Noteholders, modify these Condition so that the Disqualification no longer applies or is prevented from occurring.

4.6 Purchase and cancellation

Subject to Condition 4.3(b) the Issuer may at any time purchase Notes in the open market or otherwise and at any price. Any Notes so purchased may be resold, held or cancelled.

5. PAYMENTS

5.1 Principal and interest

Payments of principal and interest will be made in accordance with the laws and regulations and the rules of KDD in force at the time of such payment. Each payment so made will discharge the Issuer's obligation in respect thereof.

In this Condition 5:

- (a) **Beneficiary** means, in relation to any amount payable in respect of a Note, the person which is, according to the entries in the Central Register at the Relevant Time (as defined below), entitled to receive such amount;
- (b) **Relevant Time** means, in relation to any amount payable in respect of a Note, the end of the last KDD Business Day (as defined below) prior to the due date for such amount; and
- (c) **KDD Business Day** means any day which is a day on which KDD is open for business.

5.2 Information required for effecting payment

If an amount of principal or interest under the Notes cannot be paid to a Beneficiary due to the fact that such Beneficiary has failed to provide the information required for effecting the payment of such amount, such Beneficiary can notify the required information to the Issuer in the manner as may from time to time be specified in a notice given by or on behalf of the Issuer in accordance with Condition 12. If a Beneficiary of any amount payable in respect of a Note fails to notify the required information in accordance with the foregoing before the third KDD Business Day prior to the due date for payment of such amount, such Beneficiary shall not be entitled to payment of the amount due until the fifth business day after the required information has been properly provided in accordance with the foregoing, and the relevant Beneficiary shall not be entitled to any interest or other payment in respect of any such delay.

5.3 Assignment of Clearing Systems' rights

In the case of an Event of Default described in Condition 7, any right to receive payment in respect of a Note held at the Relevant Time by Clearstream Banking, société anonyme or Euroclear Bank SA/NV (each a **Clearing System**, and together the **Clearing Systems**) or by any other person on behalf of a Clearing System (each such person a **Fiduciary**) shall be deemed assigned on the due date for such payment to the person recorded in the records of the relevant Clearing System as the holder of such Note at the Relevant Time (the **Accountholder**) (in which regard a statement of accounts issued by the relevant Clearing System and, where applicable, its Fiduciary as to the nominal amount of Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding evidence of a right to receive such payment) and such Accountholder shall be entitled to enforce the obligation of the Issuer to make such payment (including any further

interest due in accordance with Condition 3) to the euro account of the Beneficiary of such payment (being the relevant Clearing System or, where applicable, its Fiduciary).

5.4 Payments subject to fiscal laws

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 6. The Issuer shall bear all commissions or expenses charged by its payment services provider in respect of such payments.

5.5 Payments on Business Days

If the due date for payment of any amount in respect of any Note is not a Business Day, the Beneficiary shall not be entitled to payment of the amount due until the next succeeding Business Day and shall not be entitled to any interest or other payment in respect of any such delay.

5.6 Paying agent

The Issuer reserves the right at any time to appoint or terminate the appointment of a paying agent who acts solely as an agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Beneficiaries.

6. TAXATION

6.1 All payments of principal and interest in respect of the Notes by the Issuer shall be made free and clear of, and without withholding for, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Slovenia or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes (a **Tax**), unless such withholding or deduction is required by law.

6.2 If the Issuer is required to withhold an amount of Tax from interest in respect of the Notes, the Issuer shall pay to each Beneficiary such additional amounts as will result in the receipt by the Beneficiary of such amounts of interest from the Notes as would have been received by them had no such withholding been required, except that no such additional amounts shall be payable:

- (a) in respect of any amount payable in respect of a Note received by or on behalf of a person who is subject to such Tax in respect of such payment by reason of his being connected with the Republic of Slovenia (or any political subdivision thereof) otherwise than merely by holding such Note or receiving principal or interest in respect thereof; or
- (b) in respect of any amount payable in respect of a Note received by or on behalf of a person who would not be liable for or subject to such withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the Issuer or relevant tax authority if, after having been requested to make such a declaration or claim, such person fails to do so; or
- (c) in respect of any amount payable in respect of a Note received more than 30 days after the Relevant Date (as defined below) except to the extent that the recipient thereof would have been entitled to such additional payment on the last day of such 30 day period; or
- (d) if and to the extent that such withholding or deduction would have been required to be made pursuant to the laws applicable on the Issue Date.

6.3 In these Conditions, **Relevant Date** means whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the payment in question is improperly withheld or refused, the day on which the Issuer has notified the relevant Beneficiary that the amount in question will be paid subject only to the receipt by the Issuer of a notice specifying the details of its euro account in accordance with Condition 5.2 (except to the extent that there is any subsequent default in payment).

6.4 Any reference in these Conditions to interest in respect of the Notes shall be deemed to include any additional amounts in respect of interest (as the case may be) which may be payable under this Condition 6.

7. EVENTS OF DEFAULT

7.1 Each of the following events shall constitute an **Event of Default** for the purposes of these Conditions:

- (a) the Issuer fails to pay any amount payable in respect of the Notes within 7 days of the due date for payment thereof; or

- (b) compulsory liquidation (*prisilna likvidacija*), bankruptcy (*stečaj*) or any other proceedings the aim of which is compulsory winding-up are opened with respect to the Issuer.
- 7.2 If an Event of Default occurs:
- (a) each Noteholder shall be entitled to take such steps as may, in its opinion, be necessary or helpful in order to protect its rights and enforce its claims under the Notes; and
 - (b) no obligation of the Issuer under the Notes shall become payable prior to its maturity date, determined in accordance with these Conditions, except in the case of payments made in compulsory liquidation, bankruptcy or any other proceedings the aim of which is compulsory winding-up of the Issuer.

8. DECISIONS OF NOTEHOLDERS

8.1 Definitions

In these Conditions, the following expressions have the following meanings:

- (a) **Chairman** means, in relation to any Meeting, the individual who takes the chair in accordance with Condition 8.4;
- (b) **Extraordinary Resolution** means a resolution passed at a Meeting duly convened and held in accordance with this Condition 8 by a majority of at least:
 - (i) in the case of a Reserved Matter, 75 per cent. of the aggregate principal amount of the outstanding Notes; or
 - (ii) in the case of a matter other than a Reserved Matter, 66 2/3 per cent. of the aggregate principal amount of the outstanding Notes which are represented at that Meeting;
- (c) **Meeting** means a meeting of Noteholders acting in accordance with this Condition 8;
- (d) a Note shall be considered to be **outstanding** unless one or more of the following events has occurred:
 - (i) it has been redeemed in full or purchased under Condition 4, and if purchased under Condition 4, has been cancelled in accordance with Condition 4.6; or
 - (ii) for the purposes of Condition 8, it is being held by or on behalf of the Issuer or another member of the NLB Group;
- (e) **Initiator** means the Issuer in the capacity of the person convening the Meeting;
- (f) **Proxy** means, in relation to any Meeting, a person appointed to vote on behalf of one or more Noteholders, other than:
 - (i) any such person whose appointment has been revoked and in relation to whom the Issuer has been notified in writing of such revocation by the time which is at least 24 hours before the time fixed for such Meeting; and
 - (ii) any such person appointed to vote at a Meeting which has been adjourned for want of a quorum and who has not been re-appointed to vote at the Meeting when it is resumed;
- (g) **Reserved Matter** means, subject as provided in the paragraph below (Matters requiring unanimity), any proposal of the Initiator:
 - (i) to change the date, or the method of determining the date, for payment of principal, interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the Notes on any date;
 - (ii) to change the currency in which any amount due in respect of the Notes is payable or the manner in which any payment is to be made;
 - (iii) to change the quorum required at any Meeting or the majority required to pass an Extraordinary Resolution, Written Resolution or any other resolution of Noteholders or the number or percentage of votes required to be cast, or the number or

percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them;

- (iv) to change this definition, the definition of Extraordinary Resolution, the definition of outstanding or the definition of Written Resolution;
 - (v) to change or waive the provisions of the Notes set out in Condition 2; or
 - (vi) to decide on withdrawal of the Notes from trading on a regulated market.
- (h) **Matters requiring unanimity:** means any proposal:
- (i) to change the law governing the Notes, the courts to the jurisdiction of which the Issuer has submitted in the Notes or the waiver of immunity by any of them, in respect of actions or proceedings brought by any Noteholder, in each case set out in Condition 13;
 - (ii) to modify any provision of these Conditions in connection with any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Issuer (except in such case where an exchange of Notes is to occur solely as a result of the operation of Condition 10) or any other person, which would result in the Conditions as so modified being less favourable to the holders of Notes which are subject to the Conditions as so modified than:
 - (A) the provisions of the other obligations or securities of the Issuer or any other person resulting from the relevant exchange or substitution or conversion; or
 - (B) if more than one series of other obligations or securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series having the largest aggregate principal amount; or
 - (iii) to modify the provisions of this paragraph above (Matters requiring unanimity);
- which may only be given effect with the consent of the Issuer and the holders of all of the outstanding Notes;
- (i) **Voter** means, in relation to any Meeting, any person registered in the Central Register as the holder of any Note at the end of the second Business Day before the day fixed for such Meeting or a Proxy appointed by such Noteholder;
 - (j) **Written Resolution** means a resolution in writing signed by or on behalf of the holders of at least 75 per cent. of the aggregate principal amount of the outstanding Notes, in the case of a Reserved Matter, or 66 2/3 per cent. of the aggregate principal amount of the outstanding Notes, in the case of a matter other than a Reserved Matter. Any Written Resolution may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

8.2 Convening of Meeting

The Issuer may convene a Meeting at any time and the Issuer shall be obliged to do so upon the request in writing of Noteholders holding not less than one tenth of the aggregate principal amount of the outstanding Notes.

8.3 Notice

At least 21 days' notice (specifying the date, time and place of the Meeting) shall be given to the Noteholders. The notice shall set out (i) the full text of any resolutions to be proposed, (ii) details of the manner in which Proxies may be appointed and the deadline for any such appointment, which shall be the end of the second Business Day before the date fixed for such Meeting and (iii) the name of the Chairman appointed by the Initiator.

8.4 Chairman

An individual (who may, but need not, be a Noteholder) appointed by the Initiator may take the chair at the respective Meeting. If the individual appointed is not present within 15 minutes after the time fixed for the Meeting, those present shall elect one of themselves to take the chair failing which, the Initiator may appoint a Chairman.

8.5 Quorum

The quorum at any Meeting convened to vote on an Extraordinary Resolution will be:

- (i) one or more persons present and holding or representing more than 50 per cent. of the aggregate principal amount of the outstanding Notes; or
- (ii) where a Meeting is adjourned and rescheduled owing to a lack of quorum, at any rescheduled Meeting, one or more persons present and holding or representing at least 25 per cent. of the aggregate principal amount of the outstanding Notes,

provided, however, that any proposals relating to a Reserved Matter may only be approved by an Extraordinary Resolution passed at a Meeting at which one or more persons present and holding or representing at least 75 per cent. of the aggregate principal amount of the outstanding Notes form a quorum.

8.6 Adjournment for want of quorum

If within 15 minutes after the time fixed for any Meeting a quorum is not present, then:

- (i) in the case of a Meeting requested by Noteholders, it shall be dissolved; and
- (ii) in the case of any other Meeting, it shall be adjourned for such period (which shall be not less than 14 days and not more than 42 days) and to such place as the Chairman determines;

provided, however, that the Meeting shall be dissolved if the Initiator so decides and no Meeting may be adjourned more than once for want of a quorum.

8.7 Adjourned Meeting

The Chairman may, with the consent of (and shall if directed by) any Meeting, adjourn such Meeting from time to time and from place to place, but no business shall be transacted at any adjourned Meeting except business which might lawfully have been transacted at the Meeting from which the adjournment took place.

8.8 Notice following adjournment

Condition 8.3 shall apply to any Meeting which is to be resumed after adjournment for want of a quorum save that:

- (i) 10 days' notice (exclusive of the day on which the notice is given and of the day on which the Meeting is to be resumed) shall be sufficient; and
- (ii) the notice shall specifically set out the quorum requirements which will apply when the Meeting resumes.

It shall not be necessary to give notice of the resumption of a Meeting which has been adjourned for any other reason.

8.9 Participation

The following may attend and speak at a Meeting:

- (i) Voters;
- (ii) representatives of the Issuer;
- (iii) the financial advisers of the Issuer;
- (iv) the legal counsel to the Issuer;
- (v) the financial advisers of the Noteholders present or represented at the Meeting;
- (vi) the legal counsel to the Noteholders present or represented at the Meeting; and
- (vii) any other person approved by the Meeting.

8.10 Votes

Every Voter shall have one vote in respect of each Note represented or held by him.

A Voter shall not be obliged to exercise all votes to which he is entitled or (in case of a poll) to cast all the votes which he/she exercises in the same way.

8.11 Validity of Votes by Proxies

If the Initiator requires, a notarised copy of each document appointing a Proxy and satisfactory proof of the identity of each Proxy named therein shall be produced at the Meeting, but the Initiator shall not be obliged to investigate the validity of any such appointment or the authority of any Proxy.

Any vote by a Proxy shall be valid even if the appointment of such Proxy or any instruction pursuant to which it was given has been amended or revoked, provided that the Initiator has not been notified in writing of such amendment or revocation by the time which is at least 24 hours before the time fixed for the relevant Meeting. Unless revoked, any appointment of a Proxy in relation to a Meeting shall remain in force in relation to any resumption of such Meeting following an adjournment; provided, however, that no such appointment of a Proxy in relation to a Meeting originally convened which has been adjourned for want of a quorum shall remain in force in relation to such Meeting when it is resumed. Any person appointed to vote at such a Meeting must be re-appointed as a Proxy to vote at the Meeting when it is resumed.

8.12 Powers

A Meeting shall have the power (exercisable by Extraordinary Resolution), without prejudice to any other powers conferred on it or any other person and subject to Matters requiring unanimity, which shall require the consent of the holder of each Note:

- (i) to approve any Reserved Matter;
- (ii) to approve any proposal by the Initiator for any modification, abrogation, variation or compromise of any of the Conditions or any arrangement in respect of the obligations of the Issuer under or in respect of the Notes, other than any Matters requiring unanimity;
- (iii) to approve the substitution of any person for the Initiator (or any previous substitute) as principal obligor under the Notes;
- (iv) to authorise any person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;
- (v) to give any other authorisation or approval which is required to be given by Extraordinary Resolution; and
- (vi) to appoint any persons as a committee to represent the interests of the Noteholders and to confer upon such committee any powers which the Noteholders could themselves exercise by Extraordinary Resolution.

8.13 Extraordinary Resolution binds all holders

Any Extraordinary Resolution duly passed at a Meeting duly convened and held in accordance with this Condition 8 and approved by the Issuer shall be binding upon all Noteholders whether or not present at such Meeting, and whether or not they voted in favour, and each of the Noteholders shall be bound to give effect to it accordingly. Notice of the result of every vote on an Extraordinary Resolution shall be given by the Initiator to the Noteholders within 14 days of the conclusion of the Meeting in accordance with Condition 12.

8.14 Minutes

Minutes shall be made of all resolutions and proceedings at each Meeting. The Chairman shall sign the minutes, which shall be prima facie evidence of the proceedings recorded therein. Unless and until the contrary is proved, every such Meeting in respect of the proceedings of which minutes have been summarised and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

8.15 Written Resolution

A Written Resolution shall take effect as if it were an Extraordinary Resolution and shall be binding on all Noteholders whether or not signed by them.

9. **MANIFEST ERROR**

The Notes and these Conditions may be amended without the consent of the Noteholders to correct a manifest error or for the purposes of any amendment which is of a formal, minor or technical nature.

10. **EXCHANGE OF THE NOTES**

If (a) an Extraordinary Resolution is passed or a Written Resolution is signed, approving in each case an amendment, modification, variation or abrogation of any provision of the Notes or these Conditions or the substitution of any person for the Issuer as obligor under the Notes; or (b) an amendment of the Notes or these Conditions is permitted pursuant to Condition 4.5 or Condition 9, such amendment, modification, variation, abrogation or substitution shall, to the extent required under applicable law, be effected by way of exchange of the Notes with Replacement Notes (as defined below) by the

Issuer procuring that, on the Exchange Date (as defined below), Replacement Notes are credited to the account of each Noteholder with KDD in exchange for each Note which had been credited to the account of such Noteholder with KDD at close of business on the KDD Business Day prior to the Exchange Date.

It shall be deemed that each Noteholder has consented to the exchange of Notes in accordance with the foregoing.

In this Condition 10:

- (i) **Exchange Date** means the date specified by the Issuer in a notice given to the Noteholder in accordance with Condition 12 not less than seven days before such date; and
- (ii) **Replacement Notes** means securities differing from the Notes solely in such respects as had been approved by the relevant Extraordinary Resolution or Written Resolution or as permitted pursuant to Condition 4.5 or Condition 9.

11. FURTHER ISSUES

the Issuer may from time to time, without the consent of the Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

12. NOTICES

A notice to a Noteholder or a Beneficiary shall be valid if either (at the sole discretion of the Issuer, subject to any mandatory provisions of the applicable law) (a) sent to such Noteholder or Beneficiary at its address registered for a Noteholder or Beneficiary in the Central Register or at the address notified by such a person to the Issuer in accordance with this Condition 12, and any such notice shall be deemed to have been given on the eighth day following the day the notice was sent by mail or (b) published on the SEONet website (<http://seonet.ljse.si/>) or any successor of such website designated by Ljubljanska borza d.d. for providing the service of publication of announcements. Any such notice given by publication shall be deemed to have been given on the date of publication or, if so published more than once on different dates, on the date of the first publication.

Notices to the Issuer shall be sent by letter or by e-mail to the following address:

NLB d.d., Investor Relations
Trg republike 2
SI-1520 Ljubljana, Slovenia
e-mail: IR@nlb.si

or, in any case, to such other address or fax number or for the attention of such other person or department as the Issuer has specified for a particular purpose by prior notice to the Noteholders and Beneficiaries.

Notices to the Issuer shall be valid upon receipt by the addressee provided, however, that any such notice or communication which would otherwise take effect after 4.00 p.m. on any particular day or on any day which is not a Business Day in the place of the addressee shall not take effect until 10.00 a.m. on the immediately succeeding Business Day in the place of the addressee.

All notices hereunder shall only be valid if made (a) in the case of Notices to the Noteholders or Beneficiaries, in English and Slovenian; and (b) in the case of Notices to the Issuer, in English or Slovenian or in any other language provided that such notices are accompanied by a certified English or Slovenian translation thereof. Any certified English or Slovenian translation delivered hereunder shall be certified a true and accurate translation by a professionally qualified translator or by some other person competent to do so.

13. GOVERNING LAW AND JURISDICTION

13.1 Governing law

The rights and obligations under the Notes and any non-contractual obligations arising out of or in connection with the Notes shall be construed and governed by the Slovenian law.

13.2 Jurisdiction

The Issuer agrees for the benefit of the Noteholders and Beneficiaries that the courts of the Republic of Slovenia shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle

any disputes, which may arise out of or in connection with the Notes (collectively, **Proceedings**) and, for such purposes, irrevocably submits to the jurisdiction of such courts.