

ARTICLES OF ASSOCIATION

of Nova Ljubljanska banka d.d., Ljubljana

I (ONE) GENERAL PROVISIONS

Firm and Registered Office of the Company

Article 1 (One)

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

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

The registered office of the Bank shall be in Ljubljana.

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

In legal transactions, the Bank's branch offices add their corporate name to the Bank's corporate name. Branches of the Bank shall have their own business addresses specified by the Management Board of the Bank.

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

- a trade-marked emblem consisting of small, stylized letters »lb« in the centre of an outlined circle in both black&white and colour techniques,
- a trade-marked emblem consisting of small, stylized letters »lb« in the centre of an outlined circle in both black&white and colour techniques,
- a trade-marked emblem consisting of capital letters »NLB« and a trade-marked emblem consisting of small, white stylized letters »lb« in the centre of an outlined circle, in both black&white and colour techniques,
- a trade-marked emblem consisting of capital letters "NLB" and "Grupa" or "Group" and a trade-marked emblem consisting of small, white stylized letters "lb" in the centre of an outlined circle, in both black&white and colour techniques,
- a trade-marked emblem consisting of small letters »ljubljska banka« in both black&white and colour techniques. "The basic objective of the Bank is to independently perform a profitable activity on the market, as its sole activity.

Activities of the Bank

Article 2 (Two)

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

business operations both in the Republic of Slovenia and abroad in accordance with regulations applicable from time to time.

The activity of the Bank is the provision of financial services as prescribed by the Banking Act, namely banking services (including auxiliary services), mutually recognised financial services, additional financial services and other financial services.

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

Duration of the Bank and Business Year Article 3 (Three)

The Bank is established for an indefinite period.

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

Shares Article 4 (Four)

The Bank shall have 11,061,125 (eleven million sixty-one thousand one hundred and twenty-five) no-par value shares.

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

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

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

II (two) Share capital and shares

Share Capital Article 5 (Five)

Share capital of the Bank amounts to EUR 92,314,513.44 (ninety-two million three hundred and fourteen thousand five hundred and thirteen euros 44/100). The Bank's share capital shall be divided to 11,061,125 (eleven million sixty-one thousand one hundred and twenty-five) no-par value shares.

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

The Bank's Management Board is authorised to increase, during the period of five years after the entry in the Companies Register of the amendment to the Articles of Association adopted at the General Meeting of the Bank held on 30/06/2009 (the thirtieth of June two thousand and nine), the Bank's share capital once or several times by no more than EUR 19,177,124.02 (nineteen million one hundred and seventy-seven thousand one hundred and twenty-four euros 02/100) (authorised capital), subject to the approval of the Supervisory Board of the Bank and not subject to the additional resolution of the General Meeting of the Bank. For the amount of the authorised capital equalling the increased share capital, a total of no more than 2,297,803 (two million two-hundred and ninety-seven thousand eight hundred and three) new ordinary or preference shares may be issued at the issue price specified by the Management Board of the Bank subject to the approval of the Supervisory Board of the Bank. The new shares shall be issued with the pertaining rights, under the terms and conditions and in the manner specified in a relevant resolution of the Bank's Management Board on capital increase and issue of new shares. The new shares can be issued against payment in cash, assets in kind or real takeover, if this is in accordance with the regulations applicable at the time of adopting the resolution on increasing the share capital and on issuing new shares arising from the authorised capital.

If the Management Board of the Bank adopts a resolution on capital increase and the issue of new shares, the Supervisory Board of the Bank shall be authorized to adopt relevant amendments to the Articles of Association in order to bring its wording in line with validly adopted decisions based on the provisions regulating authorized capital.

Share Register of the Bank Article 6 (Six)

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

III (three) Organization and methods of business operations of the bank

Organization of the Bank Article 7 (Seven)

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

The internal organization of business operations and managing of corporate units of the Bank, designed on the territorial and functional principles, shall be stipulated by the Management Board of the Bank through the act on organization and other legal instruments and special powers. Individual corporate units shall be founded, modified and dissolved by resolution of the Management Board of the Bank.

Authorizations of Corporate Units in Legal Transactions
Article 8 (Eight)

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

IV (four) Equity investments of the Bank

Capital Investments
Article 9 (Nine)

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

V (five) Administrative bodies and managing of the Bank

Bodies of the Bank
Article 10 (Ten)

The bodies of the Bank are:

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

The General Meeting of the Bank
Article 11 (Eleven)

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

Conditions for Participation and Voting at General Meetings
Article 12 (Twelve)

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

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

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

Convening General Meetings of the Bank Article 13 (Thirteen)

General Meetings of the Bank are convened by the Management Board or the Supervisory Board of the Bank in the cases specified in these Articles of Association and applicable law.

The General Meeting of the Bank, which shall decide on allocation of distributable profit and on relief shall be held within the first eight month following the end of the financial year, unless the legislation prescribes otherwise. General meetings are generally held in the place of the Bank's registered office, but may also be held in another place in the Republic of Slovenia determined by the convenor.

The notice of convocation of the General Meeting of Shareholders must be published not less than 30 (thirty) days before the date of the meeting of the General Meeting of Shareholders. The published notice of convocation of the General Meeting of Shareholders shall also contain proposals for passing resolutions and the statement of the venue where the materials about to be presented for decision-making shall be made available as of the date of convocation of the General Meeting of Shareholders. The Bank shall immediately submit to all shareholders upon their written request the entire material for the General Meeting of Shareholders.

A General Meeting of Shareholders may be cancelled no later than three working days before the day of the meeting in a logically identical manner to the manner in which it was convened. Provided the conditions of the meeting are the same, the date of a reconvened meeting of the General Meeting may be postponed for not more than 15 (fifteen) days.

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

The shareholders collectively holding at least one twentieth of the share capital are entitled to demand in writing that the Management Board convene the General Meeting of the Bank. Together with their request, they must submit a written agenda for each proposed item on the agenda to be decided upon by the General Meeting of the Bank or an explanation to the item on the agenda if no resolution is adopted in relation to such item by the General Meeting of the Bank.

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

Amendments to the Agenda
Article 15 (Fifteen)

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

Only such business as has been included in the agenda in due time, as provided by legislation and these Articles of Association, may be transacted by the General Meeting of Shareholders.

Representation of Shareholders at General Meetings
Article 16 (Sixteen)

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

Conduction of General Meetings
Article 17 (Seventeen)

The General Meeting of Shareholders shall be conducted by the Chairman of the General Meeting of Shareholders. The Chairman of the General Meeting is appointed by the convener.

The Chairman of the General Meeting presides over a meeting of the General Meeting, determines the sequence of individual items on the agenda, and lays down the method of voting.

The procedures employed by the General Meeting shall be regulated in more detail by the General Meeting in its Rules of Procedure.

Majority Required for the Adoption of Resolutions **Article 18 (Eighteen)**

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

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

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

Powers of the General Meetings **Article 19 (Nineteen)**

The General Meeting decides on and approves:

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

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

Supervisory Board of the Bank
Article 20 (Twenty)

The Supervisory Board of the Bank is comprised of 11 (eleven) members who are appointed and recalled by the General Meeting of the Bank from among the persons nominated by shareholders or the Supervisory Board of the Bank.

Only those natural persons who meet the requirements and are not subject to the restrictions stipulated by the Banking Act or other applicable regulations may be elected members of the Supervisory Board of the Bank.

The Supervisory Board may pass its Rules of Procedure which lay down more detailed principles, procedures and the manner of operations of the Supervisory Board. The Members of the Supervisory Board and external experts appointed by the Supervisory Board into committees of the Supervisory Board shall be entitled to the reimbursement of travel expenses, daily allowances and costs of overnight accommodation up to the amount specified in the regulations on reimbursement of work-related expenses and other income not included in the tax base. Members of the Supervisory Board of the Bank are entitled to remuneration for performing their function and/or attendance fees for the membership on the Supervisory Board of the Bank and the committees of the Supervisory Board of the Bank stipulated by the resolution of the General Meeting of the Bank applicable at the time.

Term of Office of Members of the Supervisory Board of the Bank
Article 21 (Twenty-one)

The members of the Supervisory Board of the Bank shall be elected for the period lasting from the day of their election until the end of the Bank's Annual General Meeting of Shareholders, which decides on the use of accumulated profit for the fourth business year since they have been elected, unless otherwise stipulated at the time of appointment of individual members. In this context, the first year shall be deemed the business year in which the members of the Supervisory Board of the Bank were elected.

In case of a premature cessation of term of office of members of the Supervisory Board of the Bank appointed at a General Meeting of the Bank, by-elections shall be necessary at the next regular General Meeting of the Bank. Earlier by-elections shall be required only if, due to a premature cessation of term of office of an individual member, the number of members of the Supervisory Board of the Bank elected at the General Meeting of the Bank decreases to less than eight. The appointment of a member filling a vacancy shall be effective until the expiry of the term of office of the originally elected member of the Supervisory Board of the Bank.

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

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

Election of Members of the Supervisory Board of the Bank
Article 22 (Twenty-two)

The Supervisory Board of the Bank shall at its first meeting after appointment elect from among its members a Chairman and at least one Deputy Chairman of the Supervisory Board of the Bank. A simple majority of votes of all members of the Supervisory Board of the Bank is required for appointment. If none of the persons nominated obtains a sufficient number of votes at first ballot, voting shall be repeated between the two persons who received the largest number of votes at first ballot. The person who receives the largest number of votes in the repeated ballot shall be elected to the proposed office.

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

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

Meetings and Resolutions of the Supervisory Board of the Bank
Article 23 (Twenty-three)

The Supervisory Board of the Bank generally conducts its work and adopts decisions at meetings. Meetings of the Supervisory Board of the Bank shall be convened by the Chairman or in their absence, by a Deputy Chairman, by means of a registered letter to each member's address most recently communicated to the Bank, with a statement of agenda, venue and time of the meeting. A session shall as a rule be convened 10 (ten) business days prior to the session. In urgent cases the meeting may also be convened by telephone, fax or by using similar technical devices, to the last telephone or fax number or e-mail address of an individual member communicated to the Bank not less than 5 (five) business days prior to the meeting.

Unless stipulated otherwise by these Articles of Association, the Supervisory Board of the Bank shall constitute a quorum if convened in the correct manner and if at least one half of its members are present, of whom either the Chairman or a Deputy Chairman must always be present. As regards correspondence meetings, members present shall be those, who have cast votes for individual items on the agenda and those who have abstained from voting in respect to that same item.

When deciding on resolutions presented by the Management Board of the Bank to the Supervisory Board of the Bank for approval in connection with the matters set forth in sections (b), (c) and (d) of paragraph two of Article 27 (twenty-seven) of these Articles of

Association, the Supervisory Board of the Bank shall have a quorum only if at least eight of its members are present at the meeting.

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

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

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

Powers of the Supervisory Board of the Bank Article 24 (Twenty-four)

Supervisory Board of the Bank:

- monitors and supervises the management and operations of the Bank and, in the event of irregularities found, proposes measures for their elimination,
- discusses reports of the Management Board of the Bank and monitor and supervise managing of the banking group and suggest actions to be taken in case of irregularities with the aim to eliminate the latter;
- whenever necessary, but by all means upon approval of the Annual Report, reports to the General Meeting on its work and findings, and approves the measures to be taken for improving the Bank's business operation,
- reviews reports on internal supervision and audits, and proposes the adoption of immediate measures to be taken on the basis of such reports,
- approves the adoption of general acts of the Bank requiring the consent of the Supervisory Board under these Articles of Association, with the exception of acts adopted by the General Meeting of the Bank or based on applicable law or validly adopted resolutions of the Bank's General Meeting,
- approves those resolutions of the Management Board of the Bank requiring the consent of the Supervisory Board under applicable regulations or these Articles of Association,
- prepares proposals for general meetings of the Bank and executes the tasks assigned to it by the General Meeting of the Bank, unless stipulated otherwise in applicable regulations,
- examines and approves the Annual Report and the proposed utilization of distributable profit, and prepares a written report on its findings to be presented to the General Meeting of the Bank,
- approves the strategy, annual budget and annual business plan of the bank,

- examines and approves, during the course of the business year, interim reports on the business operation of the Bank;
- determines the credit and guarantee limits as well as other limits of the Bank's business operation;
- approves actions resulting in the changed status of commercial companies and other legal entities in the Bank's majority ownership,
- decides on the upper limit of long-term annual indebtedness of the Bank,
- appoints and discharges members of the Management Board of the Bank,
- adopts the Rules of Procedure for its work,
- lays down the criteria for remunerations to the Management Board of the Bank and regularly checks that they are met,
- signs contracts made with the members of the Bank's Management Board, while the Bank shall be obliged to disclose the information on individual receipts of the members of the Management Board and Supervisory Board of the Bank in its Annual Report together with the explanations of the criteria specified in Item 16 (sixteen) hereunder.

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

**Management Board of the Bank
Article 25 (Twenty-five)**

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

**Members of the Management Board of the Bank and their Term of Office
Article 26 (Twenty-six)**

The Management Board of the Bank is comprised of three to six members, one of whom is appointed Chairman of the Management Board of the Bank.

The president and other members of the Management Board of the Bank shall be appointed and recalled by the Supervisory Board of the Bank; the President of the Management Board of the Bank may propose to the Chairman of the Supervisory Board of the Bank to appoint or recall an individual member or the remaining members of the Management Board of the Bank.

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

Each member of the Management Board of the Bank may prematurely resign her/his term of office with a period of notice of three months. Written notice is to be delivered to the Chairman of the Supervisory Board of the Bank. The notice term may be shorter than three months if so requested by the resigning member of the Management Board of the Bank in his/her notice and subject to the approval of the Supervisory Board of the Bank.

Conduction of Business and Decision-making

Article 27 (Twenty-seven)

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

The following resolutions of the Management Board of the Bank, if not adopted unanimously, shall be validly adopted only if sanctioned by the Supervisory Board of the Bank:

- (a) the appointment of executive directors and other officers of the Bank of a rank equivalent to the rank of executive directors and the approval of the terms of their engagement, as well as the appointment of members of supervisory boards and/or management boards and/or boards of directors of the Bank's subsidiaries, provided such appointments are within the powers of the Management Board of the Bank,
- (b) the approval of exposures to individual clients or connected groups of clients exceeding EUR 30,000,000.00 (thirty million 00/100) or its equivalent in any currency at the medium exchange rate of the Bank of Slovenia valid on the date of approval (except to clients approved from time to time by the Supervisory Board of the Bank, to whom such exposures may be approved with an ordinary majority of votes cast by the members of the Management Board of the Bank),
- (c) subscribing for, or otherwise acquiring, whether by formation, increase of capital, purchase or otherwise, in a single transaction or series of transactions, any interest in the registered capital or voting rights,
 - (i) another bank or financial company, if such acquisition represents 5 (five) or more per cent of the initial capital or voting rights in this person;
 - (ii) any other legal person, if such share represents 25 (twenty-five) percent or more of such person's registered capital or voting rights, or
 - (iii) if the purchase value of such interest exceeds EUR 20,000,000.00 (twenty million) or its equivalent in any other currency according to the mean exchange rate of the Bank of Slovenia valid on the date of approval,
- (d) any increase of the Bank's interest in the registered capital or voting rights of another person, by a single transaction or a series of transactions, which increases the Bank's interest in the registered capital or voting rights of such person by 10 (ten) percent or more;
- (e) the sale, transfer or other manner of disposal of a material share of the Bank's assets, intellectual property rights or other assets, or their acquisition, if the value of such assets, intellectual property rights or other assets exceeds EUR 5,000,000.00 (five

million 99/100) or its equivalent in any currency according to the medium exchange rate of the Bank of Slovenia valid on the date of approval and/or the execution of any related contract or a single value equal to or exceeding EUR 5,000,000.00 (five million 00/100) or its equivalent in any currency according to the medium exchange rate of the Bank of Slovenia valid on the date of approval;

- (f) the adoption of methodologies for market risk management, including derivative and option transactions.

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

Powers of the Management Board of the Bank **Article 28 (Twenty-eight)**

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

Irrespective of the provision of the 1st (first) paragraph, approval of the Supervisory Board of the Bank is required, in addition to cases stipulated by legislation and by other provisions of these Articles of Association, for:

- formation of a bank group,
the write-off of claims exceeding EUR 500,000.00 (five hundred thousand 00/100) or its equivalent in any other currency, calculated according to the medium exchange rate of the Bank of Slovenia applicable on the date of approval, unless the write-off of individual receivable is based on a completed bankruptcy proceeding, of which the Management Board of the Bank informs the Supervisory Board of the Bank,
- long-term borrowing by raising loans, issuing bonds or subordinated debt instruments (with long-term borrowing being defined as borrowing with maturity over 1 (one) year) for each such obligation assumed exceeding 25% (twenty-five percent) of the Bank's capital,
- adoption of limits and criteria pursuant to which the bank may grant loans to shareholders and members of the Management Board and Supervisory Board of the Bank and procurators,
- any other resolution of the Management Board of the Bank relating to a type of transaction requiring, pursuant to a resolution of the Supervisory Board of the Bank adopted prior to the respective resolution of the Management Board of the Bank, the approval of the Supervisory Board of the Bank.

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

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

Representation of the Bank Article 29 (Twenty-nine)

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

At the time of appointment of the members of the Management Board of the Bank, the Supervisory Board of the Bank may provide that individual members of the Management Board of the Bank or one individual member of the Management Board of the Bank independently shall be empowered to represent for a certain segment of the business activity of the Bank.

The Management of the Bank may, by written resolution, grant procuration to at least two or more persons, whereby the Bank shall be represented jointly by all such persons, or by at least two procurators jointly. Procurators may be appointed for branches only. Procurators' powers can be revoked at any time. Appointment of procurators is subject to previous approval to be granted by the Supervisory Board of the Bank.

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

VI (six) Other Administrative Bodies of the Bank

Working Bodies Article 30 (Thirty)

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

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

Internal audit Article 31 (Thirty-one)

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

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

VII. (seven) General Provisions

Annual Report Article 32 (Thirty-two)

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

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

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

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

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

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

Utilisation of Distributable Profit and Profit Reserves, and Payment of Interim Dividends Article 33 (Thirty-three)

Profit reserves may not be used for payments to shareholders or other persons. Subject to legal terms and conditions, the Management Board of the Bank may decide that interim

dividends are paid out to shareholders if this is approved by the Supervisory Board of the Bank.

Publication of Information and Reports

Article 34 (Thirty-four)

The Bank shall publish information and announcements, obligatory publication of which is stipulated by legislation, in the Official Gazette of the Republic of Slovenia or the newspapers *Delo* or *Dnevnik* or on SEOnet or any other such information system, which may replace it, and on the Bank's web portal if the relevant regulations stipulate such manner of publication to be equivalent to that first specified.

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

Trade Secret

Article 35 (Thirty-five)

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

A business secret shall be deemed to include any and all information, documents and computer software relating to the business operations and relations of the Bank arising from or connected with its business operations, and which the Management Board of the Bank declares as such by virtue of a special act, or which are in any other way classified a business secret.

Any other information, documents and computer software, irrespective of whether they are declared trade secret or not, the possession of which by an unauthorised person would obviously cause substantial damage, shall also be considered a trade secret.

The Management Board of the Bank may issue a special legal instrument specifying the manner of defining and safeguarding of trade secrets and the liability of persons who disclose a trade secret.

The provisions of this Article shall not be taken to interfere with other obligations to safeguard business secret stipulated by legislation.

Ban on competition
Article 36 (Thirty-six)

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

Method of winding up of the Bank
Article 37 (Thirty-seven)

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