

This document contains a base prospectus (the "**Prospectus**") within the meaning set forth by Article 8(1) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended (the "**Prospectus Regulation**").



Nova Ljubljanska banka d.d., Ljubljana
(incorporated as a joint stock company (*delniška družba*) in the Republic of Slovenia)

EUR 2,500,000,000

Euro Medium Term Note Programme

Under the EUR 2,500,000,000 Euro Medium Term Note Programme described in this Prospectus (the "**Programme**"), Nova Ljubljanska banka d.d., Ljubljana ("**NLB**", the "**Issuer**" or the "**Bank**") may from time to time issue notes in bearer form (the "**Notes**"), including: (i) preferred senior eligible notes (the "**Preferred Senior Notes**"); (ii) non-preferred senior eligible notes (the "**Non-Preferred Senior Notes**" and together with the Preferred Senior Notes the "**Eligible Notes**"); and (iii) subordinated Tier 2 notes (the "**Subordinated Notes**"). The aggregate principal amount of Notes issued under the Programme outstanding will not at any time exceed EUR 2,500,000,000 (or the equivalent in other currencies).

This Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* of the Grand Duchy of Luxembourg (the "**CSSF**") in its capacity as competent authority under the Prospectus Regulation and the Luxembourg act relating to prospectuses for securities dated 16 July 2019 (*Loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières et portant mise en oeuvre du règlement (UE) 2017/1129*, the "**Luxembourg Prospectus Law**"). The CSSF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or of the quality of the Notes that are the subject of this Prospectus. Neither does the CSSF give any undertaking as to the economic and financial soundness of the operation or the quality or solvency of the Issuer pursuant to Article 6(4) of the Luxembourg Prospectus Law. Investors should make their own assessment as to the suitability of investing in the Notes.

This Prospectus has been prepared to admit Notes issued under the Programme to trading on a regulated market in accordance with Article 3(3) of the Prospectus Regulation and Notes will be placed with investors in reliance on exemptions for public offers provided in Article 1(4) of the Prospectus Regulation. Application has been made to list Notes issued under the Programme on the official list (the "**Official List**") of the Luxembourg Stock Exchange and to admit Notes to trading on the regulated market of the Luxembourg Stock Exchange. The Regulated Market of the Luxembourg Stock Exchange is a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**") (a "**Regulated Market**"). However, Notes may be listed on any other stock exchange or may be unlisted as specified in the relevant Final Terms.

This Prospectus and any supplement hereto will be published in electronic form together with all documents incorporated by reference on the website of the Luxembourg Stock Exchange (www.LuxSE.com) and on the website of the Issuer (www.nlb.si). For the avoidance of doubt, the content of the aforementioned websites does not form part of this Prospectus and has not been scrutinised or approved by the CSSF.

Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its respective obligations under the Notes are discussed under "Risk Factors" below.

The validity of this Prospectus ends upon expiration on 15 June 2024. There is no obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies when this Prospectus is no longer valid.

Arranger

BNP PARIBAS

Dealers

Barclays
BofA Securities
Erste Group

BNP PARIBAS

Citigroup

Nova Ljubljanska banka d.d., Ljubljana

UniCredit

IMPORTANT NOTICES

RESPONSIBILITY STATEMENT

The Issuer, with its registered office in Ljubljana, Slovenia, accepts responsibility for the information contained in and incorporated by reference into this Prospectus and for the information which will be contained in any final terms and declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

NOTICE

Other relevant information

This Prospectus must be read and construed together with any supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of final terms, must be read and construed together with the relevant final terms (the "**Final Terms**").

Obligation of the Issuer with regard to a supplement

The Issuer has undertaken with the Dealers to supplement this Prospectus or publish a new prospectus if and when the information herein should become materially inaccurate or incomplete, and has further agreed with the Dealers to furnish a supplement to this Prospectus in the event of any significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus, as applicable which is capable of affecting the assessment of an issue of Notes and which arises or is noted between the time when this Prospectus has been approved and the final closing of any tranche of Notes offered to the public or, as the case may be, when trading of any tranche of Notes on a Regulated Market begins, whichever occurs later, in respect of such Notes.

Investors shall be aware that a supplement to this Prospectus may be published in accordance with Article 23 of the Prospectus Regulation. Such a supplement will be published on the Issuer's website (www.nlb.si) and on the website of the Luxembourg Stock Exchange (www.LuxSE.com).

Unauthorised information

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Dealer.

Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus or any responsibility for the acts or omissions of the Issuer or any other person (other than the relevant Dealer) in connection with the issue and offering of the Notes. Neither the delivery of this Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Prospectus is true subsequent to the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. None of the Dealers undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers.

Restrictions on distribution

The distribution of this Prospectus, any supplement and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Prospectus or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*".

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States, and Notes in bearer form are subject to U.S. tax law requirements. The Notes may not be offered, sold or (in the case of Notes in bearer form) delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) except in certain transactions exempt from the registration requirements of the Securities Act.

NEITHER THE PROGRAMME NOR THE NOTES HAVE BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF ANY OFFERING OF NOTES OR THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

Neither this Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealers or any of them that any recipient of this Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

Each potential investor in Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation and the investment(s) it is considering, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of the relevant underlying, if any; and
- (v) be able to evaluate (either alone or with the assistance of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as standalone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolio. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the assistance of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes, the likelihood of cancellation of payment of principal, payment of distributions or a write-down of the Notes and the impact this investment will have on the potential investor's overall investment portfolio. Each potential investor in the Notes should determine the suitability of such an investment in light of its own

circumstances and have sufficient financial resources and liquidity to bear the risks of an investment in the Notes, including the possibility that the entire principal amount of the Notes could be lost.

MIFID II PRODUCT GOVERNANCE RULES

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (as amended, the "**MiFID II Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

The Final Terms in respect of any Notes may include a legend entitled "*MiFID II Product Governance*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**Distributor**") should take into consideration the target market assessment; however, a Distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

UK MIFIR PRODUCT GOVERNANCE RULES

The Final Terms in respect of any Notes may include a legend entitled "*UK MiFIR Product Governance*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any Distributor should take into consideration the target market assessment; however, a Distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

IMPORTANT – EEA RETAIL INVESTORS

If the Final Terms in respect of any Notes include a legend entitled "*Prohibition of Sales to EEA Retail Investors*", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS

If the Final Terms in respect of any Notes include a legend entitled "*Prohibition of Sales to UK Retail Investors*", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") and any rules or regulations made under the FSMA which were relied on immediately before exit day to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by

virtue of the EUWA (as amended, the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

BENCHMARKS REGULATION: STATEMENT ON REGISTRATION OF BENCHMARK ADMINISTRATOR

Following any reset date, interest amounts payable on certain Notes issued under this Programme may be calculated by reference to the annual swap rate for swap transactions denominated in Euro with a specified term, which appears on the Reuters Screen Page ICESWAP2 and which is provided by ICE Benchmark Administration Limited ("**IBA**"). As at the date of this Prospectus, IBA does not appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of Regulation (EU) 2016/1011 (as amended, the "**Benchmarks Regulation**").

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT 2001

The Final Terms in respect of any Notes may include a legend entitled "Singapore Securities and Futures Act Product Classification" which will state the product classification of the Notes pursuant to section 309B(1) of the Securities and Futures Act 2001, as modified or amended from time to time (the "**SFA**").

The Issuer will make a determination and provide the appropriate written notification to "relevant persons" in relation to each issue about the classification of the Notes being offered for purposes of section 309B(1)(a) and section 309B(1)(c) of the SFA.

NOTES ISSUED AS GREEN BONDS ("GREEN BONDS")

The Final Terms relating to any specific Tranche of Notes may provide that it will be the Issuer's intention to apply an amount equivalent to the net proceeds from the issuance of those Notes to finance or re-finance assets and projects ("**Eligible Green Loans**") which aim to provide positive environmental impact. The Issuer has established a framework for such issuances (the "**Green Bond Framework**") which further specifies the eligibility criteria for such Eligible Green Loans based on the recommendations included in the voluntary process guidelines for issuing green bonds published by the International Capital Market Association ("**ICMA**") (the "**ICMA Green Bond Principles**"). Pursuant to the recommendation in the ICMA Green Bond Principles that external assurance is obtained to confirm alignment with the key features of the ICMA Green Bond Principles, at the request of the Issuer, the advisory and rating provider Sustainalytics has issued a second party opinion dated 5 May 2023 in relation to the Issuer's Green Bond Framework. Neither the Green Bond Framework nor any second party opinion is incorporated into or forms part of this Prospectus. None of the Arranger, the Dealers, any of their respective affiliates or any other person mentioned in this Prospectus makes any representation as to the suitability of such Notes to fulfil green criteria required by any prospective investors. The Arranger and the Dealers have not undertaken, nor are responsible for, any assessment of the Green Bond Framework or the Eligible Green Loans, any verification of whether any Eligible Green Loan meets the criteria set out in the Green Bond Framework or the monitoring of the use of proceeds.

ESG RATINGS

ESG ratings may vary amongst ESG ratings agencies as the methodologies used to determine ESG ratings may differ. The Issuer's ESG ratings are not necessarily indicative of its current or future operating or financial performance, or any future ability to service the Notes and are only current as of the dates on which they were initially issued. Prospective investors must determine for themselves the relevance of any such ESG ratings information contained in this Prospectus or elsewhere in making an investment decision. Furthermore, ESG ratings shall not be deemed to be a recommendation by the Dealers or any other person to buy, sell or hold the Notes. Currently, the providers of such ESG ratings are not subject to any regulatory or other similar oversight in respect of their determination and award of ESG ratings. For more information regarding the evaluation methodologies used to determine ESG ratings, please refer to the relevant ratings agency's website (which website does not form a part of, nor is incorporated by reference in, this Prospectus).

CERTAIN DEFINITIONS

In this Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**EUR**" or "**euro**" are to the 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 and to "\$", "**U.S.\$**" and "**USD**" are to U.S. dollar, the official currency of the United States of America.

ROUNDING

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain forward-looking statements. The words "anticipate", "believe", "expect", "plan", "intend", "targets", "aims", "estimate", "project", "will", "would", "may", "could", "continue" and similar expressions are intended to identify forward-looking statements. All statements other than statements of historical fact included in this Prospectus, including, without limitation, those regarding the financial position, business strategy, management plans and objectives for future operations of the Issuer and its subsidiaries taken as a whole (the "**NLB Group**" or the "**Group**") are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Group's actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Issuer expects to operate in the future.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*" and "*Description of the Issuer and the Group*". Any forward-looking statements made by or on behalf of the Issuer speak only as at the date they are made. The Issuer does not undertake to update forward-looking statements to reflect any changes in their expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

PRESENTATION OF FINANCIAL INFORMATION

The consolidated financial statements of the NLB Group, and the information presented herein, is prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("**IFRS**").

ALTERNATIVE PERFORMANCE MEASURES

This Prospectus contains certain alternative performance measures, as defined in the guidelines issued by ESMA concerning the presentation of alternative performance measures disclosed in regulated information and prospectuses, which are not recognized financial measures under IFRS or any other generally accepted accounting principles ("**GAAP**"). Please see further the Alternative Performance Indicators on pages 149 to 167 of the NLB Group Annual Report for the year ended 31 December 2022 incorporated by reference

herein. These alternative performance measures ("**Alternative Performance Measures**") may not be comparable to similarly titled measures of other companies.

Such Alternative Performance Measures must be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with IFRS included elsewhere or incorporated by reference in this Prospectus. Investors are cautioned not to place undue reliance on these Alternative Performance Measures and are also advised to review them in conjunction with the consolidated financial statements of the Issuer including the related notes thereto, incorporated by reference in this Prospectus.

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GENERAL DESCRIPTION OF THE PROGRAMME

This overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No 2019/980, as amended.

General

This Programme is for the issuance of Notes under which the Issuer may, from time to time, issue Notes in accordance with and subject to all applicable laws and regulations and denominated in any currency, subject as set out herein, to any one or more of: Barclays Bank Ireland PLC, BNP Paribas, BofA Securities Europe SA, Citigroup Global Markets Europe AG, Erste Group Bank AG, Nova Ljubljanska banka d.d., Ljubljana, UniCredit Bank AG and any new dealer appointed under the Programme (the "**Dealers**").

BNP Paribas acts as arranger in respect of the Programme (the "**Arranger**").

Citibank Europe plc acts as fiscal and paying agent (the "**Fiscal Agent**" and the "**Paying Agent**").

The following description is an abstract presentation of the possible structures through which Notes may be issued under the terms of this Prospectus and does not refer to a specific issue of Notes which will be issued under the terms of this Prospectus.

Issue of Notes

Notes may be issued on a continuing basis to one or more of the Dealers.

The Notes issued under this Prospectus will be issued as Notes with a fixed interest rate, Euro-denominated Notes with fixed to fixed resettable interest rate or USD-denominated Notes with fixed to fixed resettable interest rate.

Notes will be issued in tranches (each a "**Tranche**"), each Tranche consisting of Notes which are identical in all respects. One or more Tranches, which are expressed to be consolidated and form a single series and are identical in all respects, but may have different issue dates, interest commencement dates, issue prices and dates for first interest payments, may form a series ("**Series**") of Notes. Further Notes may be issued as part of an existing Series. The specific terms of each Tranche will be determined at the time of offering of such Tranche based on then prevailing market conditions and will be set forth in the applicable Final Terms (the form of which is contained herein).

Programme Amount

The actual aggregate principal amount of all Notes issued and from time to time outstanding will not exceed EUR 2,500,000,000 (or the equivalent in other currencies at the date of issue). Notes will be issued in such denominations as may be agreed and specified in the relevant Final Terms, save that the minimum denomination of the Notes will be EUR 100,000 or, if in any currency other than Euro, in an amount in such other currency equal to or exceeding the equivalent of EUR 100,000. The Notes may be issued, either directly by the Issuer to the investors or to one or more of the Dealers which expression shall, where used in this Prospectus, include any additional Dealer(s) appointed under this Programme from time to time.

Notes will be issued with a minimum maturity of twelve months or more.

The Issuer will have the option at any time to increase the amount of the Programme, subject to the provisions of the Dealer Agreement (as defined under "*Subscription and Sale*") (including the preparation of a supplement to this Prospectus or a new prospectus) as the Dealers, the relevant competent authority or the relevant Stock Exchange may reasonably request.

Distribution of Notes

Notes are freely transferable in accordance with the rules and regulations of the relevant clearing system and may be offered to investors on a non-syndicated or a syndicated basis. The method of distribution of each Tranche will be stated in the relevant Final Terms. With respect to the categories of potential investors the Notes are not subject to any restrictions except for the selling restrictions mentioned in section "*Subscription and Sale*".

Listing and Admission to Trading of Notes

In relation to Notes intended to be listed and issued under this Programme, application has been made to the Luxembourg Stock Exchange to list such Notes on the Official List of the Luxembourg Stock Exchange and to admit to trading on the Regulated Market of the Luxembourg Stock Exchange (*Bourse de Luxembourg*). Application may be made additionally to any other or further stock exchange to admit such Notes to trading on any other or further Regulated Markets or other market segments of such other or further stock exchanges. In this Prospectus, references to "Listed Notes" (and all related references) shall mean, in relation to Notes issued under the Programme, that such Notes are listed on the Official List of the Luxembourg Stock Exchange and/or any other or further stock exchange, as the case may be.

The Programme allows for Notes to be listed on such other or further stock exchange(s) or traded on other market segments (e.g. unregulated market (*Freiverkehr*)) as may be agreed between the Issuer and the relevant Dealer(s) or as determined by the Issuer. Notes not listed on any stock exchange may also be issued.

The issue specific details applicable to the respective Notes are determined in the relevant Final Terms.

Clearing Systems

The Notes have been accepted for clearance through Euroclear Bank SA/NV (1 Boulevard du Roi Albert II, 1210 Brussels, Belgium) ("**Euroclear**") and/or Clearstream Banking S.A., Luxembourg (42, Avenue J. F. Kennedy, L-1855 Luxembourg) ("**CBL**") (or its legal successors as the case may be).

Security Code

The International Securities Identification Number ("**ISIN**") and Common Code (if any) for each Series of Notes or any other security code will be set out in the relevant Final Terms.

RISK FACTORS

This section describes specific risks regarding the Issuer and the Group which are regarded by the Issuer to be material in respect of the Issuer's ability to meet its obligations under the Notes and of which the Issuer is currently aware.

The Issuer has assessed the materiality of risks based on the probability of their occurrence and the expected magnitude of the negative impact such occurrence may cause to the Issuer and the effect on the Issuer's ability to meet its obligations under the Notes. The Issuer has also taken into account in respect of such assessment the principles and outcomes of its internal capital adequacy assessment process. In addition, each of the Issuer related risks highlighted below could adversely affect the trading price of the Notes or the rights of investors under the Notes and, as a result, investors could lose some or all of their investment.

Investors should consider the following specific and material risk factors and in addition all other information contained in or incorporated by reference into this Prospectus and consult their own professional advisers prior to any decision to purchase debt securities issued by the Issuer.

Investors shall also be aware that there may be additional risks regarding the Issuer and the Group which are not regarded to be material or of which the Issuer is currently not aware but which may nevertheless affect the Issuer's ability to meet its obligations under the Notes. It is also possible that risks described herein may combine and intensify one another.

The risk factors are divided into the following categories depending on their nature:

- 1 RISKS RELATING TO THE ISSUER AND THE GROUP
 - 1.1 Risks related to the macroeconomic environment
 - 1.2 Risks relating to the credit risk
 - 1.3 Risks relating to liquidity and market conditions
 - 1.4 Risks relating to NLB Group operations
 - 1.5 Legal risks
 - 1.6 Regulatory risks
- 2 RISKS RELATING TO THE NOTES
 - 2.1 Risks relating to all Notes
 - 2.2 Risks relating to the regulatory classification of the Notes
 - 2.2.1 Particular risks relating to the Eligible Notes
 - 2.2.2 Particular risks relating to the Subordinated Notes
 - 2.3 Risks relating to the nature of the Notes
 - 2.4 Risks relating to the specific Terms and Conditions of the Notes
 - 2.5 Other material risks relating to the Notes
 - 2.6 Risks resulting from the Notes representing eligible liabilities or regulatory capital of the Issuer

1. RISKS RELATING TO THE ISSUER AND THE GROUP

1.1 Risks related to the macroeconomic environment

The NLB Group is subject to risks arising from the global macroeconomic environment

The financial services industry generally prospers in conditions of economic growth, stable geopolitical conditions, transparent, liquid and buoyant capital markets and positive investor sentiment. During recessionary periods, there may be less demand for loan products and a greater number of customers may default on their loans and other obligations. Interest rate rises may also have a negative impact on the demand for mortgages and other loan products, and the ability of counterparties to repay such mortgage or loan obligations. The NLB Group is affected by general economic and geopolitical conditions, which can cause its financial condition and the results of its operations to fluctuate from year to year, as well as on a long-term basis. In addition, potential downward trends in the global macroeconomic environment could adversely affect economies in the region of South-Eastern Europe, which includes Bosnia and Herzegovina, Croatia, Kosovo, North Macedonia, Montenegro and Serbia ("**SEE**"), whose nascent economic recoveries have been assisted by export-oriented growth. The war in Ukraine and the related economic implications have emerged as additional downside risks to the global economy as well as economies of the region in which the Group operates. Any decline in the economic situation of the SEE countries could in turn affect the NLB Group's business (see "*Risk Factors – Risks related to the environment in which the Issuer and the Group operates – The NLB Group is subject to risks arising from the Slovenian macroeconomic and political environment*" and "*Risks related to the SARS-CoV-2 pandemic*" below).

The macroeconomic environment is the major driver of risk to the NLB Group's earnings and financial stability, in particular, due to the potential effects on NLB Group's asset quality. Weaker macroeconomic conditions may lead to a decline in net interest margins, credit quality, and loan portfolio growth, as well as further corrections to prices of real estate and other property held as collateral for loans, which may lead to reduction of the value of collateral and continued large loan impairment charges.

The war in Ukraine has emerged as a new risk, due to widespread economic implications resulting in renewed downside risks to global growth. Europe is the most exposed in this regard due to geographical proximity to the war and its dependence on the import of fossil fuels. Elevated uncertainty, energy supply disruptions, more widespread commodity shortages and new supply chain disruptions have weighed on economies. A surge in commodity prices, with oil and gas prices accelerating higher, and subsequent more widespread price increases, pushed inflation rates to new highs. The emergence of the war added to inflationary pressures and played an important role in sustaining inflation at elevated levels and additionally reinforced the post-COVID-19 pandemic inflationary pressures. As such, the overall economic situation was exacerbated as inflationary pressures intensified and become more widespread. Inflation could remain elevated for longer and be more persistent than expected due to secondary effects such as wage growth and subsequent higher and unanchored inflation expectations. Elevated inflation erodes households' purchasing power and it could, together with a squeeze on company profits, and deteriorated business and consumer confidence, weigh on economic growth which was, following the pandemic-induced crisis, expected to be predominantly driven by consumer spending.

With regard to monetary policy, the European Central Bank ("**ECB**") and the US Federal Reserve ("**Fed**") continue with the interest rate hiking cycle in order to tame the inflation which became widespread as second-round effects stemming from energy inflation emerged. It is expected that both, the ECB and the Fed will continue with interest rate hikes, because inflation remains high and is likely to stay above their targets for an extended period. This will further restrict financial and monetary conditions resulting in increased market interest rates and borrowing costs. Furthermore, central banks may engage in quantitative tightening action to reduce monetary liquidity, which may result in volatility in capital flows, adverse fluctuations in currency markets, a suppression of demand and a reduction in the availability of credit, which may limit economic activity in the Republic of Slovenia or elsewhere.

Volatility in credit, currency and equity markets globally may result in uncertainty that could affect all banks, including the NLB Group. Market volatility during the global financial crisis led to, and future market volatility may lead to, the following negative effects (amongst others) for the banking industry:

- increased cost of funding and/or reduced availability of funding;
- deterioration in the value and liquidity of assets (including collateral);

- inability to price, or difficulty pricing, certain assets;
- higher provisions for bad and doubtful debts;
- an increased likelihood of customer and counterparty default and credit losses;
- mark-to-market losses in the value of assets and liabilities;
- FX differences of non-euro assets and liabilities, recognised in the other comprehensive income, and therefore impacting bank's equity;
- increased economic exposure from hedging activities; and
- lower growth, business revenues and earnings.

Market participants, corporations and households may be negatively impacted by rising interest rates and their ability to make payments on debt or loans could be negatively affected. This could lead to rising defaults, further economic slowdown and could negatively impact future economic development in areas in which the NLB Group operates. No assurance can be given as to future economic conditions in any market or as to the possibility of improvement in any market. If economic conditions deteriorate or stagnate in any of the NLB Group's main markets, the business, financial condition, results of operations, liquidity and prospects of the NLB Group are likely to be negatively affected. The risk of contagion in the markets in which the Group operates and dislocations caused by the interdependency of financial markets' participants and of members of currency and supranational economic associations is an ongoing risk to the Group's financial condition. Any change in membership of such associations or reductions in the perceived creditworthiness of one or more significant borrowers or financial institutions could lead to market-wide liquidity problems, losses and defaults, which could adversely affect the Group's results, financial condition and future prospects.

The global banking sector has been hit by concerns over the impact of monetary policy tightening. In the US, a substantial deposit outflow from regional lenders combined with the unrealised losses on their securities holdings resulted in failure of three regional banks. In Europe, Credit Suisse suffered from deterioration of its liquidity position, although most of the outflows had happened already before the respective events, and a collapse of confidence. European banks are affected mainly by the more cautious market sentiment; credit spreads have widened while the increased volatility in financial markets has weighed on the primary bond market. The decision of the Swiss authorities to write down the Credit Swiss additional tier 1 notes before equity capital resulted in a significant impact to the additional tier 1 market, impairing the ability of banks to issue new additional tier 1 notes and increasing the likelihood of issuers not exercising their call options on outstanding ones. The substantially increased uncertainty is likely to continue to affect funding costs of banks and to impact their wholesale funding potential. The full impact of events is still to unfold amid further tightening of lending conditions due to expected stricter regulations in the US, thereby affecting macroeconomic performance more than initially presumed. In Europe, large banks are subject to much stricter regulation, which supports the European banking system by requiring strong capital and loss-absorption buffers. Banks are also required to meet stringent requirements on liquidity and stable funding which should make the system generally well protected against negative shocks.

The NLB Group is subject to risks arising from the Slovenian macroeconomic and political environment

The Republic of Slovenia is the NLB Group's most important geographic area of operation. After a positive trend in GDP growth in preceding years, the GDP experienced an abrupt decrease of 4.3 per cent. in 2020 due to the COVID-19 pandemic. Nevertheless, the economy recovered well, with an annual growth rate of 8.2 per cent. in 2021. Strong economic growth continued also in 2022, with GDP growing 5.4 per cent. on the back of strong investment activity and private consumption, according to information provided by the Statistical Office of the Republic of Slovenia. In the first quarter of 2023, GDP grew 0.7 per cent year-on-year with economic activity being primarily driven by household consumption, construction investment and growth in most services, according to the Statistical Office of the Republic of Slovenia. According to the Statistical Office of the Republic of Slovenia, the labour market remains tight with unemployment rate in March remaining stable at 3.2 per cent. Consumer price inflation remains elevated due to higher price pressures for food and services, with annual inflation reaching 9.4 per cent. in April 2023, according to information provided by the Statistical Office of the Republic of Slovenia. In general, the economic

performance remains vulnerable to domestic and external economic conditions and shocks. Such factors include the delayed restoration of economic activity in the Slovenian private sector and its dependency on the level of economic activity in its largest export partners, which mostly consist of countries in the European Union ("EU"). Exports have usually been a key driver of economic recovery in the Republic of Slovenia and represent an important segment of GDP. Thus, negative changes in the volume of exports and trade balance for an extended period of time could have material adverse effects on the country's fiscal budget, public debt and economic activity.

A prolonged deterioration in the macroeconomic environment in the Republic of Slovenia would likely have a significant effect on budget revenues and may result in an increase in the budget deficit, which may also lead to an increase in public debt. The latter is already elevated due to stimulative fiscal measures taken in order to mitigate economic implications of the COVID-19 pandemic. Additionally, given current demographic trends, public pension liabilities are likely to increase in the foreseeable future, which may contribute towards an increase in the budget deficit.

Slovenia's economy is also subject to the risk of a possible decline in domestic demand. The latter manifested during the COVID-19 pandemic. Although domestic consumption has been robust in recent years, making a significant contribution to GDP growth, it is still characterised by high savings rates, which increased despite low interest rates. Households' inability to spend during the COVID-19 pandemic further increased savings but at the same time accumulated savings enabled swift resumption of consumption which was the main driver of the economic rebound following the COVID-19 pandemic-induced crisis.

An additional downside risk to consumer spending has emerged in the form of the war in Ukraine which intensified widespread inflationary pressures. Increased consumer prices impacted household purchasing power and post-pandemic revival in consumer spending. Uncertainty remains elevated, related mainly to the energy market conditions and persistence of inflation at high levels, which impacts overall economic and consumer sentiment. In general, if the economic situation in the Republic of Slovenia deteriorates, this could result in decreased economic activity that would eventually lead to higher unemployment, which in turn would deter private and household consumption. This could significantly weaken the demand for financial products, which could have a negative effect on the NLB Group.

In the light of the war in Ukraine, the Group has analysed potential impacts on its credit portfolio. The direct exposure to counterparties is quite limited. The Group may be affected by the secondary effect of the crisis, where increasing prices of raw materials and energy may represent an important factor for certain corporate clients.

There can be no assurance that NLB's or the NLB Group's business, financial condition, results of operations, cash flows and prospects will not be materially adversely affected as a result of one or more of these or any other factors relating to the macroeconomic and political condition of the Republic of Slovenia. This could impact the Issuer's ability to perform its obligations under the Notes.

The NLB Group is subject to risks arising from the macroeconomic and political environment in SEE

The SEE region is the NLB Group's most significant geographic area of operations outside of the Republic of Slovenia and the economic conditions in the region are therefore important to the NLB Group's results of operations and financial condition.

Bosnia and Herzegovina, Kosovo, North Macedonia, Montenegro, and Serbia are not members of the EU and may therefore have less developed regulation and control standards than other countries in which the NLB Group operates. The membership process is a protracted procedure and remains in its early stages for the countries concerned. In recent years, EU membership prospects have served as an incentive for political, fiscal and monetary reforms. However, particularly new laws, regulations, and case law applicable to the securities and financial services industries and many of the transactions in which the NLB Group is involved are still evolving in many of these markets. Moreover, many of the laws and courts of these countries have not been fully tested in contract enforcement and other types of commercial disputes. These conditions can lead to delays in enforcement proceedings, restructurings, and other aspects of the NLB Group's operations in these markets. The NLB Group is also subject to the risks of price controls, capital controls and other restrictive government actions in these markets. In addition, the laws in Bosnia and Herzegovina, Kosovo, North Macedonia, Montenegro, and Serbia on foreign investment currently allow free repatriation of funds to the Republic of Slovenia. However, no assurance can be given that such provisions will not be modified or repealed in the future.

Furthermore, the war in Ukraine has emerged as an additional downside risk to the SEE region's outlook as disruptions to energy and commodities markets translated into further increases in consumer prices, which were already rising because of the COVID-19 pandemic's economic implications and manifested in an adverse effect on households' purchasing power.

There can be no assurance that NLB's or the NLB Group's business, financial condition, results of operations, cash flows and prospects will not be materially adversely affected because of any instability or economic deterioration in SEE.

The NLB Group may be negatively affected by increased competition

The NLB Group operates in a number of highly competitive markets, alongside a significant number of competitors, including subsidiaries of major European banking groups. In some countries of operation, consolidation of existing market players is in process. Increasing competition in the banking sector, further banks consolidation in several Group markets and/or the inability of NLB or any other NLB Group member to compete effectively in its market may have a material adverse effect on NLB's or the NLB Group's business, financial condition, results of operations, cash flows and prospects. Since the Russia-Ukraine war and subsequent acquisitions of Russian banks in the SEE region by local competitors following resolutions by the Single Resolution Board ("SRB") in coordination with local regulatory authorities, the competition landscape changed in some of the NLB Group markets of operations.

For more information see "*Competition facing the Group*".

1.2 Risks relating to the credit risk

The NLB Group is exposed to credit risk and could experience material increases in non-performing exposures, leading to significant increases in impairment allowances, which could materially adversely affect the NLB Group's business, financial condition and results of operations

The NLB Group is exposed to the risk that its borrowers may not fulfil their loans or fulfil their other obligations to the NLB Group in accordance with their contractual terms and that the collateral serving as a potential secondary source of repayment of these exposures may turn out to be insufficient. Furthermore, the Group is also exposed to counterparty credit risk in respect of other assets that it holds, whether debt securities, money market instruments or deposit accounts. This risk is usually materially enhanced in times of economic slowdown.

The war in Ukraine and its economic implications has emerged as an additional downside risk to global economy as well as economies in which the Group operates. Direct and indirect exposures of NLB toward Russia and Ukraine is limited. The Group has thoroughly analysed potential impacts of increasing energy prices, inflationary pressures and forecast of a decrease in economic growth on its credit portfolio. The Group carefully monitors the most affected industries with the intention to detect any significant increase in credit risk at a very early stage. Increased inflationary pressures might cause some deterioration of credit portfolio quality in the retail segment, though its impact should not be excessive. As a result, the Group strengthened the early warning system for this segment. However, NLB Group may not be able to always adequately assess such increases in credit risk in a timely manner or at all. Moreover, the length and intensity of the Russia-Ukraine war might cause additional spill-over effects in the mid-term, such as raising the price of energy sources or their availability, which may at a later period have some impact on different segments of the credit portfolio.

NLB has taken several measures in recent years to manage non-performing loans or loans with higher risk, including the adoption of a Non-Performing Loans ("NPL") strategy, introduction and development of a restructuring and work-out unit, the introduction of an early warning system and a loan watch committee, and the renewal of a credit process and rating methodology, as well as establishing new scoring models for certain segments. In addition, the NLB Group regularly monitors credit portfolio quality and performs different scenario analyses and stress tests where the financial resilience of NLB Group's business model is tested. Notwithstanding these new procedures and improvements in the NLB Group's credit risk management, there can be no assurance that these procedures will be sufficient to ensure that NLB's and the NLB Group's NPL or the corresponding impairments, which reflect expected credit losses ("ECL"), will remain at the appropriate level in the future. Any potential increase in the impairment allowances for loans and advances to customers, any potential loan losses in excess of the previously determined impairment allowances for loans and advances to customers with respect thereto or any potential changes

in the estimate of the risk of loss inherent in the portfolio of non-impaired loans may have a material adverse effect on NLB's or the NLB Group's business, financial condition, results of operations, cash flows and prospects.

The NLB Group is exposed to risks in relation to market impacts on collateral value and the enforcement of such collateral

The NLB Group generally seeks collateral for its loans. A significant proportion of this collateral takes the form of mortgages or other security over assets and there are particular risks associated with this form of collateral when a client defaults. In addition, part of the collateral taken by the NLB Group comprises share pledges. The value of this collateral can be adversely affected by falling stock market values (in the case of listed shares) or adverse developments in a business (in the case of non-listed shares). Additionally, guarantees issued by the Republic of Slovenia represent a significant amount of collateral, with such guarantee to one customer valued at approximately EUR 316 million as at 31 December 2022. In addition, the NLB Group may experience difficulty in enforcing certain collateral, particularly in the case of non-listed shares.

In addition to operations in the Republic of Slovenia, the NLB Group's operations include banking subsidiaries in Bosnia and Herzegovina, Kosovo, North Macedonia, Montenegro and Serbia. In connection with its loans or other banking operations in the above-mentioned jurisdictions, and in Croatia, the NLB Group holds mortgages over assets, as well as movable collateral, including machinery, equipment, vehicles and other forms of collateral. Procedures in these jurisdictions for the sale or other enforcement actions in relation to mortgages on real property in particular may be protracted and difficult to practically implement. In cases where the NLB Group is unable to enforce effectively against real estate or other collateral granted to it, this will delay recovery of the relevant loan and could expose the NLB Group to increased losses on the relevant loan, especially in the case of falling property markets.

Enforcement of collateral located outside the EU may prove to be more difficult, more time consuming and more expensive than for collateral located within the EU, and may be subject to different requirements and restrictions than for collateral located in the EU.

If the NLB Group is not able to enforce security over collateral held in or outside the EU in a timely manner or at all, it may have an adverse effect on the NLB Group's business, prospects, financial condition, results of operations or cash flow.

A substantial portion of NLB's and the NLB Group's loans are secured by property interests and NLB and the NLB Group are therefore exposed to any downturn in the property markets in which they operate, including various disrupting factors in SEE which influence volatility in the local real estate market

EUR 2,182 million and EUR 1,867 million of lending in NLB's credit portfolio was secured by real estate collateral as at 31 December 2022 and 31 December 2021. EUR 5,340 million and EUR 4,153 million of lending in the NLB Group's credit portfolio was secured by real estate collateral as at 31 December 2022 and 31 December 2021.

In 2015, prices of residential real estate in the Republic of Slovenia started to grow after a period of substantial decline. The real estate market in Slovenia in the years 2020 and 2021, which was in all aspects marked by the COVID-19 pandemic, shows that the volume of trading on the residential real estate market was lower than before the pandemic, however residential real estate prices continued to rise. Price growth continued also in 2022. Although the real estate market is currently in a favourable condition, a downturn in economic activity and subsequently in the real estate market could adversely affect the value of the collateral pool.

The NLB Group applies a cash flow-based credit policy that considers the repayment capacity of a customer when extending on or off-balance loans and other exposures. This policy also applies to all lending backed or collateralised by residential or commercial real estate. However, circumstances may change over time. Any economic downturn in the countries in which the NLB Group operates, including declines in the value of real estate and increases in unemployment rates, could adversely affect NLB's and the NLB Group's collateral coverage of its loan portfolio with respect to new and existing NPL and generate increases in impairment losses, which could materially affect NLB's and the NLB Group's financial condition and results of operations. In addition, the effects of declining property values on the wider economies in which

the NLB Group operates may also contribute to higher default rates and impairment losses on other loans extended by them.

The NLB Group has concentrations of both loans and deposits geographically and in terms of customer type. These concentrations, along with an associated concentration of its investment portfolio, expose the NLB Group to enhanced levels of risk

The NLB Group's loans and deposits are geographically concentrated. The NLB Group's corporate, retail and small and medium-sized enterprise ("SME") loans are largely concentrated in the Republic of Slovenia (50.3 per cent. of funded loans as at 31 December 2022, 45.0 per cent. as at 31 December 2021). With respect to liabilities, 58.3 per cent. and 54.2 per cent. of its deposits were from Slovenian depositors at 31 December 2022 and 31 December 2021, respectively.

The NLB Group's investment portfolio also has a concentration of Slovenian credit risk, with 13.3 per cent. and 12.8 per cent. of the portfolio representing Slovenian Government and private sector bonds held by the NLB Group as at 31 December 2022 and 31 December 2021, respectively. Accordingly, the NLB Group is particularly exposed to any future downturn in the economy of the Republic of Slovenia.

In addition, the NLB Group's loan portfolio is concentrated in relation to its largest corporate customers (as at 31 December 2022 the NLB Group's 10 and 20 largest customers accounted for 5.5 per cent. and 7.5 per cent., respectively, of the NLB Group's total loan portfolio). As a result, any decision by one or more of these customers to move its business to another bank or any default by one or more of these customers would likely have a material adverse effect on NLB's and the NLB Group's business, financial condition, results of operations, cash flows and prospects.

1.3 Risks relating to liquidity and market conditions

The NLB Group is subject to the risk that liquidity and sources of funding that it currently utilises may not always be readily available

Liquidity risk is the risk that an entity will be unable to meet its obligations, including funding commitments, as they fall due. This risk is inherent in banking operations and can be heightened by a number of enterprise-specific factors, including over-reliance on a particular source of funding (including, for example, short-term and overnight funding), changes in credit ratings or market-wide phenomena such as market dislocation and major disasters. NLB has issued Senior Preferred notes in July 2022, Additional Tier 1 notes in September 2022 and Subordinated Tier 2 notes in November 2022. The NLB Group's funding costs could increase due to changes in market conditions or new regulatory requirements, including the amendments on the minimum requirement for own funds and eligible liabilities ("MREL") under the EU Banking Package (see "*The Issuer is subject to a number of strict and extensive regulatory rules and requirements*"), which may require NLB to increase its long-term funding requirements.

However, even the perception that a credit institution is experiencing greater liquidity risk can cause significant damage to the institution. If the NLB Group's short-term funding sources become volatile or unavailable, the NLB Group would be required to utilise other, more expensive, sources to meet its funding needs, such as collateralised borrowing or asset sales. The NLB Group's ability to sell assets at a commercially desirable price or to sell at all may be impaired if other market participants are seeking to sell similar assets at the same time or are not in a position to finance themselves; or when the market value of assets, including financial instruments underlying derivative transactions to which the NLB Group members are party, is difficult to ascertain. This has occurred at certain times during and since the global financial crisis. In addition, credit institutions with which the NLB Group interacts may exercise set-off rights or rights to require additional collateral. Any of these or other events could impair the NLB Group's access to liquidity.

Future disruptions, uncertainty or volatility in the capital and credit markets could limit the NLB Group's ability to refinance maturing liabilities with long-term funding. The availability to the NLB Group of any additional financing it may need will depend on a variety of factors, such as market conditions, the availability of credit both generally and to borrowers in the financial services industry specifically, the volume of trading activities, the NLB Group's financial condition, its credit ratings and its credit capacity. It will also be affected by the possibility that customers or lenders could develop a negative perception of the NLB Group's financial prospects; as might happen if for example, the NLB Group experiences significant deposit outflows or if the level of the NLB Group's business activity decreases due to a market

downturn. In particular, the NLB Group's access to funds may be impaired if regulatory authorities or rating agencies impose additional regulatory capital requirements or downgrade the NLB Group's debt rating. Any of these developments may limit the NLB Group's ability to raise additional capital to support business growth, counterbalance the consequence of losses or satisfy increased regulatory capital requirements, and could have a material adverse effect on NLB's and the NLB Group's business, financial condition, results of operations, liquidity and prospects.

In addition, as is the case with many banks, the NLB Group relies on customer deposits to meet a substantial portion of its funding requirements. Such deposits are subject to fluctuation due to certain factors outside the NLB Group's control, such as any possible loss of confidence and competitive pressures, which could result in a significant outflow of deposits within a short period of time. A material decrease in the NLB Group's deposits could have a negative impact on the NLB Group's liquidity.

NLB's borrowing costs, access to the capital markets, reputation and competitive position depend significantly on its credit ratings and the credit rating of the Republic of Slovenia

Credit ratings represent an important component of the NLB Group's liquidity profile and affect the cost and other terms on which the NLB Group is able to obtain funding. Changes to the NLB Group's credit ratings reflect developments in the solvency, liquidity and overall financial profile of the Bank. NLB's credit rating could also be impacted by any change to the risk profile of the Republic of Slovenia, as reflected in the sovereign credit rating of the Republic of Slovenia.

Any downgrade in NLB's or the Republic of Slovenia's credit ratings could materially adversely affect NLB's liquidity including by negatively impacting its risk profile and competitive position, undermining confidence in the NLB Group, increasing its borrowing costs, limiting its access to the capital markets, or limiting the range of counterparties willing to enter into transactions with NLB and other NLB Group members. NLB's credit ratings are subject to change and could be downgraded as a result of many factors, including the failure of the NLB Group to successfully implement its strategies. A downgrade of NLB's credit ratings could lead to reputational damage for the NLB Group, which may also lead to a loss of customers and counterparties that could in turn have an adverse effect on the NLB Group's business, results of operations and financial condition.

Fluctuations in interest rates may adversely affect the NLB Group's results

The Group assesses its exposure to interest rate risk to remain moderate and within risk appetite. It arises mainly from the banking book positions. In recent years the Group has recorded a growth of fixed interest rate loans and long-term banking book securities on the assets side and the transformation of deposits from term to sight as a consequence of low interest rate environment and excessive liquidity.

The Group manages interest rate positions and stabilises its interest rate margin primarily with the pricing policy and fund transfer pricing policy. An important part of the interest rate risk management is the banking book securities portfolio, which is used to maintain adequate liquidity reserves and the stability of the interest rate margin. In addition, the Group also uses plain vanilla derivative financial instruments for interest rate risk management, such as interest rate swaps, overnight index swaps, cross currency swaps, and forward rate agreements.

The Russia-Ukraine war and recent market developments have led to considerable volatility in the financial markets, in particular shifts in credit spreads, interest rates and foreign exchange rates. Special attention concerning market trends and price movements is given to the markets in the Balkans, neighbouring countries to Ukraine and Russia and international banks with operations in Russia.

Since the beginning of the Russian-Ukraine war, NLB Group has been observing a rising yield environment and credit spreads widening which materially impacted NLB Group's Fair Value through Other Comprehensive Income ("FVOCI") positions. Despite careful management of the structure and concentration of NLB Group liquidity reserves, no assurance can be given that there will be no additional negative affect on NLB Group's capital position.

NLB's and the NLB Group's profitability is to a large extent based on their respective net interest income levels. This is the reason that stabilising net interest income is NLB's important goal when managing interest rate risk. Additionally, future changes in the financial markets, namely required yields to maturity and credit spreads, may have a material effect on NLB's and the NLB Group's FVOCI positions. While the NLB

Group monitors its interest rate sensitivity by analysing the composition of its assets and liabilities and off-balance sheet financial instruments, any significant and unanticipated interest rate movements in the Republic of Slovenia and the Eurozone or in other markets where the NLB Group operates could adversely affect NLB's and the NLB Group's operations, financial condition and regulatory capital requirements.

The NLB Group is exposed to risks related to exchange rate fluctuations

The NLB Group operates its main business activities in Euro, which is the reporting currency of the Group. Subsidiary banks conduct business mainly in Euro (in addition to their domestic currencies). The Group's net open foreign exchange position from transactional risk amounts to 1.1 per cent. of capital as of 31 December 2022.

For the purposes of the NLB Group consolidated financial statements, transactions executed in currencies other than Euro are converted into Euro at the exchange rate prevailing at the date of such a transaction. Any gains or losses resulting from such transactions and from converting assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. Assets and liabilities denominated in the domestic currencies of foreign non-Euro subsidiaries are converted into Euro and any resulting exchange differences are recognised in other comprehensive income. Gains or losses that appear in other comprehensive income may affect shareholder's equity and the CET 1 capital ratio.

Some of the NLB Group's banking members operate their main business activities in Euro, whereby they are exposed to foreign exchange lending risk if the domestic currency materially depreciates against the Euro, even though they include this risk evaluation within the process of a client's creditworthiness assessment.

The Russia-Ukraine war has led to considerable volatility in the financial markets, in particular shifts in credit spreads, interest rates and foreign exchange rates. Regarding the Group's major FX positions, no material movements were observed so far. Current developments, market observations and potential mitigations are monitored and movements may occur in the future if the conflict continues for a prolonged period of time. However, NLB Group may not be able to identify significant changes in a timely manner and mitigate them adequately due to a limited scope of disposable measures.

Nonetheless, fluctuations in exchange rates between the Euro and other currencies could impact the NLB Group's financial results in a number of ways. Future changes in the financial markets, namely foreign exchange fluctuations, may have a material effect on NLB's and the NLB Group's business and operations. No assurance can be given that they will not have an adverse effect on the results of operations of the NLB Group.

The NLB Group faces interest rate, liquidity, foreign exchange, credit, market, investment, operational and associated climate & environmental risks that could adversely affect if its risk management policies would not succeed

The NLB Group faces a number of business risks that could adversely affect it. These include interest rate, liquidity, foreign exchange, credit, market, investment operational and associated climate & environmental risks. Although NLB invests substantial effort in its risk management strategies, framework and systems, these strategies, framework and systems may nevertheless fail in certain circumstances, particularly when confronted with risks that NLB did not identify correctly or in a timely fashion. Furthermore, NLB may not be able to make a correct assessment or evaluation of the risks to which it is exposed.

Some of the measures taken by the NLB Group to manage various risks are to enter into hedging transactions to manage market risks, to set credit risk limits for each counterparty's investment (within a two-stage decision-making process) and, on an NLB Group portfolio level (to which the NLB Group is exposed in its lending business), to have sufficient collateral for credit provided and to do due diligence to manage legal risks. Some of these and other methods used by the NLB Group to manage, estimate and measure risk are based on historic market behaviour. The methods may therefore prove to be inadequate for predicting future risk exposure, which may prove to be significantly greater than what is suggested by historic experience. Historical market developments may also not adequately allow a sufficiently accurate prediction of future circumstances arising due to government interventions and stimulus packages, which increase the difficulty of evaluating risks. Other methods for risk management are based on evaluation of

information regarding markets, customers or other information that is publicly known or otherwise available to the NLB Group. Such information may not always be correct, updated or correctly evaluated.

In addition, the risk methodologies and techniques used by the NLB Group may not cover adequately the entire spectrum of risks to which the NLB Group is subject. If any such risks materialise, the associated losses could be greater than NLB may have anticipated, which may have a material adverse effect on NLB's and the NLB Group's business, financial condition, results of operations, cash flows and prospects.

1.4 Risks relating to NLB Group operations

The NLB Group is exposed to risks related to current and potential future acquisitions or disposals of assets

On 1 March 2022, the SRB in coordination with the Bank of Slovenia (*Banka Slovenije – BSI* (as national resolution authority)) decided to adopt a resolution scheme in respect of Sberbank banka d.d., Slovenia ("**Sberbank Slovenia**"). The resolution scheme envisaged the application of the sale of business tool for Sberbank Slovenia and Bank of Slovenia issued a decision for the sale of 100 per cent. shares issued by Sberbank Slovenia. Under the resolution scheme, and following a marketing procedure, the SRB has decided to transfer all the shares issued by the Sberbank Slovenia to NLB. Therefore, as of 1 March 2022, NLB became a 100 per cent. owner of Sberbank Slovenia (renamed to N Banka).

Activities for the integration of N Banka within NLB Group and harmonisation with the Group standards are already underway. However, there can be no assurance that this process will be successful or completed within the intended timeframe or the regulatory approval for such integration will be obtained. The integration may lead to key employees and staff leaving with replacement being hard to find. IT and other systems need to be merged, which may prove more difficult than expected and further delayed by ongoing IT transformation projects of NLB Group.

NLB may undertake mergers, acquisitions and disposals of assets and entities in the future. For more information see "*Investments*". The NLB Group evaluates potential acquisitions on an opportunistic basis, taking into consideration its objectives to strengthen its position in certain strategic markets. Such transactions may entail significant risks related to the implementation of transactions, including risk of mispricing assets or entities, inadequate due diligence, risks related to contractual obligations entered into in such transactions and others.

There can be no assurance that the NLB Group will be successful in any acquisition process that it participates in or that it would be able to successfully integrate business operations of entities that it acquires in the future. In the context of an acquisition, the NLB Group would strive to achieve revenue and cost synergies, operating efficiencies, business growth opportunities, as well as other benefits from any acquisition. Integrating entities following an acquisition, however, may be complex and expensive and may present a number of challenges. In addition, expected business growth opportunities, revenue and cost synergies, operational efficiencies and other benefits may not materialise, in part because of the assumptions upon which the NLB Group determines to proceed with any acquisition may prove to be incorrect. It is NLB Group policy to complete due diligence in relation to any potential acquisition, but there can be no guarantee that such due diligence would be sufficient to uncover all material issues or that the quality of assets acquired would not have a negative impact on the NLB Group's capital position. As a result, if anticipated synergies or other benefits of an acquisition are not achieved, or if those achieved are materially different from those that were expected, then this could have a material adverse effect on the NLB Group's business, financial condition, results of operations or prospects.

The NLB Group may be exposed to losses if critical accounting judgements or estimates are subsequently found to be incorrect or inaccurate

The preparation of the NLB Group's financial statements requires the management to make estimates and assumptions and to exercise judgement in selecting and applying relevant accounting policies, each of which may directly impact the reported amounts of assets, liabilities, income and expenses, to ensure compliance with IFRS. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with applicable standards. Estimates and judgements are evaluated on a continuing basis, and are based on past experience and other factors, including expectations with regard to future events. Some areas involving a higher degree of judgement, where assumptions are significant to the financial statements, include the recognition of the expected losses for all financial instruments, not

measured at fair value through profit and loss, including loan commitments and financial guarantees, recognition of deferred tax assets and the fair value of unquoted financial instruments and investments in subsidiaries, associates and joint ventures.

If the judgements, estimates and assumptions used by the NLB Group in preparing its consolidated financial statements are subsequently found to be incorrect there could be a significant loss to them beyond that anticipated or provided for or an adjustment to those consolidated financial statements, which could have a material adverse effect on the Group's business, financial condition and results of operations. (For further information see "*Description of the Issuer and the Group – Loan Portfolio – Impairment methodology*").

The NLB Group's IT systems may fail or their security may be compromised

The NLB Group relies heavily on its IT systems for a variety of functions, including processing applications, providing information to customers and/or employees, and maintaining financial records. In addition, the NLB Group uses distribution channels based on an IT platform comprising online banking, mobile banking and call centres.

The IT systems used by the NLB Group may be vulnerable to physical and electronic breaches, computer viruses and other attacks by cyber criminals, internet fraudsters or internal abuse. This could lead to, amongst other things, a leakage of the NLB Group's customer data, damage related to incursions, destruction of documents, failures or delays in processing transactions and unauthorised transactions. Furthermore, software errors and similar problems could have a significant effect on the NLB Group's ability to support and satisfy the needs of customers in a timely manner, interrupt the NLB Group's activities, damage its reputation, expose the NLB Group to increased regulatory audits or cause it to incur substantial technical, legal or other costs. The occurrence of any IT systems failures or a security breach may adversely affect the business, financial condition, results of operations or development prospects of the NLB Group.

The NLB Group is dependent on the strength of its reputation

The NLB Group's market position relies in large part on its reputation and ability to provide a wide range of services to its customers.

In the event that the NLB Group's brand or reputation is damaged, for example as a result of litigation or other claims against one or more of the NLB Group members, administrative investigations or proceedings, negative press coverage or general negative perceptions about the NLB Group's services, this may have a negative effect on NLB's and the NLB Group's business, financial condition, results of operations, cash flows and prospects.

The NLB Group's insurance policies and own risk assessment premiums may not cover particular future losses

While the NLB Group believes that the insurance policies presently held by the NLB Group to cover its assets and operations are in line with general market practice, and is actively following the development of and implementing insurance products pursuant to changes in the business and regulatory environment, there is no guarantee that the NLB Group's insurance adequately covers every possible future loss, or that the terms of currently implemented insurance will be sufficient to cover losses as they occur.

Any loss which is not covered by the NLB Group's existing insurance policies or own risk assessment premiums may have a material adverse effect on the NLB Group's business, prospects, financial condition, results of operations or cash flows, and even if covered, may result in increased insurance costs, increased risk assessment premiums charged to the clients or increased difficulties in acquiring insurance for the NLB Group.

NLB Group is subject to the risk of money laundering and financing terrorism whereby third parties might use NLB Group as a conduit for illegal or terrorist activities, without the knowledge of the NLB Group, which could have a material adverse effect on the NLB Group

The NLB Group is subject to legal provisions in connection with measures to avoid money laundering, corruption and terrorism financing ("**AML Rules**") which are continuously amended and tightened.

The Issuer's obligation to comply with these AML Rules causes significant costs and expenses for the Issuer. In addition, any (factual or even only alleged) breach of the AML Rules may have main negative legal, financial and reputational consequences for the Issuer.

NLB is subject to direct supervision of the ECB, and under the Slovenian anti-money laundering ("**AML**") and counter-terrorist financing ("**CTF**") law "*Zakon o preprečevanju pranja denarja in financiranja terorizma, ZPPDFT-2*", NLB can be subject to inspection procedures by the Bank of Slovenia (*Banka Slovenije - BSI*), the Slovenian Office for Money Laundering Prevention (*Urad za preprečevanje pranja denarja*) and Slovenian Securities Markets Agency. There is a risk that third parties could use the financial system of NLB or the other NLB Group members (or their respective correspondent banks) as a conduit for money laundering or terrorist financing (including illegal cash operations), or bribery or breaches of financial and economic sanctions without NLB's or another NLB Group member's (or their respective correspondent banks') knowledge. Failure to comply adequately with such regulations and standards could have a material adverse effect on the NLB or other NLB Group members or could trigger any other misdemeanour procedures for non-material violations (For further information see "*Description of the Issuer and the Group – Compliance*").

The Federal Banking Agency, as the banking regulator for Bosnia and Herzegovina ("**BiH**"), conducts routine AML reviews of all banks in the federation, including NLB Banka Sarajevo. On September 2021, NLB Banka Sarajevo received a supervisory letter to remedy eight findings of deficiencies in NLB Banka Sarajevo's AML processes, and on April 2022 NLB Banka, Sarajevo received a decision and minor fine following the supervisory letter issued in September 2021. The Issuer does not consider the scope or nature of any of these findings to be material. In November 2022, the Federal Banking Agency confirmed during its follow up review that the bank had properly implemented the majority of the measures designed to correct these deficiencies.

NLB Komercijalna Banka, Beograd, NLB Banka, Podgorica and NLB, Ljubljana are currently undergoing, or have undergone, an ordinary course supervisory review by the Central Bank of Serbia, the Central Bank of Montenegro and the Slovenian Central Bank, respectively, in each case in relation to the areas of AML, CTF and financial sanctions. The Central Bank of Serbia has completed its supervisory review and has issued a final decision indicating certain corrective measures in the area of anti-money laundering, including issuing a small fine to NLB Komercijalna Banka, Beograd. The processes in respect of NLB Banka, Podgorica and NLB, Ljubljana are ongoing and final decision has not yet been issued.

SEE is considered to be a higher risk region by field experts in the banking industry and at regulatory institutions, as well as by AML, anti-bribery and CTF authorities such as the Financial Action Task Force ("**FATF**") and the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism, with respect to money laundering, bribery, terrorist financing and corruption. This is particularly the case as regards those countries outside the EU, including Bosnia and Herzegovina, Serbia, Montenegro, North Macedonia and Kosovo. Such region specific risks include:

- a significantly higher occurrence of cash transactions in comparison with other parts of Europe, which may result in difficulties establishing the source of funds;
- a large number of transactions to or from high-risk countries, especially those defined as "offshore" by the IMF;
- a significant number of investments and financial transactions involving or deriving from non-resident clients (especially from Russian residents as a result of long-standing ties in SEE countries to Russia, where the source of funds is often poorly disclosed); and
- a low grade on the corruption perception index by Transparency International.

NLB must also comply with the U.S. Patriot Act as a foreign bank, especially in the area of correspondent banking relationships defined as high risk. Special attention is paid to ensure that NLB does not enter into business relationships with shell banks (directly or indirectly) and offshore banks; and that it does not support correspondent accounts which are used directly by third parties to transact business on their own behalf (payable through account). However such measures may not be sufficient to ensure compliance with the U.S. Patriot Act.

In 2017, NLB was subject to extensive media exposure regarding AML and CTF as a result of a case involving transactions relating to Iran that took place in the years 2009 and 2010 (the "**Iran Case**"). This case was subject to a parliamentary investigation in 2017 and 2018, following which a special Parliamentary Commission was established in order to investigate the alleged AML breach (*Preiskovalna komisija o ugotavljanju domnevnega pranja denarja in financiranja terorizma, jedrske proliferacije ter financiranja aktivnosti tujih obveščevalno-varnostnih služb v NLB d.d. ter domnevnega pranja denarja v Novi KBM d.d.*). It concluded its work in May 2018. Part of the final report of the Parliamentary Commission has been published publicly, with portions of the report still restricted, including from NLB. Based on publicly available information, the Parliamentary Commission has not found any signs of criminal offences or breach of AML legislation in the case. It found that the former Management and Supervisory Boards of NLB had breached their duties. Furthermore, there were criminal charges filed against two former employees of NLB for false testimony during the hearing before the Parliamentary Commission, and former governmental representatives and a former representative of the Bank of Slovenia were found to have political responsibility in this case. As of the date of this Prospectus, NLB is not aware of any proceedings regarding this case against NLB or its current employees with respect to the above investigation, or regarding the final findings of the authorities or the Parliamentary Commission mandated to investigate this case. According to Slovenian legislation any civil motion connected with the Iran Case has been time barred in accordance with the general statute of limitations of five years (*see – Description of the Issuer and the Group – Compliance*).

N Banka (formerly Sberbank Slovenia) was a subject of the inspection of Bank of Slovenia in 2019 (before NLB's ownership) in the area of AML. Several deficiencies were identified and a respective order was issued. The order was closed by Bank of Slovenia in early February 2022 (before NLB's ownership). Following that Bank of Slovenia initiated a misdemeanour procedure against N Banka and issued the monetary fine of approx. EUR 45,000. This is not final, since N Banka appealed at the court of law.

If NLB or any other Group member is associated with, or even accused of being associated with, money laundering or terrorist financing, then its and the NLB Group's reputation could suffer and it could become subject to criminal or regulatory fines, sanctions and/or legal enforcement (including being added to "blacklists" that might prohibit certain parties from engaging in transactions with NLB or other relevant NLB Group members). Any such actions may have a material adverse effect on NLB's or the NLB Group's business, financial condition, results of operations, cash flows and prospects.

The NLB Group is exposed to the risk of external or internal fraud

NLB and the other NLB Group member companies are exposed to various risks resulting from fraudulent activities, particularly in connection with loan approval processes, procurement and client account processing. The NLB Group may be negatively affected by, *inter alia*, instances of stolen or misappropriated NLB Group or customer funds, manipulation of the NLB Group's objective evaluation processes (e.g. for the valuation of collateral, credit risk, etc.), the breach or falsification of data and documentation any other types of deception.

For example, on 24 September 2018 NLB Montenegro received a formal indictment from the Special Prosecutor's Office of Montenegro in which, in addition to five other persons, a former member of the management board of NLB (the "**Management Board**") and NLB Montenegro (as a legal entity) were charged on suspicion of a criminal offence for the misuse of their position. (For further information see "*Description of the Issuer and the Group – Legal and Administrative Proceedings – Other monetary claims involving substantial amounts*").

The NLB Group has undertaken measures to upgrade its internal control and compliance system, and set up measures to facilitate fraud risk management. However these measures may not fully prevent future fraudulent activities, which could have adverse effects on NLB's finances, operations and reputation.

1.5 Legal risks

Unfavourable outcomes of pending litigation may adversely affect NLB and the Group

NLB and members of the NLB Group are involved in a number of legal proceedings, some of which, if resolved adversely to the interests of NLB or the relevant member of the NLB Group, could have a material adverse effect on NLB and the Group. As at 15 May 2023, NLB was involved in 18 legal disputes with monetary claims against NLB exceeding EUR 1 million per case (excluding accrued interest). As at

15 May 2023, the aggregate amount of these claims, excluding accrued interest, was EUR 221.1 million. As at 15 May 2023, the NLB Group was involved in 42 legal disputes with monetary claims against NLB Group members exceeding EUR 1 million per case, excluding accrued interest, in the aggregate principal amount of EUR 462.6 million. Other than the Croatian litigation regarding transferred deposits and the litigation regarding the Bail-In (as defined below), each discussed below, such legal proceedings have arisen in connection with the ordinary course of business of NLB and the NLB Group.

As at 15 May 2023, provisions with respect to monetary claims exceeding EUR 1 million per case were EUR 9 million at the NLB Group level, respectively. While management believes that NLB's financial statements make adequate provision for pending legal proceedings, a worse than expected outcome in any legal proceedings would mean that such provisions, or the absence of any provision, insufficiently cover NLB's liabilities.

Further, there may be additional claims against NLB and NLB Group which have not yet been served on NLB or of which NLB and NLB Group are not yet aware (For example, see "*Description of the Issuer and the Group – Legal and Administrative Proceedings – Collective consumer claims*").

An unfavourable outcome of any such proceedings could have a material adverse effect on NLB's and the NLB Group's business, financial condition, results of operations, cash flows and prospects.

A failure by NLB to comply with its obligations under ZVKNNLB and the related agreement with the Fund would deprive NLB of the protection granted to it by ZVKNNLB

NLB is currently involved in proceedings whereby the plaintiffs claim that NLB is responsible for the liabilities relating to foreign currency deposits that were held with Ljubljanska banka, Zagreb Branch ("**Ljubljanska banka Zagreb Branch**"). Ljubljanska banka Zagreb Branch is the Croatian branch of Ljubljanska banka d.d., Ljubljana ("**Ljubljanska banka**"), which in turn is an entity from which NLB received certain assets and liabilities in 1994 (as discussed below).

Two Croatian banks have filed claims against Ljubljanska banka and NLB, as the alleged co-debtor, in Croatian courts in relation to deposits in various foreign currencies with Ljubljanska banka Zagreb Branch that were transferred to Privredna banka Zagreb and Zagrebačka banka by their original depositors in line with Croatian legislation set up after the dissolution of the Socialist Federal Republic of Yugoslavia (the "**SFRY**"). The proceedings were filed during the period from 1994 to 1996. The aggregate principal amount of the claims against NLB is as at 15 May 2023 equivalent to approximately EUR 173.2 million (calculated at the exchange rates applicable on 15 May 2023), excluding any default interest. Due to the fact that the proceedings have been pending for a significant period of time, the default interest exceeds the principal amount of the transferred deposits. If NLB was found liable for these amounts, it would also be responsible for paying the litigation expenses of the plaintiffs.

Seven cases related to the transferred deposits have been litigated through to final judgment. The remaining matters are pending in various stages.

If NLB were to be found liable for the entire amount claimed, it would be obliged to pay significant amounts in principal, default interest and expenses. Pursuant to the Act on the Protection of the Value of Capital Investment of the Republic of Slovenia in NLB (*Zakon za zaščito vrednosti kapitalske naložbe Republike Slovenije v Novi Ljubljanski banki d.d., Ljubljana – the "ZVKNNLB"*), the Succession Fund of the Republic of Slovenia (*Sklad Republike Slovenije za nasledstvo, javni sklad, (the "Fund")*) is obliged to compensate NLB for the sums recovered from NLB by enforcement of final judgments delivered by Croatian courts in relation to the transferred deposits. However, the obligation of the Fund is subject to the compliance by NLB with certain obligations which include the use of all reasonable legal remedies against unfavourable court decisions and NLB may be obliged to repay to the Fund all sums received from the Fund if it voluntarily makes any payment in satisfaction of any such judgment.

Accordingly, an unfavourable outcome in any of these pending proceedings may result in a negative financial impact to NLB and there is a risk that a failure by NLB to comply with its obligations under ZVKNNLB would deprive NLB of the protection granted to it by ZVKNNLB. (For more detail please see "*Description of the Issuer and the Group – Legal and Administrative Proceedings – Claims in relating to liabilities in respect of transferred deposits*").

If NLB would be found liable for claims relating to the Bail-In, it may incur substantial financial burdens

In relation to the decision of the Slovenian government for the Republic of Slovenia to participate in capital increases of NLB in 2011 and 2012, the European Commission ("EC") initiated a procedure to determine the compatibility of this participation with EU state aid rules. In accordance with the recommendations of the European Council published in June 2013, NLB (along with the majority of Slovenian banks) underwent an asset quality review (the "AQR") and "bottom-up" stress tests. In December 2013, the results of the AQR and stress test exercise revealed a capital shortfall for NLB of EUR 1,904 million. As a result, several measures aimed at ensuring the capital adequacy of NLB and the NLB Group were taken, including, amongst other measures, termination of all of NLB's obligations in respect of its share capital and subordinated financial instruments ("**Qualified Liabilities**") by way of a bail-in ("**Bail-In**").

Pursuant to the Slovenian Banking Act (*Zakon o bančništvu (ZBan-1)*) ("**ZBan-1**"), which was applicable in 2013, the only remedy available to persons who, as a result of the Bail-In, lost their investments in the Qualified Liabilities (the "**Affected Investors**"), is to claim compensation from the Bank of Slovenia. The Constitutional Court of the Republic of Slovenia (the "**Constitutional Court**") conducted the constitutional review of the provisions of ZBan-1 that provided the grounds for the Bank of Slovenia's Decision on extraordinary measures number 24.20-021/13-010 of 17 December 2013 (the "**Bank of Slovenia Decision**"). On 19 October 2016, the Constitutional Court deemed the provisions of ZBan-1 that govern the Bail-In were constitutional, including the provision which did not allow Affected Investors to claim damages or use any contractual remedy against NLB.

However, the Constitutional Court further determined that the provisions relating to the claims against the Bank of Slovenia failed to provide an effective remedy to Affected Investors and were therefore unconstitutional. The Constitutional Court ordered the National Assembly to amend the legislation before 19 April 2017 in order to, amongst other things, address concerns regarding a disparity in the access to information and evidence between the Bank of Slovenia and Affected Investors and ruled that all court proceedings in which the Affected Investors claim compensation from the Bank of Slovenia shall be suspended until the said unconstitutionality is removed. The act addressing such unconstitutionality (*Zakon o postopku sodnega varstva imetnikov kvalificiranih obveznosti bank ("ZPSVIKOB")*) came into force on 19 December 2019 but never fully applied in practice since the Bank of Slovenia challenged its constitutionality. On 5 March 2020, the Constitutional Court suspended the application of ZPSVIKOB and on 16 February 2023 rendered the entire act invalid after finding that its key provisions interfered with the independence of the Bank of Slovenia and indicated that it would make sense if any subsequent legislation dealing with the Affected Investors' claims would impose the liability to compensate the Affected Investors on the Republic of Slovenia. It is not known how the Republic of Slovenia will address this matter in the future and no draft of such legislation has been made public so far.

The outcome of the constitutional review of ZPSVIKOB is not likely to affect NLB directly. However, further delays and uncertainty in relation to the enforcement of potential claims of Affected Investors against the Bank of Slovenia or the Republic of Slovenia may induce the Affected Investors to try to recover their losses from NLB. Namely, although any claims against NLB in relation to the Bail-In are expressly excluded by law, certain Affected Investors nevertheless started lawsuits against NLB in which they are claiming compensation for the losses they incurred as a result of the Bail-In.

The claims made by the plaintiffs are based on various allegations, including misrepresentations made by NLB in the context of its public offering of the subordinated notes, a failure to disclose the conflict of interest and a failure to contest the Bank of Slovenia Decision, amongst others. Some plaintiffs have not specified the grounds for their claim.

These claims, if determined in favour of the plaintiffs, may result in a substantial financial burden to NLB.

As of 15 May 2023, 131 of these proceedings with claims amounting to nearly EUR 5.6 million are still pending while claims of 10 plaintiffs have been finally rejected by the courts and additional 6 plaintiffs have withdrawn their claims. Out of 10 final rejection cases, two of them have been accepted for review by the Slovenian Supreme Court which is currently pending and may result in the reversal or modification of the final judgment if the court will find that it is based on the incorrect application of substantive law or the most severe breaches of procedure (see "*Description of the Issuer and the Group – Legal and Administrative Proceedings – Proceedings relating to the Bank of Slovenia Decision*"). As certain Affected Investors publicly announced claims exceeding such amount and since there is a possibility that NLB has not yet

been notified of all the legal proceedings initiated against it in December 2016, this amount may increase in the course of time and such additional claims may be material. Based on allegations made by an attorney representing certain plaintiffs, NLB understands that the amount of these additional claims could exceed EUR 24 million.

No provision for any of these claims has been recorded and any losses recorded as a result of such claims may have a material adverse effect on the NLB Group's business, prospects, financial condition, results of operations or cash flows.

Collective consumer claims

The consumer organisation Zavod Kolektiv 99 filed a collective claim against NLB and an identical claim was also filed against N Banka. NLB received a class action lawsuit on 21 July 2022 and N Banka on 29 July 2022. NLB submitted its response, and is now waiting for the court to decide whether the preliminary conditions for the class action are fulfilled. A timeframe for the court's decision is not set.

- The plaintiff's claims (Zavod Kolektiv 99) include, among other things, a demand that NLB ceases to use the lower interest rate in consumer loan contracts (uses the actual applicable interest rate without restrictions as negative EURIBOR) and compensates the borrowers for the losses incurred due to the application of an interest rate floor (the difference between the interest rate floor and the actual value of the interest rate).

The claims against NLB and N Banka combined are estimated at EUR 47 million.

If adjudicated adversely to NLB, each of these claims could potentially result in NLB's material financial liability but would not affect NLB's ability to comply with its other obligations. If, before or after commencement of the relevant court proceedings, NLB will determine that any part of the above claims has merit, it may also decide to settle the relevant liabilities voluntarily.

1.6 Regulatory risks

NLB may be required to increase its capital in future for a range of different reasons, including as a result of changing regulatory requirements (including MREL requirement), and may experience material difficulty in raising any such additional capital and other Group banks are subject to capital requirements in their own jurisdictions of operation and any failure by one or more of these banks to maintain appropriate levels of capital could have a material adverse effect on the NLB Group

As of 31 December 2022, NLB is required to maintain, on a consolidated basis, an overall capital requirement ("**OCR**") of at least 14.10 per cent. (consisting of 9.46 per cent. Common Equity Tier 1 ("**CET 1**") capital; 11.45 per cent. Tier 1 capital), consisting of a 10.60 per cent. of total supervisory review and evaluation process ("**SREP**") capital requirement (consisting of 5.96 per cent. CET 1 capital; 7.95 per cent. Tier 1 capital) and a 3.5 per cent. combined buffer requirement (the "**Combined Buffer Requirement**") (consisting of a 2.5 per cent. capital conservation buffer, 1.0 per cent. other systemically important buffer¹ ("**O-SII Buffer**") and 0 per cent. countercyclical buffer, to be made up of CET 1 capital only) based on an ECB decision as of 2 February 2022 (see "*Description of the Issuer and the Group – Capital Requirements*" and "*Recent Developments*" for more information regarding these capital requirements, changes in the capital requirements applicable from 1 January 2023 and the Issuer's capital position).

On 24 November 2021, the Bank of Slovenia issued a decision under which it requests that the Bank maintains the O-SII Buffer in the amount of 1.25 per cent. as of 1 January 2023.

On 6 May 2022, the Bank of Slovenia issued a decision under which it introduces a systemic risk buffer with the aim of mitigating and preventing excessive credit growth and excessive leverage and limiting the concentration of direct and indirect exposure. The decision determines the requirement to maintain a systemic risk buffer for sectoral exposures in the Republic of Slovenia with following weights 1.0 per cent. of all retail exposures to natural persons secured by residential real estate and 0.5 per cent. for all other retail exposures. This requirement must be fulfilled from 1 January 2023 onwards.

¹ Please see also "*Recent Developments*".

On 14 December 2022, the European Central Bank, Banking Supervision issued an SREP 2022 Decision for NLB to comply with on a consolidated basis. The total SREP capital requirement (TSCR) is 10.40 per cent. valid from 1 January 2023. The Pillar 2 Requirement decreased by 0.2 per cent. compared to the previous decision due to a better overall SREP assessment.

Additionally, in December 2022, the Bank of Slovenia announced that due to growing uncertainties in the economic environment and systemic risks, the countercyclical buffer for exposures in the Republic of Slovenia is rising from 0.0 per cent. to the level of 0.5 per cent. of the total risk exposure amount, valid from December 2023 onwards.

As the regulations or risk profile of the Group may additionally change in the future, capital requirements could change as well.

Should NLB be required to increase its capital in future for any reason, including changes in regulatory capital requirements and continued significant losses, no assurance can be given that it will be successful in doing so on favourable terms, in a timely manner or at all. NLB's ability to obtain additional capital may be restricted by a number of factors, including:

- its ability to obtain any required regulatory approvals;
- decisions of its shareholders with respect to the approval of future capital increases;
- general market conditions for capital-raising activities by commercial banks;
- the financial condition, results of operations and cash flows of NLB at the time of the proposed capital increase; and
- the credit rating of NLB at the time of the proposed capital increase.

As of 1 January 2024, NLB must comply with the MREL requirement on a consolidated basis at the resolution group level (the "**NLB Resolution Group**", consisting of the Issuer and N Banka and other members of the Group, excluding banks) which amounts to 30.99 per cent. of Total Risk Exposure Amount ("**TREA**") (excluding Combined Buffer Requirement) and 10.39 per cent. of the Leverage Ratio Exposure ("**LRE**"). NLB has to ensure a linear build-up of own funds and eligible liabilities towards the MREL requirement and its compliance with 25.19 per cent. of TREA (excluding Combined Buffer Requirement) and 8.03 per cent. of the LRE on 1 January 2022 (see "*Description of the Issuer and the Group – Capital Requirements*"). Breaching the MREL requirement could have potential implications on NLB's performance and would prohibit NLB from distributing more than the maximum distributable amount related to MREL (M-MDA).

Any failure by NLB to comply with applicable capital requirements or otherwise to maintain sufficient levels of capital to conduct its business could have a material adverse effect on NLB's and the NLB Group's business, financial condition and results of operations. Moreover, a breach of capital requirements and other regulatory ratios could result in NLB being subject to administrative sanctions. These sanctions could increase its operating costs and could adversely affect its reputation and, consequently, could have a material adverse effect on NLB's or the NLB Group's business, financial condition, results of operations, cash flows and prospects.

Each of the other banks in the NLB Group is subject to local regulations relating to required levels of capital, including:

- local capital regulations following Basel III guidelines, subject to different stages of convergence with EU regulation²; and
- a minimum required level of capital. This is generally higher than 8 per cent., with most countries setting NLB Group entities higher minimum capital levels (12 per cent. in Bosnia and Herzegovina and Kosovo and 8 per cent. in North Macedonia, Montenegro and Serbia). In line with newly

² As of January 2020 Serbia is included to the list of the third countries and territories whose supervisory and regulatory requirements are considered equivalent under the EU regime (i.e. Third country firm treatment and equivalence under the EU Banking Package (as defined below)). The same treatment has also come into force for Bosnia and Herzegovina and North Macedonia in October 2021.

adopted regulation in Serbia, North Macedonia, Bosnia and Herzegovina, Montenegro and Kosovo, minimum capital requirements are more closely aligned with CRR rules. However, all of these requirements are not directly or fully comparable to the EU requirement for a minimum required level of capital, as the definitions of risk-weighted assets ("**RWA**") and of capital instruments may differ. In addition, the implementation and enforcement of locally defined Pillar 2 Requirements, capital buffers and other capital deductions (for example, the deduction for provisions as a result of differences between local standards and the International Financial Reporting Standards as adopted by the EU ("**IFRS**")) may depend on the local regulator's view and guidance.

Should any NLB Group banking member be required to increase its capital for any reason, it is likely to look first to NLB (as principal shareholder) to assure such capital increase, but NLB will not necessarily grant such request. If NLB was unable to provide the required capital, its shareholding in the banking member concerned may be diluted by the issue of additional shares or sale of the capital investment to the other potential shareholders. Each of these outcomes could adversely affect the NLB Group's business, financial condition, results of operations, cash flows and prospects.

The Issuer is subject to a number of strict and extensive regulatory rules and requirements, including capital requirements

The NLB Group is subject to a wide variety of laws and regulations relating to banking, insurance and financial services, including those governing its marketing and selling practices, and faces the risk of significant interventions by a number of regulatory and enforcement authorities in each of the jurisdictions in which it operates.

EU Banking Package and Reform of the Banking Union

NLB is subject to capital requirements and liquidity rules imposed by the EU which govern the activities in which banks may engage and are designed to maintain the safety and soundness of banks, and limit their exposure to risk. These rules include Directive 2013/36/EU, as amended and implemented in the Republic of Slovenia and Regulation (EU) No 575/2013, as amended (see "*Description of the Issuer and the Group – Capital Requirements*").

The Banking Union is a system for the supervision and resolution of credit institutions (including the Issuer) on EU level which is based on EU wide rules and currently consists of the Single Supervisory Mechanism and the Single Resolution Mechanism.

On 7 June 2019, a legislative package for amendments of the following EU legal acts regarding the Banking Union was published in the Official Journal of the EU ("**EU Banking Package**") which successively entered into force from 27 June 2019 onwards:

- (i) Directive 2013/36/EU ("**CRD IV**");
- (ii) Regulation (EU) No 575/2013 ("**CRR**");
- (iii) Directive 2014/59/EU ("**BRRD**"); and
- (iv) Regulation (EU) No 806/2014 ("**SRMR**").

The EU Banking Package ("**EU Banking Package**"), *inter alia*, includes the following measures which are a specific and material risk to the Issuer:

- a leverage ratio requirement for all institutions;
- a net stable funding requirement;
- revised rules on capital requirements for counterparty credit risk and for exposures to central counterparties;
- a revised Pillar 2 framework;
- enhanced MREL subordination rules for large banks referred to as top-tier banks;

- stricter conditions for liabilities in order to qualify as eligible liabilities instruments for MREL purposes;
- a new moratorium power for the resolution authority; and
- restrictions to distributions in case of MREL breaches.

The EU Banking Package entered into force on 27 June 2019. Certain amendments of the CRR apply already since 27 June 2019; further amendments of the CRR apply since 28 December 2020 and 28 June 2021, respectively, those of the SRMR since 28 December 2020. The EU Member States should have implemented the amendments of the BRRD and the CRD IV into national legislation by 28 December 2020. In Slovenia however, the relevant provisions entered into force on 23 June 2021.

On 27 October 2021, the European Commission adopted a further package of a review of the CRR and the CRD IV. These new rules are aimed to ensure that EU banks become more resilient to potential future economic shocks, while contributing to Europe's recovery from the COVID-19 pandemic and the transition to climate neutrality. This package which is currently being discussed by the European Parliament and Council is comprised of the following legislative elements:

- implementing Basel III (for details, see "*Amended BCBS Standards*" below);
- sustainability; and
- stronger enforcement tools.

On 28 October 2021, the Commission presented the 'Daisy Chain' proposal as part of the European Commission's Banking Package and amends the rules in the Capital Requirements Regulation and the Bank Recovery and Resolution Directive. The final act was signed on 19 October 2022, and published in Official Journal on 25 October 2022.

Additionally, the NLB Group is subject to stress tests, including regular stress testing exercises by the ECB, and other regulatory enquiries. Any negative outcomes could lead to a loss of trust in the NLB Group and materially and adversely affect the NLB Group's reputation and financing costs in addition to potentially triggering enforcement action by relevant competent authorities. The NLB Group is included in the ECB stress testing exercises each year. In 2016, 2017, 2018, 2019, 2020 and 2021, the NLB Group concluded the ECB's stress testing exercise in accordance with its requirements and the results were included in the SREP decision for the NLB Group. NLB Group is also included in ECB stress testing exercises in 2023.

Amended BCBS Standards

On 7 December 2017, 11 December 2018 and 14 January 2019, the Basel Committee on Banking Supervision ("**BCBS**") published amended standards for its international regulatory framework for credit institutions developed by the BCBS. Within the EU, the revised standards must be transposed into EU law for being applicable. These Basel III reforms, *inter alia*, include the following key measures which are a specific and material risk to the Issuer if transposed into EU law:

- a revised standardised approach and the internal ratings-based approach for credit risk;
- revisions to the credit valuation adjustment (CVA) framework;
- a revised standardised approach for operational risk;
- revisions to the measurement of the leverage ratio;
- an aggregate output floor, which will ensure that RWA generated by internal models are not lower than 72.5 per cent. of RWA as calculated by the Basel III framework's standardised approaches;
- revised Pillar 3 disclosure requirements; and
- the finalised revised market risk framework.

On 27 March 2020, the implementation dates for the revised BCBS standards have been deferred to 1 January 2023 and will be phased in over five years.

On 7 December 2017, the BCBS also published a discussion paper on the regulatory treatment of sovereign exposures which would result in higher risk weights for certain sovereign exposures for the Issuer.

In addition, on 31 March 2021, the BCBS released revised principles for the sound management of operational risk and operational resilience.

Compliance with the regulatory rules and requirements listed under this section (*Regulatory risks –The Issuer is subject to a number of strict and extensive regulatory rules and requirements, including capital requirements*), in particular including the ongoing monitoring and implementation of new or amended rules and regulations cause significant costs and additional effort for the Issuer and any (factual or even only alleged) breach of such rules and requirements, such as the EU Banking Package and the amended BCBS standards, may result in major regulatory measures and bear a main legal and reputational risk. Furthermore, stricter regulatory rules and requirements, in particular the EU Banking Package and the amended BCBS Standards, result in significant capital demand for the Issuer and/or result in constraints and limitations on risk related business and other business of the Issuer; the latter will negatively affect the income and revenues of the Issuer.

Any failure to comply with any of the above mentioned applicable laws, regulations and requirements may result in the NLB Group being exposed to many forms of risk which could have an adverse effect on its business. These include financial and reputational losses, measures such as blacklisting by credit institutions, the termination of business partnerships and legal proceedings and penalisation by the relevant authorities. It could lead to legal or administrative sanctions, which may also affect the NLB Group's long-term ability to conduct its business and in turn its financial condition and results of operations.

The Issuer is obliged to contribute to the Single Resolution Fund and to the deposit guarantee fund

The Single Resolution Fund ("**SRF**") has been established by the SRMR (as defined below) and is composed of contributions by credit institutions (including the Issuer) and certain investment firms in the participating EU Member States of the banking union. The SRF shall be gradually built up during an initial period of eight years (2016 – 2023) and shall reach the target level of at least 1 per cent. of the amount of covered deposits of all credit institutions within the banking union by 31 December 2023.

Furthermore, Directive 2014/49/EU (*Directive on Deposit Guarantee Schemes – "DGSD"*) stipulates a target level of the *ex-ante* financed funds for the deposit guarantee schemes of 0.8 per cent. of covered deposits. According to the Slovenian Deposit Guarantee Scheme Act (*Zakon o sistemu jamstva za vloge (ZSJV)*), which implements the DGSD in Slovenia, the deposit guarantee fund is to be fully funded by 3 July 2024. If necessary, credit institutions would have to pay certain additional (*ex post*) contributions in cases where the deposit guarantee fund does not have sufficient funds at its disposal to repay deposits covered by the guarantee.

The Slovenian Bank Resolution Authority and Fund Act (*Zakon o organu in skladu za reševanje bank*) established the Slovenian Bank Resolution Fund ("**BRF**"), to which Slovenian banks have to contribute. The BRF is operated and managed by the Bank of Slovenia and its purpose is to finance the compulsory winding-up measures that can be imposed by the Bank of Slovenia. Among other things, the funds of the BRF may be used for: (i) payment of the subscribed capital of the company established for the holding of the separate assets; (ii) payment of compensation to a bank in compulsory winding-up in cases where the BRF takes over its assets, rights and liabilities; and (iii) loans, guarantees, sureties or other collateral granted with respect to measures of compulsory winding-up. The assets of the BRF may not be used to cover past losses of a bank in compulsory winding-up. The target level of the assets in the BRF is 2.3 per cent. of all the guaranteed deposits at the banks in Slovenia. The BRF will cease its operations as of 31 December 2024, following which the contributions of the banks will be returned proportionally to their payments.

The Issuer's obligation to make such contributions may be an additional financial burden for the Issuer and may have a negative impact on the Issuer's business operations as well as its assets, financial position and results of operation.

If the relevant conditions are met, the resolution authority shall apply resolution actions in relation to the Issuer

The BRRD and SRMR are the main legal basis for the recovery and resolution of credit institutions (including the Issuer) within the Banking Union.

If the conditions for resolution are met, the resolution authority shall take resolution actions (i.e. resolution tools and resolution powers) in relation to the Issuer in order to be able to exercise an orderly resolution, if the Issuer is failing (or likely to fail) and to preserve the financial stability.

The conditions for resolution of the Issuer are:

- the determination that the Issuer is failing or likely to fail has been made by the competent authority or the resolution authority;
- having regard to timing and other relevant circumstances, there is no reasonable prospect that any alternative private sector measures, or supervisory action, including early intervention measures or the write-down or conversion of relevant capital instruments and eligible liabilities taken in respect of the Issuer, would prevent the failure of the Issuer within a reasonable timeframe; and
- a resolution action is necessary in the public interest.

The resolution tools are: (i) the sale of business tool; (ii) the bridge institution tool; (iii) the asset separation tool; and (iv) the bail-in tool.

By applying the bail-in tool, the resolution authority may write down eligible liabilities in a cascading contribution to loss absorption of the Issuer or convert them into instruments of ownership. Moreover, the resolution authority can separate the performing assets from the impaired or under-performing assets and transfer the shares in the Issuer or all or part of the assets of the Issuer to a private purchaser or a bridge institution without the consent of the shareholders.

In addition, the resolution authority has so-called resolution powers, which it may exercise individually or in any combination in relation to or for the preparation of the application of a resolution tool in relation to the Issuer.

The BRRD and SRMR (as amended) indicate that as resolution strategies both, a single or multiple point-of-entry ("SPE" or "MPE") approach, are allowed. Under the SPE resolution strategy, only one group entity, typically the parent undertaking, is resolved (resolution entity), whereas other group entities, usually operating subsidiaries, are not subject to resolution action. Instead, the losses of those subsidiaries are transferred to the resolution entity and capital is down streamed to the subsidiary. Under the MPE resolution strategy, more than one entity of the banking group may be resolved. The SRB and all relevant national resolution authorities of the resolution college have reached a joint decision that an MPE approach is the preferred resolution strategy for NLB Resolution Group. Therefore, NLB Resolution Group pursues the MPE approach.

Changes in the regulatory framework within which the NLB Group operates could have a material adverse effect on NLB and/or the NLB Group

NLB and the NLB Group are exposed to risks relating to changes in the regulatory framework within which they operate, including:

- changes in the monetary, interest rate, capital requirements and other policies of central banks and regulatory authorities;
- changes in laws and regulations or changes in regulatory regimes that could significantly influence investor decision-making in the markets within which the NLB Group operates or increase the costs of operating in those markets (for more information with regard to recent legislative proposals see "*Recent Developments*");
- changes to the regulatory requirements that the NLB Group must meet, such as prudential rules relating to capital requirements creating more onerous obligations than expected, the compliance with which may increase the NLB Group's capital requirements, expose it to additional costs and

liabilities, and require it to change how it conducts its business, including the reduction of risk and leverage of certain activities, or otherwise have an adverse impact on its business, the products and services it offers and the value of its assets;

- changes in laws and regulations that may influence the way in which the NLB Group provides banking, payment, investment and other services which increase the cost and/or risks associated with providing such services (for more information with regard to recent legislative proposals see "*Recent Developments*");
- restrictions on business growth or pricing and additional requirements to operate in a way that prioritises objectives other than shareholder value creation;
- changes to financial reporting standards;
- changes in competition and pricing environments, such as the harmonisation of card payment interchange fees;
- differentiation amongst credit institutions by governments with respect to the extension of guarantees to bank customer deposits and the terms attaching to such guarantees, including requirements for certain members of the NLB Group to accept exposure to the risk of the failure of any third-party participants in such guarantee schemes;
- the design and implementation of government-mandated resolution or insolvency regimes;
- implementation of, or costs related to, local customer or depositor compensation or reimbursement schemes;
- regulations relating to, and enforcement of, data protection, anti-bribery, AML, CTF or other similar regimes;
- expropriation, nationalisation, confiscation of assets and changes in legislation relating to ownership; and
- other unfavourable political, military or diplomatic developments producing social instability or legal uncertainty that, in turn, may affect demand for the NLB Group's products and services.

The financial services industry continues to be the focus of significant regulatory change and scrutiny which may adversely affect the Group's business, financial performance, capital and risk management strategies (see "*The Issuer is subject to a number of strict and extensive regulatory rules and requirements*").

The NLB Group prepares long-term capital plan projections, monitors regulatory and internal capital usage on at least quarterly basis and prepares projections where changes to capital requirements or ECB/EBA guidelines are anticipated. Nevertheless, changes to capital requirements or other conditions, if implemented, could force the NLB Group to acquire additional capital, which may be unavailable in the future or unavailable at an attractive rate or within the time frame necessary in order to ensure compliance with such requirements (see "*NLB may be required to increase its capital in future for a range of different reasons, including as a result of changing regulatory requirements, and may experience material difficulty in raising any such additional capital and other Group banks are subject to capital requirements in their own jurisdictions of operation and any failure by one or more of these banks to maintain appropriate levels of capital could have a material adverse effect on the NLB Group*").

In the regulatory environment in the rest of the region where the Group operates (non-EU countries), regulatory changes are taking place in the direction of harmonisation with EU legislation. Local regulatory authorities made changes in areas: (i) prudential and macroeconomic measures to ensure stable functioning of the financial systems; (ii) changes in regulatory reporting and risk management rules (such as liquidity, operational risk, collateral valuation, outsourcing, ICAAP/ILAAP, LCR); (iii) deposit guarantee schemes; (iv) bank recovery and resolution law; (v) bankruptcy and liquidation law; (vi) electronic money issuance and electronic payment systems; (vii) NPL and restructuring prudential treatment; and (viii) personal data protection, harmonising with GDPR.

Changes to the regulatory framework within which the NLB Group operates may have a material effect on NLB's and the NLB Group's business and operations. No assurance can be given that laws and regulations will be adopted, enforced or interpreted in a manner that will not have an adverse effect on the business, financial condition, cash flows and results of operations of the NLB Group.

The NLB Group is exposed to risks related to tax regulations

The NLB Group is subject to financial reporting regulations and tax liabilities in all of the jurisdictions in which it operates. If the governments of these jurisdictions increase tax rates or impose additional taxes, this could thus reduce the NLB Group's profitability. Revisions to tax legislation or to its interpretation might also affect the NLB Group's financial condition in the future. In addition, the NLB Group is subject to tax audits. As a general rule, a tax inspection, which could result in additional tax assessments, may be initiated at any time within four to six years from the date of tax statement or from the year in which tax should have been assessed. Any such assessments could be material and might also affect the NLB Group's financial condition in the future.

Negative dispositions from tax authorities or unanticipated changes to financial reporting regulations and tax liabilities in any of the jurisdictions in which it operates could have a material adverse effect on the NLB Group's business, prospects, financial condition, results of operations or cash flow.

Risks relating to IT infrastructure in connection with payment services

In 2018, Directive (EU) 2015/2366 (*Payment Services Directive II – "PSD II"*), respective regulatory technical standards and The Payment Services, Services of Issuing Electronic Money and Payment Systems Act (*Zakon o plačilnih storitvah, storitvah izdajanja elektronskega denarja in plačilnih sistemih*) came into force. Following these new regulatory requirements, the Issuer implemented its concept of "open banking" which provides access to the bank's clients' accounts (upon such clients' consent) to third party providers of payment services, offering payment initiation and account information services. Due to the additional technical interfaces required for these types of services, there is an increased risk of cyberattacks and failure in the IT structure. While the Issuer has introduced management measures to monitor these risks and no major incidents related to these new channels were registered so far, there can be no guarantee that these services operate without interruption or cyberattacks in the future.

Besides the realisation of regulatory requirements, the Issuer is striving to adequately respond to payment standards and infrastructure changes which are essential for payments processing. In this respect, the Issuer last year adhered to the EPC (European Payments Council) SEPA Inst scheme and to the ECB payment system for instant payments TIPS (TARGET instant payments settlement), which enables cross-border payment transactions in EUR to be processed instantly. Significant effort was also put in necessary adaptations and adjustments in banks payments process and its IT infrastructure (applications) in order to be set for the new requirements arising from TARGET2 and TARGET2 Securities consolidation, which was successfully done on 20 March 2023. Migration to ISO XML (Extensive mark-up language of The International Organization for Standardization) messaging standard instead of SWIFT standard for international payments and the transition to the higher version of the 2019 ISO standard for SEPA payments is still ahead.

Nevertheless, such large-scale changes are accompanied with an increased risk of failure of upgraded systems or new components of IT systems.

In addition, an on-site solution audit by a regulator could result in the imposition of additional regulatory requirements relating to payment services on the NLB Group.

Risks relating to changes in consumer financing regulation

To minimise the growth of excessive consumer lending, the Bank of Slovenia adopted the Regulation on macroprudential restrictions on household lending (*Sklep o makrobonitetnih omejitvah kreditiranja prebivalstva, Official Gazette of Republic of Slovenia No. 60/22 as of 6 May 2022*) which stipulates the following binding macroprudential instruments: (i) a maximum ratio of annual debt servicing costs to a consumer's annual income (DSTI) when a loan agreement is concluded; (ii) limits on maturity, and (iii) limits and rules on creditworthiness calculations. This effectively sets binding minimum credit standards.

The regulation may therefore have a negative impact on demand for consumer lending products in Slovenia, and thus have an adverse effect on the business and results of operations of the NLB Group.

2. RISKS RELATING TO THE NOTES

2.1 Risks relating to all Notes

Holders of the Notes are exposed to the risk of statutory loss absorption

The Single Resolution Mechanism shall provide the relevant resolution authorities with uniform and effective resolution tools and resolution powers in order to achieve the resolution objectives.

The main resolution tool is the bail-in tool. When applying the bail-in tool, the resolution authority pursuant to Article 4(1)(130) of the CRR which is responsible for recovery or resolution of the Issuer on an individual and/or consolidated basis (the "**Resolution Authority**") shall exercise the write-down and conversion powers in accordance with the following sequence (also called "loss absorbing cascade"): (i) CET 1 items; (ii) AT 1 instruments; (iii) Tier 2 instruments; (iv) other subordinated debt (that is not AT 1 or Tier 2 capital); (v) unsecured claims resulting from debt instruments which meet the conditions pursuant to Article 230(2)(9) of the Resolution and Compulsory Winding-Up of Banks Act (*Zakon o reševanju in prisilnem prenehanju bank - ZRPPB-1*) (the "**ZRPPB-1**") (so-called "non-preferred senior debt instruments"); (vi) other claims resulting from debt instruments and similar financial instruments (Article 230(2)(8) of ZRPPB-1); and (vii) the rest of bail-inable liabilities in accordance with the hierarchy of claims in normal insolvency proceedings, including the ranking of deposits, all in accordance with the Article 230(2) of ZRPPB-1, to the extent required.

Furthermore, where the Issuer meets the conditions for resolution and the resolution authority decides to apply to the Issuer a resolution tool which would result in losses being borne by creditors or their claims being converted, the resolution authority shall exercise the write down or conversion power in relation to relevant capital instruments (i.e. CET 1, AT 1 and Tier 2 instruments) and eligible liabilities together with or before applying such other resolution tool.

If the power of write-down or conversion of relevant capital instruments or the bail-in tool is applied to the Issuer, the principal amount and other outstanding payment obligations of the Issuer (including interest and other amounts) in respect of the Notes may be fully or partially written down or converted into instruments of ownership, although claims of other creditors of the Issuer might not be affected.

Holders of the Notes are exposed to the risk that the Issuer may issue further debt instruments or incur further liabilities

There may be no restrictions (contractual or otherwise) on the amount of ordinary unsecured, senior non-preferred or subordinated debt or other liabilities that the Issuer may (or may have to) issue, borrow and/or incur, ranking *pari passu* with or senior to the Notes.

Any issue of such instruments and/or any incurring such liabilities may reduce the amount recoverable by Holders of the Notes upon the Issuer's insolvency.

Holders of the Notes have no ownership or voting rights

An investment into the Notes is an investment into debt instruments, which does not confer any legal or beneficial interest in the equity of the Issuer or any of the subsidiaries thereof or any voting rights or rights to receive dividends or other rights which may arise from equity instruments. Holders of the Notes therefore cannot influence any decisions by the Issuer concerning the capital structure or any other matters relating to the Issuer. The Notes represent an unsecured debt obligation of the Issuer, granting the Holders of the Notes only such rights as set forth in the relevant Final Terms. The value of the Notes might be affected by the actions of the shareholders of the Issuer over which the investors do not have control.

The Notes do not give the right to accelerate future payments, and also may not be subject to set-off or any guarantee

The Terms and Conditions of the Notes do not provide for any events of default and the Holders of the Notes do not have the right to accelerate any future scheduled payment of interest or principal.

Furthermore, the Notes are not subject to any set off or netting arrangements that would undermine their capacity to absorb losses in resolution, insolvency or liquidation and are neither secured nor subject to a guarantee or any other arrangement that enhances the seniority of the claims under the Notes.

Holders of the Notes agree to be bound by the exercise of any power to write down or convert or any taking of any resolution action in respect of the Notes

In recognition of the resolution powers granted by law to the Resolution Authority, by acquiring the Notes, each Holder acknowledges and accepts that the principal amount and other outstanding payment obligations of the Issuer (including interest and other amounts) in respect of the Notes may be subject to the exercise of the write-down and conversion powers by the Resolution Authority and acknowledges, accepts, consents and agrees to be bound by the exercise of the power to write down or convert or the taking of any resolution action in respect of the Notes. Each Holder further acknowledges, accepts, consents and agrees to be bound by the variation of the terms of the Notes, if necessary, to give effect to the exercise of the write-down and conversion powers by the Resolution Authority.

The Notes may not be redeemed at the option of the Holders of the Notes

Holders of the Notes will have no rights to demand the early redemption of their Notes.

Therefore, potential investors should not invest in the Notes in the expectation that they have a redemption right. Furthermore, Holders of the Notes should be aware that they may be required to bear the financial risks of an investment in the Notes until their final maturity.

2.2 Risks relating to the regulatory classification of the Notes

2.2.1 Particular risks relating to the Eligible Notes

In case of insolvency proceedings of the Issuer, certain expenses, deposits and certain other claims have a higher ranking than claims resulting from the Eligible Notes

In the event of normal insolvency proceedings of the Issuer (being bankruptcy proceedings (*stečaj*) or compulsory liquidation (*prisilna likvidacija*)), the proceeds of the sale of the Issuer's assets will first be applied for settlement of any outstanding expenses of compulsory liquidation and bankruptcy proceedings and then distributed among the creditors according to the ranking of their claims. Consequently, for the purposes of such distribution, the claims on the principal amount of the Eligible Notes and any unpaid interest thereon will rank junior to the following categories of claims:

- (i) preferential claims, such as claims arising from salaries and severance payments and related taxes and contributions;
- (ii) covered deposits, i.e. deposits guaranteed under the deposits guarantee scheme;
- (iii) claims with an original maturity of less than seven days and held by (x) an institution which is not part of the same group or (y) a payment or settlement system or an operator or participant of that system, if the claims are the result of participation of the resolution entity in the payment or settlement system and the rules on finality of settlement of orders apply to the settlement in the system in the event of insolvency or other procedure for winding-up of the member in accordance with the law governing payment systems and services or the law governing the market in financial instruments;
- (iv) deposits which are not excluded from protection pursuant to Article 5 of Directive 2014/49/EU (the "**eligible deposits**") from depositors who are natural persons or legal persons meeting the criteria for micro, small and medium-sized enterprises as defined in the law governing companies in amounts in excess of the covered deposits, including deposits which would have been eligible if they had not been made with a branch of the bank in a third country;
- (v) other eligible deposits;
- (vi) deposits which do not qualify as eligible deposits or liabilities referred to in sub-paragraph (iii) above; and
- (vii) unsecured claims, other than claims arising from debt securities and other similar financial instruments issued by the Issuer;

Non-Preferred Senior Notes shall additionally rank junior to any claims arising from unsubordinated debt instruments and other similar financial instruments issued by the Issuer other than any Non-Preferred Senior Notes or other obligations ranking *pari passu* with the Non-Preferred Senior Notes (as referenced in Article 230(8) ZRPPB-1).

Therefore, in case of normal insolvency proceedings (being bankruptcy proceedings (*stečaj*) or compulsory liquidation (*prisilna likvidacija*)) opened in relation to the Issuer, payments in respect of the Eligible Notes will only be made if and after outstanding expenses of compulsory liquidation and bankruptcy proceedings as well as any claims ranking in priority to the claims under the Eligible Notes (as listed in sub-paragraphs (i) to (vii) above, and in respect of Non-Preferred Senior Notes, also the any claims arising from unsecured debt instruments and other similar financial instruments as described in the preceding paragraph) will be settled in full. The Eligible Notes are also not considered either guaranteed deposits which are part of the system of guaranteed deposits in the Republic of Slovenia, or a part of the guarantee scheme of the Republic of Slovenia. As a result of the above the Holders of the Eligible Notes may recover less than the full amount of their claims under the Eligible Notes or nothing at all.

Any rights of the Issuer to redeem early or repurchase the Eligible Notes are subject to the prior permission of the Resolution Authority (or any other relevant supervisory authority)

Prospective investors should not invest in the Eligible Notes in the expectation that any early redemption right will be exercised by the Issuer.

The Issuer may, at its sole discretion, redeem the Eligible Notes early at any time either for reasons of taxation or regulatory reasons. In addition, if such right is foreseen in the relevant Final Terms, the Issuer may at its sole discretion redeem the Eligible Notes before their stated maturity on a specified optional redemption date or for reasons of a minimal outstanding aggregate principal amount.

Any early redemption and any repurchase of the Eligible Notes is subject to the prior permission of the Resolution Authority (or any other relevant supervisory authority), all if and as applicable from time to time to the Issuer. Under the CRR, the Resolution Authority may only permit institutions to redeem or repurchase instruments (such as the Eligible Notes) if certain conditions prescribed by the CRR are complied with. These conditions, as well as a number of other technical rules and standards relating to regulatory capital requirements applicable to the Issuer, should be taken into account by the Resolution Authority in its assessment of whether or not to permit any redemption or repurchase. It is uncertain how the Resolution Authority will apply these criteria in practice and such rules and standards may change during the maturity of the Eligible Notes. It is therefore difficult to predict whether, and if so, on what terms, the Resolution Authority will grant its prior permission for any redemption or repurchase of the Eligible Notes.

Furthermore, even if the Issuer would be granted the prior permission of the Resolution Authority, any decision by the Issuer as to whether it will redeem the Eligible Notes early will be made at the sole discretion of the Issuer with regard to external factors (such as the economic and market impact of exercising a redemption right, regulatory capital requirements and prevailing market conditions). The Issuer disclaims, and investors should therefore not expect (and not invest in the expectation), that the Issuer will exercise any early redemption right in relation to the Notes.

Market making by the Issuer for the Eligible Notes is subject to the prior permission of the Resolution Authority and certain conditions and thresholds

Eligible Notes may be repurchased by the Issuer (also for market making purposes) only subject to certain conditions, such as the prior permission of the Resolution Authority, and within certain thresholds.

These conditions and thresholds also restrict the Issuer's possibility for market making for the Eligible Notes. Such restrictions may have a negative impact on the liquidity of the Eligible Notes and may lead to inadequate or delayed market prices for the Eligible Notes.

In the event that the Eligible Notes are redeemed prior to their maturity, Holders of the Eligible Notes may be exposed to certain risks, including the risk that their investment will have a lower than expected yield

If (i) there is a change in the regulatory classification of the Eligible Notes which becomes effective on or after the issue date that would be likely to result or has resulted in their exclusion in full or in part from

eligible liabilities according to the SRMR for purposes of the MREL pursuant to the SRMR (on an individual and/or consolidated basis of the Issuer) (ii) there is a change in the applicable tax treatment of the Eligible Notes as and which becomes effective on or after the issue date, and provided that in each case the conditions to early redemption and repurchase set forth in the relevant Final Terms are met, there is a risk that the Eligible Notes may be redeemed at the option of the Issuer, and at their Specified Denomination, together with accrued interest thereon, if any, prior to the maturity date. In addition, the Issuer may redeem the Eligible Notes early in whole at their Specified Denomination together with accrued interest thereon to but excluding the date specified for the redemption, if any, on (any of) the specified optional redemption date(s) or for reasons of minimal outstanding aggregate principal amount, provided that the conditions for early redemption and repurchase set forth in the relevant Final Terms are met.

If the Eligible Notes are redeemed prior to their maturity, a Holder of the Eligible Notes is exposed to the risk that due to the early redemption Holder's investment will have a lower than expected yield and to the risks connected with any reinvestment of the cash proceeds received as a result of the early redemption. Such cash proceeds may be lower than the then prevailing market price of the Notes immediately prior to the publication of a notice of redemption.

2.2.2 Particular risks relating to the Subordinated Notes

The Subordinated Notes may be redeemed at the option of the Issuer if the Issuer does not obtain the permission of the Competent Authority to include the Subordinated Notes in whole in the calculation of its Tier 2 capital

If the Issuer does not obtain the permission of the Competent Authority pursuant to Article 149(2) of ZBan-3 to include the Subordinated Notes in whole in the calculation of its Tier 2 capital pursuant to the CRR by a specific date, the Issuer may, in accordance with the Terms and Conditions, redeem the Subordinated Notes at their Specified Denomination, together with accrued and unpaid interest thereon, if any, any time prior to the maturity date. As a result, Holders of the Subordinated Notes are exposed to the risk that their investment will have a lower than expected yield (see – "*Risk Factors – In the event that the Subordinated Notes are redeemed prior to their maturity, Holders of the Subordinated Notes may be exposed to certain risks, including the risk that their investment will have a lower than expected yield*" below).

Holders of the Subordinated Notes are subject to risks resulting from the subordination of the Subordinated Notes

The Subordinated Notes constitute direct, unsecured and subordinated obligations of the Issuer. In the event of normal insolvency proceedings of the Issuer (being bankruptcy proceedings (*stečaj*) or compulsory liquidation (*prisilna likvidacija*)) any claims on the principal amount of the Subordinated Notes and any unpaid interest under the Subordinated Notes will rank: (a) junior to all present or future claims from: (i) unsubordinated instruments or obligations of the Issuer; and (ii) eligible liabilities instruments of the Issuer pursuant to Article 72b of the CRR; and (iii) subordinated instruments or obligations of the Issuer that rank senior to Tier 2 instruments (such as claims that do not result from an own funds item of the Issuer); (b) *pari passu*: (i) among themselves; and (ii) with all other present or future claims from Tier 2 instruments of the Issuer; and (c) senior to all present or future claims from: (i) Additional Tier 1 ("**AT 1**") instruments of the Issuer pursuant to Article 52 of the CRR; and (ii) ordinary shares of the Issuer and any other CET 1 instruments of the Issuer pursuant to Article 28 of the CRR; and (iii) all other subordinated instruments or obligations of the Issuer ranking *pari passu* with the instruments or obligations referred to in clauses (i) and (ii) of this clause (c) or otherwise ranking or expressed to rank junior to the obligations of the Issuer under the Notes.

Further, according to Article 48(7) the BRRD, EU Member States shall ensure that all claims resulting from own funds items (such as the Subordinated Notes and to the extent the Subordinated Notes qualify as own funds items) have, in normal insolvency proceedings, a lower priority ranking than any claim that does not result from an own funds item. As a result, EU Member States should ensure that claims resulting from Tier 2 instruments which are not recognised as own funds items, rank in priority to Tier 2 instruments which are recognised as own funds items. A provision having such effect has not been fully included in the ZRPPB-1 which purports to implement the BRRD. According to the first subparagraph of Article 48(7) BRRD, EU Member States shall ensure that, for (among others) institutions established in the European Union, all claims resulting from own funds items have, in national laws governing normal insolvency proceedings, a lower priority ranking than any claim that does not result from an own funds item. According to the second subparagraph of Article 48(7) BRRD, to the extent that an instrument is only

partly recognised as an own funds item, the whole instrument shall be treated as a claim resulting from an own funds item and shall rank lower than any claim that does not result from an own funds item. The wording of the ZRPPB-1 does not contain the part of the second subparagraph of the Article 48(7) BRRD stating "and shall rank lower than any claim that does not result from an own funds item" and, moreover, expressly provides that the claims resulting from Tier 2 instruments shall, in the case of insolvency proceedings, have equal priority ranking as other claims which, according to the applicable contractual provisions, rank equally with Tier 2 instruments. Therefore, ZRPPB-1 might be interpreted either (i) in a way that in the case of full derecognition of the Subordinated Notes from own funds, there is no mandatory override of the contractually agreed ranking in the relevant Final Terms which generally state that the Subordinated Notes shall rank *pari passu* with all other present or future claims from Tier 2 instruments of the Issuer, or (ii) in a way that subordinated claims resulting from other (former) own funds items of the Issuer, which would no longer be fully recognised as such, would rank prior to the Subordinated Notes. Therefore, claims resulting from the Subordinated Notes may (depending on the above possible interpretation) potentially rank junior also to certain subordinated claims, including any obligations of the Issuer under the claims that result from other Tier 2 instruments, which are no longer fully recognised as own funds items, if any.

Holders of the Subordinated Notes must be aware that, in the circumstances described above, (a) the Issuer will make payments in respect of the Subordinated Notes only in accordance with the subordination described above, and (b) the rights of the Holders of the Subordinated Notes under the Subordinated Notes will be subject to the provisions of the ZRPPB-1 and the SRMR (as the Issuer may be subject to resolution tools and powers stipulated therein (see "*Risk Factors – In the event of the Issuer's resolution, the Notes could be subject to write-down and conversion powers*")) and subsequently, the rights of the Holders of the Subordinated Notes under the Subordinated Notes may be subject to the provisions of other (national) insolvency laws applicable to the Issuer from time to time. In a liquidation, dissolution, bankruptcy, composition, resolution or other proceeding for the avoidance of bankruptcy of, or against, the Issuer, it is very likely that the Holders of the Subordinated Notes may recover proportionately less than the holders of unsubordinated obligations of the Issuer or may recover nothing at all.

There is the risk that an investor in the Notes will lose all or some of its investment should the Issuer become bankrupt

Any person who purchases the Subordinated Notes is relying on the creditworthiness of the Issuer and has no rights against any other person under the Subordinated Notes. Investors in the Subordinated Notes are subject to the risk of a partial or total failure of the Issuer to make interest and/or redemption payments that the Issuer is obliged to make under the Subordinated Notes. The Issuer's ability to meet its obligations arising from the Subordinated Notes and the ability of the Holders of the Subordinated Notes to receive payments arising from the Subordinated Notes depend on the financial position and the results of operations of the Issuer, which are subject to other risks described in this Prospectus. A materialisation of the credit risk may result in partial or total failure of the Issuer to make interest and/or redemption payments under the Subordinated Notes.

This risk is aggravated by the fact that the Subordinated Notes are unsecured and subordinated and the Subordinated Notes are not in any way 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. In the event of bankruptcy proceedings of the Issuer, the proceeds of the sale of the Issuer's assets will first be applied for settlement of any outstanding expenses of compulsory liquidation and bankruptcy proceedings and then distributed among the creditors according to the ranking of their claims. Consequently, for purposes of such distribution, the claims on the principal amount of the Subordinated Notes and any unpaid interest thereon will rank junior to the following categories of claims:

- (i) preferential claims, such as claims arising from salaries and severance payments and related taxes and contributions;
- (ii) covered deposits, i.e. deposits guaranteed under the deposits guarantee scheme;
- (iii) claims with an original maturity of less than seven days and held by (x) an institution which is not part of the same group or (y) a payment or settlement system or an operator or participant of that system, if the claims are the result of participation of the resolution entity in the payment or settlement system and the rules on finality of settlement of orders apply to the settlement in the

system in the event of insolvency or other procedure for winding-up of the member in accordance with the law governing payment systems and services or the law governing the market in financial instruments;

- (iv) deposits which are not excluded from protection pursuant to Article 5 of Directive 2014/49/EU (the "**eligible deposits**") from depositors who are natural persons or legal persons meeting the criteria for micro, small and medium-sized enterprises as defined in the law governing companies in amounts in excess of the covered deposits, including deposits which would have been eligible if they had not been made with a branch of the bank in a third country;
- (v) other eligible deposits;
- (vi) deposits which do not qualify as eligible deposits or liabilities referred to in sub-paragraph (iii) above; and
- (vii) unsecured claims, other than claims arising from debt securities and similar instruments issued by the Issuer;
- (viii) unsecured claims from debt instruments and other similar financial instruments, except for instruments referred to in sub-paragraph (ix) below;
- (ix) unsecured claims from debt instruments fulfilling the following conditions (so called senior non-preferred instruments): (x) having their original maturity of at least one year; (y) not having implemented characteristics of derivative financial instruments or not being themselves a derivative financial instrument, and (z) having in their contractual or issue documentation explicitly stated that they shall in the case of compulsory winding-up of the bank be repaid after the claims from sub-paragraphs (i) – (viii) above and before claims as stated in Article 230 (2) (10) of ZRPPB-1, which include claims from sub-paragraph (x) below, Tier 2 instruments and Additional Tier 1 instruments; and
- (x) subordinated claims which according to the applicable contractual provisions rank junior to claims from the above sub-paragraphs (i) – (ix) and do not fulfil conditions to be qualified (I) as Tier 2 instruments or Additional Tier 1 instruments, or (II) as other subordinated claims which, according to the applicable contractual provisions, rank equally with the Tier 2 instruments or Additional Tier 1 instruments.

Furthermore, such claims may, depending on the interpretation of the relevant provisions of ZRPPB-1 (see "*Risk Factors – Holders of the Subordinated Notes are subject to risks resulting from the subordination of the Subordinated Notes*"), potentially rank junior also to certain subordinated claims, including any obligations of the Issuer under the claims that result from other Tier 2 instruments, which are no longer fully not recognised as own funds items, if any.

Also, the Subordinated Notes are not considered either guaranteed deposits which are part of the system of guaranteed deposits in the Republic of Slovenia, or a part of the guarantee scheme of the Republic of Slovenia. As a result of the above, there is a risk that the Holders of the Subordinated Notes could lose part or all of their investments in the Subordinated Notes.

Any rights of the Issuer to redeem early or repurchase the Subordinated Notes are subject to the prior permission of the Competent Authority (or any other relevant supervisory authority)

Prospective investors should not invest in the Subordinated Notes in the expectation that any early redemption right will be exercised by the Issuer.

The Issuer may, at its sole discretion, redeem the Subordinated Notes early at any time either for reasons of taxation or regulatory reasons. In addition, if such right is foreseen in the relevant Final Terms, the Issuer may at its sole discretion redeem the Subordinated Notes before their stated maturity on a specified optional redemption date or for reasons of a minimal outstanding aggregate principal amount.

If the Issuer redeems the Subordinated Notes early, a Holder of the Subordinated Notes is exposed to the risk that, due to such redemption, its investment may have a lower than expected yield. The Issuer might redeem the Subordinated Notes if the yield on comparable notes in the capital markets falls, which means

that the Holder of the Subordinated Notes may only be able to reinvest the redemption proceeds in notes with a lower yield or with a similar yield of a higher risk.

Any early redemption and any repurchase of the Subordinated Notes is subject to the prior permission of the competent authority pursuant to Article 4(1)(40) CRR and/or Article 9(1) SSMR, in each case, which is responsible to supervise the Issuer on an individual basis and/or (sub-)consolidated basis (the "**Competent Authority**") (or any other relevant supervisory authority), all if and as applicable from time to time to the Issuer. Under the CRR, the Competent Authority may only permit institutions to redeem or repurchase instruments (such as the Subordinated Notes) if certain conditions prescribed by the CRR are complied with. These conditions, as well as a number of other technical rules and standards relating to regulatory capital requirements applicable to the Issuer, should be taken into account by the Competent Authority in its assessment of whether or not to permit any redemption or repurchase. It is uncertain how the Competent Authority will apply these criteria in practice and such rules and standards may change during the maturity of the Subordinated Notes. It is therefore difficult to predict whether, and if so, on what terms, the Competent Authority will grant its prior permission for any redemption or repurchase of the Subordinated Notes.

Furthermore, even if the Issuer would be granted the prior permission of the Competent Authority, any decision by the Issuer as to whether it will redeem the Subordinated Notes early will be made at the sole discretion of the Issuer with regard to external factors (such as the economic and market impact of exercising a redemption right, regulatory capital requirements and prevailing market conditions). The Issuer disclaims, and investors should therefore not expect (and not invest in the expectation), that the Issuer will exercise any early redemption right in relation to the Subordinated Notes.

Market making by the Issuer for the Subordinated Notes is subject to the prior permission of the Competent Authority and certain conditions and thresholds

Subordinated Notes may be repurchased by the Issuer (also for market making purposes) only subject to certain conditions, such as the prior permission of the Competent Authority, and within certain thresholds.

These conditions and thresholds also restrict the Issuer's possibility for market making for the Subordinated Notes. Such restrictions may have a negative impact on the liquidity of the Subordinated Notes and may lead to inadequate or delayed market prices for the Subordinated Notes.

In the event that the Subordinated Notes are redeemed prior to their maturity, Holders of the Subordinated Notes may be exposed to certain risks, including the risk that their investment will have a lower than expected yield

If (i) the Issuer fails to obtain the permission of the Competent Authority pursuant to Article 149(2) ZBan-3 to include the Notes in whole in the calculation of its Tier 2 capital pursuant to Article 71 CRR by a specific date as specified in the Final Terms; or (ii) there is a change in the regulatory classification of the Subordinated Notes which becomes effective on or after the issue date that would be likely to result in their exclusion in full or in part from own funds or reclassification as a lower quality form of own funds (in each case, on an individual and/or consolidated basis of the Issuer) (other than as a consequence of the amortisation in accordance with Article 64 CRR); or (iii) there is a change in the applicable tax treatment of the Subordinated Notes and which becomes effective on or after the issue date, and provided that in each case the conditions to early redemption and repurchase set forth in the Terms and Conditions are met, there is a risk that the Subordinated Notes may be redeemed at the option of the Issuer, and at their Specified Denomination, together with accrued interest thereon, if any, prior to the maturity date. In addition, the Issuer may redeem the Subordinated Notes early in whole at their Specified Denomination together with accrued interest thereon to but excluding the date specified for the redemption, if any, on the specified optional redemption date or for reasons of minimal outstanding aggregate principal amount, provided that the conditions for early redemption and repurchase set forth in the relevant Final Terms are met.

If the Subordinated Notes are redeemed prior to their maturity, a Holder of the Subordinated Notes is exposed to the risk that due to the early redemption the Holder's investment will have a lower than expected yield and to the risks connected with any reinvestment of the cash proceeds received as a result of the early redemption. Such cash proceeds may be lower than the then prevailing market price of the Subordinated Notes immediately prior to the publication of a notice of redemption.

2.3 Risks relating to the nature of the Notes

Liquidity risk

Application for the Programme has been made in order for any Notes to be issued under the Programme to be listed on the official list of the Luxembourg Stock Exchange, to be traded on the Regulated Market "Bourse de Luxembourg" of the Luxembourg Stock Exchange and application may be made to admit the Notes on any other stock exchange. Notes may however not be listed at all. Regardless of whether the Notes are listed or not, there can be no assurance that any liquid secondary market for the Notes will develop. Further, the Notes could trade at prices that may be higher or lower than the initial offering price depending on several factors, including prevailing interest rates, the Issuer's operating results, the market for similar securities and other factors, including general economic conditions, performance and prospects, as well as recommendations of securities analysts. The liquidity of, and the trading market for, the Notes may also be adversely affected by declines in the market for debt securities generally. Such a decline may affect any liquidity and trading of the Notes independent of the Issuer's financial performance and prospects.

The fact that the Notes may be listed does not necessarily lead to greater liquidity as compared to unlisted Notes. If the Notes are not listed on any stock exchange, pricing information for such Notes may, however, be more difficult to obtain which may affect the liquidity of the Notes adversely. In an illiquid market, an investor might not be able to sell its Notes at any time at fair market prices. The possibility to sell the Notes might additionally be restricted by country specific reasons. Further, the listing of any Notes on the official list of the Luxembourg Stock Exchange, or the Regulated Market "Bourse de Luxembourg" of the Luxembourg Stock Exchange or any other stock exchange may, dependent on the circumstances of an individual case, be suspended or discontinued.

Investors should note that difficult global credit market conditions and interest rate outlook may adversely affect the liquidity not only in the primary market but also in the secondary market for debt securities issued by the Issuer and may affect the liquidity of any primary or secondary market in which Notes to be issued by the Issuer may be traded. The Issuer cannot predict when these circumstances will change.

Market price risk

The development of market prices of the Notes depends on various factors, such as changes of levels of the current market interest rate on the capital market for issues of the same maturity ("**Market Interest Rate**"), development of an underlying, the policy of central banks, overall economic developments, inflation rates, interest rates or the lack of or excess demand for the relevant type of Note. The Holders are therefore exposed to the risk of an unfavourable development of market prices of its Notes which materialises if the Holder sells the Notes prior to the final maturity of such Notes. If the Holder decides to hold the Notes until final maturity the Notes shall be redeemed at the amount set out in the relevant Final Terms.

Holders of Notes with a fixed interest rate are particularly exposed to the risk that the price of such Notes falls as a result of changes in the Market Interest Rate levels. While the nominal interest rate of a Note with a fixed interest rate as specified in the applicable Final Terms is fixed during the life of such Notes, the current interest rate on the capital market typically changes on a daily basis. As the Market Interest Rate changes, the price of Notes with a fixed interest rate also changes, but in the opposite direction. If the Market Interest Rate increases, the price of Notes with a fixed interest rate typically falls, until the yield of such Notes is approximately equal to the Market Interest Rate of comparable issues. If the Market Interest Rate falls, the price of Notes with a fixed interest rate typically increases, until the yield of such Notes is approximately equal to the Market Interest Rate of comparable issues. If Holders of Notes with a fixed interest rate hold such Notes until maturity, changes in the Market Interest Rate are without relevance to such Holders as the Notes will be redeemed at a specified redemption amount, usually the principal amount of such Notes.

Currency risk

A Holder of Notes denominated in a foreign currency is exposed to the risk of changes in currency exchange rates which may affect the yield of such Notes. Changes in currency exchange rates result from various factors such as macroeconomic factors, speculative transactions and interventions by central banks and governments.

A change in the value of any foreign currency against the local currency of a Holder, for example, will result in a corresponding change in the local currency value of Notes denominated in a currency other than the local currency and a corresponding change in the local currency value of interest and principal payments made in a currency other than in the local currency in accordance with the terms of such Notes. If the underlying exchange rate falls and the value of the local currency correspondingly rises, the price of the Notes and the value of interest and principal payments made thereunder expressed in the local currency falls.

The payments in relation to the Notes may be subject to Slovenian rules on payments in foreign currencies where as a result payments in relation to the Notes may need to be effected in the local currency thus exposing the investors to exchange rate and inflation risk.

In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable currency exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal at all.

2.4 Risks relating to the specific Terms and Conditions of the Notes

Following the regulation and reform of "benchmarks", including the Euro Interbank Offered Rate (EURIBOR), benchmarks may perform differently than in the past or disappear entirely, or there could be other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the Notes

The Final Terms applicable to the Notes may provide that, following any reset date, interest amounts payable on the Notes may be calculated by reference to the annual swap rate for swap transactions denominated in Euro with a specified term, which appears on the Reuters Screen Page ICESWAP2.

This swap-rate, the Euro Interbank Offered Rate (EURIBOR) underlying the floating leg of this swap rate and other interest rates or other types of rates and indices which are deemed "benchmarks" (each a "Benchmark" and together, the "Benchmarks") have become the subject of regulatory scrutiny and recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such Benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the Notes.

International proposals for reform of Benchmarks include the Benchmarks Regulation which is applicable since 1 January 2018. The Benchmarks Regulation could have a material impact on the Notes, including in any of the following circumstances:

- a rate or index which is a Benchmark may only be used if its administrator obtains authorisation or is registered and in case of an administrator which is based in a non-EU jurisdiction, if the administrator's legal benchmark system is considered equivalent (Article 30 Benchmarks Regulation), the administrator is recognised (Article 32 Benchmarks Regulation) or the relevant Benchmark is endorsed (Article 33 Benchmarks Regulation) (subject to applicable transitional provisions). If this is not the case, Notes linked to such Benchmarks could be impacted; and
- the methodology or other terms of the Benchmark could be changed in order to comply with the terms of the Benchmarks Regulation, and such changes could have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level, and could have an impact on the Notes, including determination of the rate by the Issuer, the Calculation Agent or an independent adviser, as the case may be.

In addition to the aforementioned Benchmarks Regulation, there are numerous other proposals, initiatives and investigations which may impact Benchmarks.

Following the implementation of any such potential reforms, the manner of administration of Benchmarks may change, with the result that they may perform differently than in the past, or Benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted.

Any changes to a Benchmark as a result of the Benchmarks Regulation or other initiatives, could have a material adverse effect on the costs of administering or otherwise participating in the setting of a Benchmark

and complying with any such regulations or requirements. Investors should be aware that any changes to a relevant Benchmark may have a material adverse effect on the market price of the Notes.

Under the Terms and Conditions, certain benchmark replacement provisions may apply if a Benchmark (or any component part thereof) used as a reference for the calculation of interest amounts payable under the Notes were to be discontinued or otherwise became unavailable:

If a Benchmark Event occurs, the Issuer shall endeavour to determine in its reasonable discretion whether an officially recognised successor rate to the discontinued Benchmark exists, which, possibly after application of adjustments or spreads, can replace the discontinued Benchmark.

If the Issuer determines in its reasonable discretion that there is no officially recognised successor rate to the discontinued Benchmark but that there may be an alternative rate, then the Issuer shall endeavour to appoint an independent adviser, which must be an independent credit institution of international repute or other independent financial adviser experienced in the international debt capital markets. The independent adviser will attempt to find an alternative rate which, possibly after application of adjustments or spreads, can replace the discontinued Benchmark. Any adjustments or spreads determined by the Issuer or the independent adviser, as the case may be, are intended to be applied in order to produce an industry-accepted replacement benchmark rate, however the relevant adjustments or spreads may not be successful in doing so and the Notes may still perform differently than if the original Benchmark had continued to be used. If the Issuer determines a successor rate or the independent adviser determines an alternative rate (the "**New Benchmark Rate**"), such rate will replace the previous Benchmark for purposes of determining the relevant rate of interest. Such determination will be binding for the Issuer, the Fiscal Agent, the Paying Agents, the Calculation Agent and the Holders of the Notes. Any amendments pursuant to these fallback provisions will apply with effect from the respective effective date specified in the Terms and Conditions.

If the Issuer does not appoint an independent adviser or if the Issuer or the independent adviser appointed by it do not determine a New Benchmark Rate, an Adjustment Spread or Benchmark Amendments (if required) following a discontinuation of a relevant Benchmark, the reference rate applicable to the Reset Period shall be the applicable Fallback Rate.

If, in the determination of the Issuer, the determination of the Reference Rate would cause a Regulatory Event or could reasonably be expected to entitle the Issuer to redeem the Notes for regulatory reasons and/or would prejudice the qualification of the Notes as tier 2 instruments and/or as eligible liabilities instruments, the Reference Rate applicable to the Reset Period shall be the applicable Fallback Rate.

The replacement of a Benchmark used to calculate the interest under the Notes could have adverse effects on the economic return of the Holders of the Notes compared to the applicable original benchmark rate.

The Notes may have a reference rate based on the CMT Rate; if such rate is unavailable or discontinued, this may adversely affect the value of and return on the Notes

The Notes may have a reference rate based on the CMT Rate. The CMT Rate is the rate equal to the semi-annual yield for U.S. Treasury Securities at "constant maturity" for a specified period to maturity as published in the H.15 under the caption "U.S. government securities-Treasury constant maturities-Nominal", as such yield is displayed on the relevant Reset Determination Date on the Bloomberg L.P. service, or any successor service.

To the extent the relevant CMT Rate does not appear on the relevant Bloomberg Screen, the CMT Rate for the relevant reset period will be determined using alternative methods. Any of these alternative methods may result in interest payments that are lower than or do not otherwise correlate over time with the payments that would have been made on the Notes if the otherwise applicable screen rate was available in its current form. Any of the foregoing may have an adverse effect on the value of the Notes.

Notes with a fixed to fixed resettable interest

Notes with a fixed to fixed resettable interest bear interest at a rate that converts from one fixed rate to another fixed rate at the specified time(s). Such conversion may affect the secondary market and the market value of the Notes. The spread on the Notes with a fixed to fixed resettable interest may be less favourable than then prevailing spreads on comparable Notes with a fixed interest rate relating to the same reference rate. In addition, the new fixed rate at any time may be lower than the interest rates payable on other Notes.

Risks related to the German Act on Debt Securities of 2009

Since the Terms and Conditions of Notes issued under the Programme provide for meetings of Holders of a series of Notes or the taking of votes without a meeting, the Terms and Conditions of such Notes may be amended (as proposed or agreed by the Issuer) by majority resolution of the Holders of such Notes and any such majority resolution will be binding on all Holders. Any Holder is therefore subject to the risk that its rights against the Issuer under the Terms and Conditions of the relevant series of Notes are amended, reduced or even cancelled by a majority resolution of the Holders. Any such majority resolution will even be binding on Holders who have declared their claims arising under the Notes due and payable based on the occurrence of an event of default but who have not received payment from the Issuer prior to the amendment taking effect. According to the German Act on Debt Securities of 2009 (*Gesetz über Schuldverschreibungen aus Gesamtemissionen (Schuldverschreibungsgesetz) – "SchVG"*), the relevant majority for Holders' resolutions is generally based on votes cast, rather than on the aggregate principal amount of the relevant Notes outstanding. Therefore, any such resolution may effectively be passed with the consent of less than a majority of the aggregate principal amount of the relevant Notes outstanding.

Under the SchVG, an initial common representative (*gemeinsamer Vertreter*) of the Holders (the "**Joint Representative**") may be appointed in the Terms and Conditions.

However, no initial Joint Representative might be appointed in the Terms and Conditions at the issue date. Any appointment of a Joint Representative at a later stage will, therefore, require a majority resolution of the Holders of the Notes. If the appointment of a Joint Representative is delayed, this may make it more difficult for Holders to take collective action to enforce their rights under the Notes.

If a Joint Representative is appointed by majority decision of the Holders it is possible that Holders may be deprived of their individual right to pursue and enforce their rights under the Terms and Conditions against the Issuer, if such right was passed to the Joint Representative by majority vote who is then exclusively responsible to claim and enforce the rights of all the Holders.

Under the SchVG, even if a default notice is given by a sufficient number of Holders, it could be rescinded by majority resolution within three months. A simple majority of votes would be sufficient for a resolution on the rescission of such acceleration but, in any case, more Holders would have to consent to a rescission than have delivered default notices. Holders should be aware that, as a result, they may not be able to accelerate their Notes upon the occurrence of certain events of default, unless the required quorum of Holders with respect to the Notes delivers default notices and such acceleration is not rescinded by majority resolution of the Holders.

2.5 Other material risks relating to the Notes

The risk associated with withholding tax

According to the Slovenian rules applicable to taxation of interest, the payment of interest under the Notes shall not be subject to withholding tax imposed by the Republic of Slovenia if the Notes are admitted to trading on a regulated market or traded in a multilateral trading facility in an EU Member State or a member of the Organisation for Economic Co-operation and Development. If, for any reason, the Notes are not admitted to trading on such market or traded on such trading facility, the person who is considered a Slovenian payer of interest under the Notes pursuant to the Slovenian tax regulations may be obliged to deduct from each payment of interest tax at the rate of 25 per cent. In particular, this would be the case if such withholding or deduction would have been required to be made pursuant to the laws applicable on the issue date of the Notes. Pursuant to the respective Conditions of the Notes, in such a situation the Issuer would be required to increase the relevant interest payments by additional amounts which would result in the receipt by the Holders of Notes of such amounts as would have been received by them had no such withholding been required, however the Issuer's obligation to do so is subject to a number of exceptions set out in the respective Conditions of the Notes.

Notes issued as Green Bonds with a specific use of proceeds, may not meet investor expectations or requirements

Notes issued with a specific use of proceeds, such as a Green Bond

In respect of any Notes issued with a specific use of net proceeds, such as a green bond there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor.

The Final Terms relating to any specific Tranche of Notes may provide that it will be the Issuer's intention to apply an amount equivalent to the net proceeds from an offer of those Notes to finance or re-finance Eligible Green Loans. The Issuer has established a Green Bond Framework which further specifies the eligibility criteria for such Eligible Green Loans based on the ICMA Green Bond Principles. The Green Bond Framework and the Second Party Opinion (as defined below) can be accessed on the website of the Issuer. For the avoidance of doubt, neither the Green Bond Framework nor the content of the website or any Second Party Opinion (as defined below) or any other document related thereto are incorporated by reference into or form part of this Prospectus.

Prospective investors should refer to the information set out in the relevant Final Terms and in the Green Bond Framework regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investor deems necessary.

Compliance with future voluntary or regulatory initiatives

Due to the intention to apply the net proceeds from the issuance of such Tranche of Notes to finance or re-finance Eligible Green Loans, the Issuer may refer to such Notes as "green bonds". There is currently no clearly defined term (legal, regulatory or otherwise) of, nor market consensus as to what constitutes or may be classified as, a "green" or an equivalently-labelled project. It is an area which has been, and continues to be, the subject of many and wide-ranging voluntary and regulatory initiatives to develop rules, guidelines, standards, taxonomies and objectives. Even if such voluntary or regulatory initiatives should arrive at a definition of "green" they are not necessarily meant to apply to the Notes nor will the Issuer necessarily seek compliance for any of the Notes with all or some of such rules, guidelines, standards, taxonomies or objectives.

The proposal for a European green bond standard (the "**EU Green Bond Standard**") published on 6 July 2021 is a voluntary standard to help scale up and raise the environmental ambitions of the green bond market. It is based on the recommendations of the Technical Expert Group (the "**TEG**") on sustainable finance to enhance the effectiveness, transparency, comparability and credibility of the green bond market and to encourage the market participants to issue and invest in EU green bonds.

On 9 March 2020, TEG published their usability guide for the EU Green Bond Standard. This guide offers market actors guidance on the use of the proposed standard and the set-up of a market-based registration scheme for external verifiers. The usability guide contains an updated proposal for an EU Green Bond Standard.

As for the EU Green Bond Standard, the TEG proposes that the use of proceeds is aligned with the EU Taxonomy Regulation. This explicitly includes activities included in the EU Taxonomy Regulation as transitional activities. There is no separate treatment of the taxonomy transitional activities for the purposes of the EU Green Bond Standard. Given that, it is currently not planned that a separate EU Green Bond Standard should be established for transition bonds.

Regulation (EU) 2020/852 (the "**EU Taxonomy Regulation**") establishes the basis for the EU Taxonomy Regulation by setting out four overarching conditions that an economic activity has to meet in order to qualify as environmentally sustainable. The EU Taxonomy Regulation establishes six environmental objectives. A first delegated act (Delegated Regulation (EU) 2021/2139) on sustainable activities for climate change adaptation and mitigation objectives entered into force on 1 January 2022. A second delegated act for the remaining objectives is expected to be published in 2023, since the initial publication date foreseen in 2022 has been delayed. A Delegated Act (Delegated Regulation (EU) 2021/2178) supplementing Article 8 of the EU Taxonomy Regulation is applicable since January 2022. This delegated act specifies the content, methodology and presentation of information to be disclosed by financial and non-

financial undertakings concerning the proportion of environmentally sustainable economic activities in their business, investments or lending activities.

The Complementary Climate Delegated Act (Delegated Regulation (EU) 2022/1214) is including, under strict conditions, specific nuclear and gas energy activities in the list of economic activities covered by the EU Taxonomy Regulation.

The EU Taxonomy Regulation explicitly identifies transitional activities as an eligible category of activities making a substantial contribution to climate change mitigation. The EU Taxonomy Regulation identifies three conditions for an activity to be included as a transitional activity: that it (i) has greenhouse gas emission levels that correspond to the best performance in the sector or industry; (ii) does not hamper the development and deployment of low-carbon alternatives; and (iii) does not lead to a lock-in of carbon-intensive assets, considering the economic lifetime of those assets.

No assurance is given by the Issuer, the Arranger or the Dealers that the envisaged use of proceeds of relevant Notes by the Issuer for any Eligible Green Loans in accordance with the Green Bond Framework will satisfy, either in whole or in part, (i) any existing or future legislative or regulatory requirements or standards such as further delegated acts relating to the remaining objectives of the EU Taxonomy Regulation or the EU Green Bond Standard, or (ii) any present or future investor expectations or requirements with respect to investment criteria or guidelines with which any investor or its investments are required to comply under its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental impact of any projects or uses, the subject of or related to, the relevant Eligible Green Loans. Further, no assurance or representation is or can be given by the Issuer, the Arranger or the Dealers that the reporting under the Green Bond Framework will meet investor needs or expectations.

Moreover, in light of the continuing development of legal, regulatory and market conventions in the green, sustainable and positive social impact markets, there is a risk that the Issuer's Green Bond Framework may (or may not) be modified in the future to adapt any update that may be made to the ICMA Green Bond Principles, the EU Taxonomy Regulation and/or the EU Green Bond Standard. Such changes may have a negative impact on the market value and the liquidity of the Notes issued prior to the amendment.

Failure to comply with the intended use of proceeds

It is the intention of the Issuer to apply an amount equivalent to the net proceeds of any relevant Notes for Eligible Green Loans in, or substantially in, the manner described in the relevant Final Terms and the Green Bond Framework. However, there can be no assurance by the Issuer, the Arranger, the Dealers or any other person that the relevant project(s) or use(s) the subject of, or related to, any Eligible Green Loans will be capable of being implemented in or substantially in such manner and/or accordance with any timing schedule and that accordingly such proceeds will be disbursed in whole or in part for such Eligible Green Loans. Neither can there be any assurance by the Issuer, the Arranger, the Dealers or any other person that such Eligible Green Loans will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer or that any adverse environmental and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Green Loans. Neither the Arranger nor the Dealers have undertaken, nor are they responsible for, any assessment of the Eligible Green Loans or the application, impact or monitoring of the use of proceeds of the relevant Notes.

(i) Any such event or any failure by the Issuer to do so or (ii) any failure to provide or publish any reporting or any (impact) assessment, or (iii) any failure to obtain any certification or label (or the withdrawal of any such certification or label or of the Second Party Opinion (as defined below)), or (iv) any Eligible Green Loans ceasing to be classed as such prior to maturity of the relevant Notes, or (v) the fact that the maturity of an Eligible Green Loan may not match the minimum duration of the Notes, will not (a) constitute an event or default under the Notes or (b) give the Holders the right to otherwise early terminate and demand redemption of the Notes.

Payment of principal and interest in respect of relevant Notes will be made from the Issuer's general funds and will not be directly linked to the performance of any Eligible Green Loans (or any other environmental or similar targets set by the Issuer).

Second Party Opinion

No assurance or representation can be given by the Issuer, the Arranger or the Dealers as to the suitability or reliability for any purpose whatsoever of the second party opinion dated 5 May 2023 issued by Sustainalytics in relation to the Issuer's Green Bond Framework or any other opinion or certification of any

third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of any Notes and in particular with any Eligible Green Loans to fulfil any environmental and/or other criteria (each a "**Second Party Opinion**"). Any such Second Party Opinion may not address risks that may affect the value of any Notes issued under the Green Bond Framework or any Eligible Green Loans against which the Issuer may assign the net proceeds of any Notes.

Any such Second Party Opinion provides an opinion on certain environmental and related considerations and is not intended to address any credit, market or other aspects of an investment in any Notes, including without limitation market price, marketability, investor preference or suitability of any security. Any such Second Party Opinion is a statement of opinion, not a statement of fact. Any such Second Party Opinion is not, nor should be deemed to be, a recommendation by the Issuer, the Arranger, the Dealers or any other person to buy, sell or hold any Notes. Any such Second Party Opinion is only current as of the date that opinion was initially issued and may be updated, suspended or withdrawn by the relevant provider(s) at any time. Neither the Issuer nor the Arranger or the Dealers assume any obligation or responsibility to release any update or revision to the framework to reflect events or circumstances after the date of publication of the framework and, therefore, an update or a revision of the Second Party Opinion may or may not be requested of any provider of Second Party Opinions. Prospective investors must determine for themselves the relevance of any such Second Party Opinion and/or the information contained therein and/or the provider of such Second Party Opinion for the purpose of any investment in any Notes.

Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. There can be no assurance that Holders will have any recourse against the provider(s) of any Second Party Opinion.

Listing of Notes on dedicated stock exchange segments or platforms or inclusion in dedicated indices

In the event that any Series of Notes is listed or admitted to trading on the Luxembourg Green Exchange or any other dedicated "ESG", "green", "environmental", "sustainable", "social" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated) or included in any index so labelled, no representation or assurance is given by the Issuer, the Arranger, the Dealers or any other person that such listing, admission or inclusion satisfies, whether in whole or in part, any present or future investor expectations or requirements with respect to investment criteria or guidelines with which any investor or its investments are required to comply under its own by-laws or other governing rules or investment portfolio mandates. Furthermore, it should be noted that the criteria for any such listing, admission to trading or inclusion in any index may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer, the Arranger, the Dealers or any other person that any such listing, admission to trading or inclusion in any index will be obtained in respect of any Series of Notes or, if obtained, that any such listing, admission to trading or inclusion in any index will be maintained during the life of that Series of Notes.

Summary of potential implications for Holders

Any of the risks mentioned above and in particular (i) the non-compliance of the Notes with any future voluntary or regulatory standard for green instruments, (ii) a failure to apply an amount equivalent to the proceeds of any issue of Notes for any Eligible Green Loans, (iii) the withdrawal of any Second Party Opinion, (iv) the Notes ceasing to be listed, admitted to trading on any dedicated stock exchange or securities market or included in any dedicated index, or (v) bail-in or resolution measures may have a material adverse effect on the value of such Notes and also potentially the value of any other Notes which are intended to finance or refinance similar Eligible Green Loans and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

ESG Ratings

ESG ratings may vary amongst ESG ratings agencies as the methodologies used to determine ESG ratings may differ. The Issuer's ESG ratings are not necessarily indicative of its current or future operating or financial performance, or any future ability to service the Notes and are only current as of the dates on which they were initially issued. ESG ratings shall not be deemed to be a recommendation to buy, sell or hold the Notes. Currently, the providers of such ESG ratings are not subject to any regulatory or other similar oversight in respect of their determination and award of ESG ratings. Prospective investors must determine for themselves the relevance of any such ESG rating information contained in this Prospectus or elsewhere in making an investment decision.

Because the Global Notes will be held by or on behalf of Euroclear and Clearstream, Luxembourg, Holders of the Notes will have to rely on their procedures for transfer, payment and communication with the Issuer

The Notes will be represented by the Global Notes. The Global Notes will be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. Investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common depository for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Ratings of the Notes, if any, may not reflect all risks - ratings of the Notes may be subject to change at all times

One or more independent credit rating agencies may assign credit ratings to the Notes, as may be specified in the relevant Final Terms. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be reduced or withdrawn entirely by the credit rating agency if, in its judgment, circumstances so warrant. Rating agencies may also change their methodologies for rating securities in the future. Any suspension, reduction or withdrawal of the credit rating assigned to the relevant Notes by one or more of the credit rating agencies could adversely affect the value and trading of such Notes.

Rating agencies may also change their methodologies for rating securities with features similar to the Notes in the future. If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Notes were to be subsequently lowered, this may have a negative impact on the trading price of the Notes. In any case, the ratings of the Notes may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes.

Furthermore, as a result of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**CRA Regulation**"), if the status of a rating agency rating the Notes changes or the rating is not endorsed by a credit rating agency registered under the CRA Regulation, European regulated investors may no longer be able to use the rating for regulatory purposes. Any such change could cause the Notes to be subject to different regulatory treatment. This may result in such European regulated investors selling the Notes, which may impact the value of the Notes and any secondary market.

2.6 Risks resulting from the Notes representing eligible liabilities or regulatory capital of the Issuer

In the event of the Issuer's resolution, the Notes could be subject to write-down and conversion powers

Amongst other powers, the SRMR gives the Resolution Authority the power to cancel or convert all or a portion of the principal amount of, and/or interest on, eligible liabilities instruments and capital instruments, which may include the Notes.

Should the Resolution Authority take a resolution action in relation to the Issuer, the holders of the Notes (each a "**Holder**") may therefore be subject to write-down or conversion into equity on application of such powers (without requiring the consent of such Holder of the Notes), which may result in such Holder of the Notes losing some or all of their investment or receiving other securities to replace the Notes which are worth less than the Notes.

The exercise of such mandatory write-down and conversion powers could, therefore, materially adversely affect the rights of the Holder of the Notes, the price or value of their investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes and, accordingly, the application, announcement or expectations of any resolution measures being applied to the Issuer would negatively

impact the rights of the Holder of the Notes, the value of the Notes and the performance of the Issuer's obligations in respect of the Notes.

In the event of the Issuer's resolution, payments under the Notes would be subject to the approval of the Resolution Authority

The ZRPPB-1 provides that an institution under resolution shall not be permitted to make any payments of principal or interest under its capital instruments or eligible liabilities instruments (which may include the Notes), regardless of their maturity, unless prior approval of the Resolution Authority has been obtained.

Therefore, should the Resolution Authority take a resolution action in relation to the Issuer, it is likely that the Holder of the Notes will not receive payments of principal or interest payable under the Notes when due. Accordingly, the application, announcement or expectations of resolution measures being applied to the Issuer would negatively impact the rights of the Holder of the Notes, the value of the Notes and the performance of the Issuer's obligations in respect of the Notes.

In the event of the Issuer's resolution, the admission of the Notes issued under the Programme to trading on the Regulated Market of the Luxembourg Stock Exchange may be suspended or discontinued

The ZRPPB-1 provides that the Resolution Authority shall have the power to discontinue or suspend the admission to trading on a market or the official listing of financial instruments issued by an institution under resolution without the consent of the holders of such financial instruments.

The exercise of such powers in relation to the Notes or even the announcement or expectations of resolution measures being applied to the Issuer would negatively impact the liquidity and the value of the Notes.

ISSUE PROCEDURES

General

The Issuer and the relevant Dealer(s) will agree on the terms and conditions applicable to each particular Tranche of Notes (the "**Conditions**"). These Conditions will be constituted by the relevant set of Terms and Conditions of the Notes set out in the section entitled "*Terms and Conditions of the Notes*" as further specified by the relevant Final Terms as described below.

Sets of Terms and Conditions of the Notes

A separate set of Terms and Conditions of the Notes shall apply to each type of Notes, as set out below. The relevant Final Terms shall provide for the Issuer to choose among the following Options:

Option I - Terms and Conditions for Notes with a fixed interest rate;

Option II - Terms and Conditions for Euro-denominated Notes with fixed to fixed resettable interest rate; and

Option III - Terms and Conditions for USD-denominated Notes with fixed to fixed resettable interest rate.

Documentation of the Conditions

The Issuer shall document the Conditions in any of the following ways:

- The relevant Final Terms shall determine whether Option I, Option II or Option III and whether certain further options contained in Option I, Option II or Option III shall be applicable to the individual issue of Notes by replicating the relevant provisions of, and completing the relevant placeholders set out in Option I, Option II or Option III in the relevant Final Terms. The replicated and completed provisions of the set of Terms and Conditions of the Notes alone shall constitute the Conditions (the "**Integrated Conditions**"). The Integrated Conditions shall be attached to each global note representing the Notes of the relevant Tranche.
- Alternatively, the relevant Final Terms shall determine whether Option I, Option II or Option III and whether certain further options contained in Option I, Option II or Option III shall be applicable to the individual issue of Notes by making reference to the specific sections of the relevant set of Terms and Conditions of the Notes. The relevant Final Terms and the relevant set of Terms and Conditions of the Notes (the "**Long-form Conditions**"), taken together, shall constitute the Conditions. The relevant Final Terms and the Long-form Conditions shall be attached to each global note representing the Notes of the relevant Tranche.

Determination of Options / Completion of Placeholders

The relevant Final Terms shall determine whether Option I, Option II or Option III shall be applicable to the individual issue of Notes. Each set of Terms and Conditions of the Notes constituting Option I, Option II or Option III contains certain further options (characterised by indicating the respective optional provision through instructions and explanatory notes set out in square brackets within the text of the relevant set of Terms and Conditions of the Notes as set out in this Prospectus) as well as placeholders (characterised by square brackets which include the relevant items) which shall be determined by the relevant Final Terms as follows:

Determination of Options

The Issuer shall determine which options shall be applicable to the individual issue of Notes by either replicating the relevant provisions in the relevant Final Terms or by making reference in the relevant Final Terms to the relevant sections of the relevant set of Terms and Conditions of the Notes. If the relevant Final Terms do not replicate or make reference to an alternative or optional provision (as set out in the relevant set of Terms and Conditions of the Notes) such provision shall be deemed to have been deleted from the Conditions.

Completion of Placeholders

The relevant Final Terms shall specify the information completing the placeholders in the relevant set of Terms and Conditions of the Notes. In case the provisions of the relevant Final Terms and the relevant set of Terms and Conditions of the Notes, taken together, shall constitute the Conditions the relevant set of Terms and Conditions of the Notes shall be deemed to have been completed by the information contained in the relevant Final Terms as if such information were inserted in the placeholders of such provisions.

In that case, all instructions and explanatory notes and text set out in square brackets in the relevant set of Terms and Conditions of the Notes and any footnotes and explanatory text set out in the relevant Final Terms shall be deemed to have been deleted from the Conditions.

TERMS AND CONDITIONS OF THE NOTES

OPTION I – NOTES WITH A FIXED INTEREST RATE

§ 1 CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS

(1) *Currency, Denomination.* This series of [subordinated] notes is being issued by Nova Ljubljanska banka d.d., Ljubljana (the "**Issuer**") in [insert specified currency] (the "**Specified Currency**") in the aggregate principal amount of [insert specified currency and aggregate principal amount] (in words: [insert aggregate principal amount in words]) in the denomination of [insert specified currency and specified denomination]³ (the "**Specified Denomination**") each (the "**Notes**" and each a "**Note**").

(2) *Form.*

- (a) The Notes are issued in bearer form.
- (b) The Notes are initially represented by a temporary global note (the "**Temporary Global Note**") without interest coupons. The Temporary Global Note will be exchangeable for Notes in the Specified Denomination represented by a permanent global note (the "**Permanent Global Note**", and the Temporary Global Note and the Permanent Global Note together, the "**Global Notes**" and each a "**Global Note**") without interest coupons. The Temporary Global Note and the Permanent Global Note shall each be only valid if they bear the signatures of two authorised representatives of the Issuer and have been authenticated by or on behalf of the Fiscal Agent [*in the case of Notes deposited on behalf of the ICSDs and the Global Note is an NGN the following applies*: and bear the handwritten or facsimile signature by or on behalf of the common safekeeper]. Definitive notes and interest coupons will not be issued and the right of the Holders to request the issue and delivery of definitive notes and interest coupons shall be excluded.
- (c) The Temporary Global Note shall be exchangeable for the Permanent Global Note from a date not earlier than 40 days after the date of issue of the Temporary Global Note. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is not a U.S. person (other than certain financial institutions or certain persons holding Notes through such financial institutions) as required by U.S. tax law. Payment of interest on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest. Any such certification received on or after the 40th day after the date of issue of the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to this § 1(2)(c). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined below).

For purposes of these Terms and Conditions, "**United States**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

(3) *Clearing System.* The Global Note will be deposited by or on behalf of a Clearing System until all obligations of the Issuer under the Notes have been satisfied.

"**Clearing System**" means [Clearstream Banking S.A. ("**CBL**") and Euroclear Bank SA/NV ("**Euroclear**") (CBL and Euroclear are each an "**ICSD**" (*International Central Securities Depository*)) and together the "**ICSDs**") [*specify other Clearing System*] and any successor in such capacity.

[*In the case of Notes deposited on behalf of the ICSDs and the Global Note is a CGN the following applies*: The Notes are issued in classical global note ("**CGN**") form and are deposited with a common depositary on behalf of both ICSDs.]

[*In the case of Notes deposited on behalf of the ICSDs and the Global Note is an NGN the following applies*: The Notes are issued in new global note ("**NGN**") form and are deposited with a common safekeeper on behalf of both ICSDs. The aggregate principal amount of Notes represented by the Global

³ The minimum denomination is EUR 100,000 or at least equivalent in the Specified Currency.

Note shall be the aggregate amount from time to time entered in the records of both ICSDs. The records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customers' interest in the Notes) shall be conclusive evidence of the aggregate principal amount of Notes represented by the Global Note and, for these purposes, a statement issued by an ICSD stating the principal amount of Notes so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time. On any redemption or payment of interest being made in respect of, or purchase and cancellation of, any of the Notes represented by the Global Note the Issuer shall procure that details of any redemption, payment or purchase and cancellation (as the case may be) in respect of the Global Note shall be entered *pro rata* in the records of the ICSDs and, upon any such entry being made, the aggregate principal amount of the Notes recorded in the records of the ICSDs and represented by the Global Note shall be reduced by the aggregate principal amount of the Notes so redeemed or purchased and cancelled.]

On an exchange of a portion only of the Notes represented by the Temporary Global Note, the Issuer shall procure that details of such exchange shall be entered *pro rata* in the records of the ICSDs.

(4) *Certain Definitions.*

"**Applicable Supervisory Regulations**" means, at any time, any requirements under laws and any regulations, requirements, standards, guidelines, policies or other rules thereunder applicable from time to time (including, but not limited to, the guidelines and decisions of the European Banking Authority, the European Central Bank, the Competent Authority, the Single Resolution Board and/or the Resolution Authority, the administrative practice of any such authority, any applicable decision of a court and any applicable transitional provisions) relating to prudential requirements and/or resolution and applicable to the Issuer, on an individual and/or (sub-)consolidated basis, as the case may be, from time to time, including but not limited to the provisions of the ZBan-3, the ZRPPB-1, the ZFPPIPP, the BRRD, the SRMR, the CRD IV and the CRR, or such other law, regulation or directive as may come into effect in place thereof, as applicable to the Issuer on an individual and/or (sub-)consolidated basis, as the case may be, at the relevant time.

"**BRRD**" means the Directive 2014/59/EU, as amended or replaced from time to time, and any references to relevant provisions of the BRRD in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"**Business Day**" means a day (other than a Saturday or a Sunday)

[If the Specified Currency is Euro, the following applies:

(i) on which the Clearing System is open to effect payments and (ii) which is a TARGET Business Day.]

[If the Specified Currency is not Euro, the following applies:

on which (i) the Clearing System is open and (ii) commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in [*insert all relevant financial centres*] [*insert, as applicable:* and (iii) which is a TARGET Business Day].]

"**Competent Authority**" means the competent authority pursuant to Article 4(1)(40) CRR and/or Article 9(1) SSMR, in each case, which is responsible to supervise the Issuer on an individual basis and/or (sub-)consolidated basis.

"**CRD IV**" means the Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 (*Capital Requirements Directive*), as amended or replaced from time to time, and any references to relevant provisions of the CRD IV in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"**CRR**" means the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26^o June 2013 (*Capital Requirements Regulation*), as amended or replaced from time to time, and any references to relevant provisions of the CRR in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"**Eligible Liabilities Instruments**" means any (directly issued) debt instruments of the Issuer which qualify as eligible liabilities instruments pursuant to Article 72b CRR.

"**Holder**" means any holder of a proportionate co-ownership or other comparable right in the Global Note which may be transferred to a new Holder in accordance with the provisions of the Clearing System.

"**Resolution Authority**" means the authority pursuant to Article 4(1)(130) CRR which is responsible for recovery or resolution of the Issuer on an individual and/or (sub-)consolidated basis.

"**SRMR**" means the Regulation (EU) No 806/2014, as amended or replaced from time to time, and any references to relevant provisions of the SRMR in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"**SSMR**" means the Regulation (EU) No 1024/2013, as amended or replaced from time to time, and any references to relevant provisions of the SSMR in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"**Subsidiary**" means any subsidiary of the Issuer pursuant to Article 4(1)(16) CRR.

[If the Specified Currency is Euro or, as applicable, the following applies:

"**TARGET Business Day**" means a day on which the real time gross settlement system operated by the Eurosystem (T2), or any successor or replacement system, is open for the settlement of payments in Euro.]

"**Terms and Conditions**" means these terms and conditions of the Notes.

"**ZBan-3**" means Slovenian Banking Act (*Zakon o bančništvu*) as amended or replaced from time to time, and any references in these Terms and Conditions to relevant articles of the ZBan-3 include references to any applicable provisions of law amending or replacing such articles from time to time.

"**ZFPPIPP**" means the Slovenian Financial Operations, Insolvency Proceedings, and Compulsory Dissolution Act (*Zakon o finančnem poslovanju, postopkih zaradi insolventnosti in prisilnem prenehanju*), as amended or replaced from time to time, and any references in these Terms and Conditions to relevant articles of the ZFPPIPP include references to any applicable provisions of law amending or replacing such articles from time to time.

"**ZRPPB-1**" means the Slovenian Resolution and Compulsory Winding-Up of Banks Act (*Zakon o reševanju in prisilnem prenehanju bank*), as amended or replaced from time to time, and any references in these Terms and Conditions to relevant articles of the ZRPPB-1 include references to any applicable provisions of law amending or replacing such articles from time to time.

§ 2 STATUS

[In the case of Preferred Senior Notes the following applies:

(1) *Ranking.* The Notes shall qualify as Eligible Liabilities Instruments of the Issuer in the form of Preferred Senior Instruments.

The obligations under the Notes constitute direct and unsecured obligations of the Issuer. In the event of normal insolvency proceedings of the Issuer (being bankruptcy proceedings (*stečaj*) or compulsory liquidation (*prisilna likvidacija*)), all claims under the Notes will rank:

- (a) *pari passu:* (i) among themselves; and (ii) with all other present or future unsecured claims against the Issuer which meet the conditions pursuant to Article 230(2)(8) ZRPPB-1;
- (b) senior to: (i) all present or future claims against the Issuer under Non-Preferred Senior Instruments; and (ii) all present or future subordinated claims against the Issuer which meet the conditions pursuant to Article 230(2)(10) or Article 230(2)(11) ZRPPB-1; and
- (c) junior to: all present or future claims against the Issuer under the Issuer's Senior Ranking Claims, so that in any such event no amounts will be payable in respect of the Notes until the Issuer's Senior Ranking Claims have been satisfied in full.

"Issuer's Senior Ranking Claims" means: all present or future claims against the Issuer, deposits with the Issuer and costs of procedure, in each case which meet the conditions pursuant to Article 230(1) ZRPPB-1 or any of the Articles 230(2)(1) through 230(2)(7) ZRPPB-1.

"Non-Preferred Senior Instruments" means all non-preferred senior instruments which meet the conditions pursuant to Article 230(2)(9) ZRPPB-1.

"Preferred Senior Instruments" means all preferred senior instruments which meet the conditions pursuant to Article 230(2)(8) ZRPPB-1.]

[In the case of Non-Preferred Senior Notes the following applies:

(1) *Ranking.* The Notes shall qualify as Eligible Liabilities Instruments of the Issuer in the form of Non-Preferred Senior Instruments.

The obligations under the Notes constitute direct and unsecured obligations of the Issuer. In the event of normal insolvency proceedings of the Issuer (being bankruptcy proceedings (*stečaj*) or compulsory liquidation (*prisilna likvidacija*)), all claims under the Notes will rank:

- (a) *pari passu:* (i) among themselves; and (ii) with all other present or future claims against the Issuer from Non-Preferred Senior Instruments;
- (b) senior to all present or future subordinated claims against the Issuer which meet the conditions pursuant to Article 230(2)(10) or Article 230(2)(11) ZRPPB-1; and
- (c) junior to all present or future claims against the Issuer under the Issuer's Senior Ranking Claims, so that in any such event no amounts will be payable in respect of the Notes until the Issuer's Senior Ranking Claims have been satisfied in full.

"Issuer's Senior Ranking Claims" means: all present or future claims against the Issuer, deposits with the Issuer and costs of procedure, in each case which meet the conditions pursuant to Article 230(1) ZRPPB-1 or any of the Articles 230(2)(1) through 230(2)(8) ZRPPB-1.

"Non-Preferred Senior Instruments" means all non-preferred senior instruments which meet the conditions pursuant to Article 230(2)(9) ZRPPB-1.]

[In the case of Subordinated Notes the following applies:

(1) *Ranking.* The Notes are intended to qualify as Tier 2 Instruments.

The obligations under the Notes constitute direct, unsecured and subordinated obligations of the Issuer.

In the event of normal insolvency proceedings of the Issuer (being bankruptcy proceedings (*stečaj*) or compulsory liquidation (*prisilna likvidacija*)), all claims against the Issuer under the Notes will rank:

- (a) *pari passu:* (i) among themselves; and (ii) with all other present or future claims under Tier 2 Instruments of the Issuer;
- (b) senior to all present or future claims from: (i) Additional Tier 1 instruments of the Issuer pursuant to Article 52 CRR; and (ii) ordinary shares of the Issuer and any other Common Equity Tier 1 instruments of the Issuer pursuant to Article 28 CRR; and (iii) all other subordinated instruments or obligations of the Issuer that result from own funds items of the Issuer ranking *pari passu* with the instruments or obligations referred to in clauses (i) and (ii) of this § 2(1)(b) or other instruments or obligations ranking or expressed to rank junior to the obligations of the Issuer under the Notes; and
- (c) junior to all present or future claims under Issuer's Senior Ranking Claims, so that in any such event no amounts will be payable in respect of the Notes until the Issuer's Senior Ranking Claims have been satisfied in full.

"Issuer's Senior Ranking Claims" means all present or future claims under: (i) unsubordinated instruments or obligations of the Issuer; (ii) Eligible Liabilities Instruments of the Issuer and any debt instruments that qualify as eligible liabilities items pursuant to transitional provisions under the CRR; and

(iii) subordinated instruments or obligations of the Issuer that rank senior to Tier 2 Instruments (such as claims that do not result from an own funds item of the Issuer).

"**Tier 2 Instruments**" means any capital instruments of the Issuer which meet the conditions laid down in Article 63 CRR, including any capital (or other) instruments that are (fully or partly) recognised as Tier 2 items pursuant to transitional provisions under the CRR.]

(2) *No Set-off/Netting.* The Notes are not subject to any set-off arrangements or netting rights that would undermine their capacity to absorb losses in resolution, insolvency or liquidation of the Issuer.

(3) *No Security/Guarantee and No Enhancement of Seniority.* The Notes are neither secured, nor subject to any guarantee that enhances the seniority of the claims under the Notes. The Notes are not subject to any arrangement, contractual or otherwise, that enhances the seniority of the claims under the Notes in insolvency or liquidation. No security or guarantee of whatever kind is, or shall at any time be, provided by the Issuer or any other person securing rights of the Holders.

(4) *Note on the possibility of statutory resolution measures.* Prior to any normal insolvency proceedings of the Issuer (being bankruptcy proceedings (*stečaj*) or compulsory liquidation (*prisilna likvidacija*)), under the Applicable Supervisory Regulations, the Resolution Authority may exercise the power to write down (including to zero) the obligations of the Issuer under the Notes, convert the Notes into shares or other instruments of ownership of the Issuer, in each case in whole or in part, or apply any other resolution tool or action, including (but not limited to) any deferral or transfer of the obligations to another entity, an amendment of the Terms and Conditions or a cancellation of the Notes. The Holders shall be bound by the exercise of the power to write down or convert or the taking of any resolution action in respect of the Notes. No Holder shall have any claim or other right against the Issuer arising out of any exercise of the power to write down or convert or the taking of any resolution action. In particular, any exercise of the power to write down or convert or the taking of any resolution action shall not constitute a default.

Upon the Issuer being informed or notified by the Resolution Authority of the actual exercise of any statutory resolution tool or action with respect to the Notes, the Issuer shall notify the Holders without delay. Any delay or failure by the Issuer to notify the Holders shall not affect the validity and enforceability of the statutory resolution tool or action nor the effects on the Notes described in this § 2(4).

(5) If the Notes are redeemed or repurchased by the Issuer otherwise than in the circumstances described in this § 2 or § 5(7), then the amounts redeemed or paid must be returned to the Issuer irrespective of any agreement to the contrary unless the Competent Authority has given its prior consent to such redemption or repurchase.

§ 3 INTEREST

(1) *Rate of Interest and Interest Payment Dates.* The Notes shall bear interest on their Specified Denomination from and including [*insert Interest Commencement Date*] (the "**Interest Commencement Date**") to but excluding the Maturity Date (as defined in § 5(1)) at the rate of [*insert Rate of Interest*] per cent. *per annum* (the "**Rate of Interest**").

Interest for each Interest Period shall be payable [*in the case of quarterly interest payments the following applies: quarterly*] [*in the case of semi-annual interest payments the following applies: semi-annually*] [*in the case of annual interest payments the following applies: annually*] in arrear on [*insert Interest Payment Date(s)*] in each year (each such date, an "**Interest Payment Date**"), commencing on [*insert first Interest Payment Date*] [*in the case of a short or long first interest period insert: ([short] [long] first coupon)*]. [*If Interest Periods are subject to adjustment in accordance with the applicable business day convention, the following applies: Interest Payment Dates are subject to adjustment in accordance with the provisions set out in § 4(4).*]

"**Interest Period**" means the period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including an Interest Payment Date to but excluding the following Interest Payment Date.

(2) *Calculation of Interest Amount.* If the amount of interest payable on the Notes is required to be calculated for any period of time, such amount of interest shall be calculated by applying the rate of interest to the Specified Denomination, multiplying such amount by the applicable Day Count Fraction (as defined

below), and rounding the resultant figure to the nearest sub-unit of the Specified Currency, half of such sub-unit being rounded upwards or otherwise in accordance with the applicable market convention.

(3) *Day Count Fraction*. "**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (the "**Calculation Period**"):

[In the case of "Actual/Actual (ICMA)" the following applies:

- (a) if the Calculation Period is equal to or shorter than the Determination Period during which the Calculation Period ends, the number of calendar days in such Calculation Period divided by the product of (i) the number of calendar days in such Determination Period and (ii) the number of Determination Dates (as specified below) that would occur in any year; or
- (b) if the Calculation Period is longer than the Determination Period during which the Calculation Period ends, the sum of
 - (i) the number of calendar days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product of (A) the number of calendar days in such Determination Period and (B) the number of Determination Dates that would occur in any year; and
 - (ii) the number of calendar days in such Calculation Period falling in the next Determination Period divided by the product of (A) the number of calendar days in such Determination Period and (B) the number of Determination Dates that would occur in any year.

Where:

"**Determination Period**" means each period from and including a Determination Date to but excluding the next Determination Date.

"**Determination Date**" means [*insert Determination Date(s)*] in each year.]

[In the case of "30/360", "360/360" or "Bond Basis" the following applies:

the number of days in the Calculation Period divided by 360, calculated in accordance with the following formula:

$$DCF = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

Where:

"**DCF**" means Day Count Fraction;

"**Y₁**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M₂**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D₁**" is the first calendar day, expressed as a number, of the Calculation Period, unless that number would be 31, in which case D₁ will be 30; and

"**D₂**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless that number would be 31 and D₁ is greater than 29, in which case D₂ will be 30.]

[In the case of "30E/360" or "Eurobond Basis" the following applies:

the number of days in the Calculation Period divided by 360, calculated in accordance with the following formula:

$$\text{DCF} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

Where:

"DCF" means Day Count Fraction;

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless that number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless that number would be 31, in which case D₂ will be 30.]

[insert other applicable day count fraction]

(4) *Cessation of Interest Accrual.* The Notes shall cease to bear interest from the end of the calendar day preceding their due date for redemption. If the Issuer fails to redeem the Notes when due, interest shall continue to accrue on the outstanding principal amount of the Notes beyond the due date until the end of the calendar day preceding the actual redemption of the Notes at the Rate of Interest. This does not affect any additional rights that might be available to the Holders.

§ 4 PAYMENTS

(1) *Payments of Principal and Interest.*

- (a) Payment of principal on the Notes shall be made, subject to § 4(2) below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System.
- (b) Payment of interest and any Additional Amounts (as defined in § 7(1)) on the Notes shall be made, subject to § 4(2) below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System, upon due certification as provided in § 1(2)(c).

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in the Specified Currency.

(3) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

(4) *Business Day Convention.* If the due date for payment of any amount of principal or interest in respect of any Note is not a Business Day (as defined in § 1(4)), then [the Holder shall not be entitled to payment until the next day that is a Business Day and shall not be entitled to further interest or other payment in respect of such delay (the Interest Period shall not be adjusted accordingly)] *[insert other applicable business day convention]*.

(5) *References to Principal and Interest.* References in these Terms and Conditions to "principal" in respect of the Notes shall be deemed to include, as applicable, the Specified Denomination, any premium and any other amounts (other than interest) which may be payable under or in respect of the Notes. References in

these Terms and Conditions to "interest" in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable under § 7(1).

§ 5 REDEMPTION

(1) *Redemption at Maturity.* Unless previously redeemed or repurchased and cancelled (in each case, in whole or in part), the Notes shall be redeemed at their principal amount on *[if Interest Periods are subject to adjustment in accordance with the applicable business day convention, the following applies: the Interest Payment Date falling on or around] [insert Maturity Date]* (the "Maturity Date").

(2) *No right of termination or acceleration by the Holders.* The Holders shall have no right to terminate or to demand (or otherwise accelerate) the redemption of the Notes.

For the avoidance of doubt, any acceleration cannot occur in resolution (or moratorium) imposed against the Issuer.

[If the Notes are subject to Early Redemption at the Option of the Issuer, the following applies:

(3) *Early Redemption at the Option of the Issuer.*

(a) The Issuer may, upon giving not less than five Business Days' and not more than 40 Business Days' prior notice in accordance with § 5(3)(b), redeem, on (any of) the Optional Redemption Date(s), all but not some only of the Notes at their Specified Denomination together with accrued and unpaid interest, if any, to but excluding the Optional Redemption Date specified in the notice.

Any such early redemption pursuant to this § 5(3) shall only be possible if the conditions to redemption and repurchase set out in § 5(7) are met.

"Optional Redemption Date(s)": *[insert Optional Redemption Date(s)]*⁴

(b) The notice of redemption shall be given by the Issuer to the Holders in accordance with § 11. Such notice shall be irrevocable and shall specify:

- (i) the series of Notes subject to redemption, including the securities codes; and
- (ii) the Optional Redemption Date on which the Issuer will redeem the Notes.]

[If the Notes are not subject to Early Redemption at the Option of the Issuer for reasons other than pursuant to § 5(4) or § 5(5) [or § 5(6)], the following applies:

(3) *No Early Redemption at the Option of the Issuer.* The Notes may not be redeemed at the option of the Issuer prior to their Maturity Date other than in the case of an early redemption pursuant to § 5(4)[.] [or] § 5(5) [or § 5(6)].]

(4) *Early Redemption for Reasons of Taxation.*

(a) If a Tax Event (as defined below) occurs, the Issuer may at any time, upon giving not less than five Business Days' and not more than 40 Business Days' prior notice in accordance with § 5(4)(b), redeem, all but not some only of the Notes, on the date fixed for redemption specified in the notice, at their Specified Denomination together with accrued and unpaid interest, if any, to but excluding the date fixed for redemption, provided that in the event of the occurrence of a Gross-up Event (as defined below) no such notice of redemption shall be given earlier than 90 calendar days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Notes then due.

⁴ In the case of Preferred Senior Notes and Non-Preferred Senior Notes, the (first) Optional Redemption Date must not be earlier than the first anniversary of the issue date of the last tranche of the relevant series of Notes.

In the case of Subordinated Notes, the (first) Optional Redemption Date must not be earlier than the fifth anniversary of the issue date of the last tranche of the relevant series of Notes.

Any such early redemption pursuant to this § 5(4) shall only be possible if the conditions to redemption and repurchase set out in § 5([7]) are met.

A "**Tax Event**" occurs if there is a Tax Deductibility Event or a Gross-up Event, which change or amendment or clarification: (x) subject to (y), becomes effective on or after the issue date of the Notes; or (y) in the case of a change, if such change is enacted on or after the issue date of the Notes.

Where:

A "**Gross-up Event**" occurs if there is a change in the applicable tax treatment of the Notes based on a decision or change in law, regulation or interpretation of the tax authority of the Republic of Slovenia (or any political subdivision or any authority thereof or therein having power to tax) having competence over the Issuer which becomes effective on or after the issue date of the Notes, as a result of which the Issuer has paid, or will or would on the next Interest Payment Date be required to pay, any Additional Amounts pursuant to § 7(1).

A "**Tax Deductibility Event**" occurs if there is a change in the applicable tax treatment of the Notes based on a decision or change in law, regulation or interpretation of the tax authority of the Republic of Slovenia (or any political subdivision or any authority thereof or therein having power to tax) having competence over the Issuer which becomes effective on or after the issue date of the Notes as a result of which the Issuer, in computing its taxation liabilities in the Republic of Slovenia, would not be entitled to claim a deduction in respect of interest paid on the Notes, or such deductibility is materially reduced.

- (b) The notice of redemption shall be given by the Issuer to the Holders in accordance with § 11. Such notice shall be irrevocable and shall specify:
- (i) the series of Notes subject to redemption, including the securities codes;
 - (ii) the date on which the Issuer will redeem the Notes; and
 - (iii) the reason for such call and redemption.]

[In the case of Preferred Senior Notes or Non-Preferred Senior Notes the following applies:

(5) Early Redemption for Regulatory Reasons.

- (a) If a MREL Disqualification Event occurs, the Issuer may at any time, upon giving not less than five Business Days' and not more than 40 Business Days' prior notice in accordance with § 5(5)([c]), redeem, on the date fixed for redemption specified in the notice, all but not some only of the Notes at their Specified Denomination together with accrued and unpaid interest, if any, to but excluding the date fixed for redemption.

An "**MREL Disqualification Event**" occurs if, after the date of issuance of the last tranche of this series of Notes, there is a change in the regulatory classification of the Notes that would be likely to result or has resulted in their exclusion in full or in part from eligible liabilities according to the SRMR for purposes of the minimum requirement for own funds and eligible liabilities (MREL) pursuant to the SRMR (on an individual and/or consolidated basis) of the Issuer, except where such exclusion would merely be based on the remaining tenor of the Notes being less than any minimum period prescribed in the SRMR or on any applicable limits on the inclusion of the Notes in the eligible liabilities items (on an individual and/or consolidated basis) of the Issuer being exceeded.

Any such early redemption pursuant to this § 5(5) shall only be possible if the conditions to redemption and repurchase set out in § 5([7]) are met.

- (b) The notice of redemption shall be given by the Issuer to the Holders in accordance with § 11. Such notice shall be irrevocable and shall specify:
- (i) the series of Notes subject to redemption, including the securities codes;
 - (ii) the date on which the Issuer will redeem the Notes; and

- (iii) the reason for such call and redemption.]

[In the case of Subordinated Notes the following applies:

(5) Early Redemption for Regulatory Reasons or for Reasons of Non-Approval.

- (a) ***Early Redemption for Regulatory Reasons.*** If a Regulatory Event occurs, the Issuer may at any time, upon giving not less than five Business Days' and not more than 40 Business Days' prior notice in accordance with § 5(5)(c), redeem, on the date fixed for redemption specified in the notice, all but not some only of the Notes at their Specified Denomination together with accrued and unpaid interest, if any, to but excluding the date fixed for redemption.

A "**Regulatory Event**" occurs if there is a change in the regulatory classification of the Notes which becomes effective on or after the issue date of the Notes that would be likely to result in their exclusion in full or in part from own funds or reclassification as a lower quality form of own funds (in each case, on an individual and/or consolidated basis of the Issuer) (other than as a consequence of the amortisation in accordance with Article 64 CRR).

Any such early redemption pursuant to this § 5(5) shall only be possible if the conditions to redemption and repurchase set out in § 5([7]) are met.

- (b) ***Early Redemption for Reasons of Non-Approval.*** If a Non-Approval Event occurs, the Issuer may at any time, upon giving not less than five Business Days' and not more than 40 Business Days' prior notice in accordance with § 5(5)(c), redeem all but not only some of the Notes in whole, but not in part, on the date of redemption specified in the notice, at their Specified Denomination together with accrued and unpaid interest thereon, if any, to but excluding the date of redemption.

A "**Non-Approval Event**" occurs if, by *[insert applicable date]*, the Issuer fails to obtain the permission of the Competent Authority pursuant to Article 149(2) ZBan-3 to include the Notes in whole in the calculation of its Tier 2 capital pursuant to Article 71 CRR.

- (c) The notice of redemption shall be given by the Issuer to the Holders in accordance with § 11. Such notice shall be irrevocable and shall specify:
 - (i) the series of Notes subject to redemption, including the securities codes;
 - (ii) the date on which the Issuer will redeem the Notes; and
 - (iii) the reason for such call and redemption.]

[If the Notes are subject to early redemption at the option of the Issuer for Minimal Outstanding Aggregate Principal Amount, the following applies:

(6) Early Redemption for Minimal Outstanding Aggregate Principal Amount.

- (a) If at any time the aggregate principal amount of the Notes outstanding and held by persons other than the Issuer and its Subsidiaries has fallen to [20] per cent. or less of the aggregate principal amount of the Notes originally issued (including any Notes additionally issued in accordance with § 10(1)), the Issuer may, upon giving not less than five Business Days' and not more than 40 Business Days' prior notice in accordance with § 5(6)(b), redeem all but not some only of the Notes, on the date fixed for redemption specified in the notice, at their Specified Denomination together with accrued and unpaid interest, if any, to but excluding the date fixed for redemption.

Any such early redemption pursuant to this § 5(6) shall only be possible if the conditions to redemption and repurchase set out in § 5([7]) are met.

- (b) The notice of redemption shall be given by the Issuer to the Holders in accordance with § 11. Such notice shall be irrevocable and shall specify:
 - (i) the series of Notes subject to redemption, including the securities codes;
 - (ii) the date on which the Issuer will redeem the Notes; and

- (iii) the reason for such call and redemption.]

[In the case of Preferred Senior Notes or Non-Preferred Senior Notes the following applies:]

([7]) Conditions to Redemption and Repurchase. Any early redemption pursuant to § 5(3), § 5(4)[,] [or] § 5(5) [or § 5(6)] and any repurchase pursuant to § 10(2) are subject to the Resolution Authority (or any other relevant supervisory authority) having granted the Issuer the prior permission in accordance with Articles 77(2) and 78a CRR or any successor provision for the early redemption or the repurchase, if applicable to the Issuer at that point in time, which may, *inter alia*, require that:

- (a) the Issuer (before or at the same time as any early redemption or repurchase) replaces the Notes with own funds instruments or eligible liabilities of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or
- (b) the Issuer has demonstrated to the satisfaction of the Resolution Authority that the own funds and eligible liabilities of the Issuer would, following any early redemption or repurchase, exceed the requirements for own funds and eligible liabilities provided in the CRR, the CRD IV and the BRRD by a margin that the Resolution Authority, in agreement with the Competent Authority, considers necessary at such time; or
- (c) the Issuer has demonstrated to the satisfaction of the Resolution Authority that the partial or full replacement of the Notes with own funds instruments is necessary to ensure compliance with the own funds requirements laid down in the CRR and in the CRD IV for continuing authorisation.

In the case of any early redemption pursuant to § 5(4), obtaining such permission may require that the Issuer has demonstrated to the satisfaction of the Resolution Authority (or any other relevant supervisory authority) that the applicable change in tax treatment is material and was not reasonably foreseeable as at the date of issuance of the last tranche of this series of Notes.

In the case of any early redemption pursuant to § 5(5), obtaining such permission may require that the Resolution Authority (or any other relevant supervisory authority) considers the MREL Disqualification Event to be sufficiently certain and the Issuer has demonstrated to the satisfaction of the Resolution Authority (or any other relevant supervisory authority) that the MREL Disqualification Event was not reasonably foreseeable as at the date of issuance of the last tranche of this series of Notes.

Notwithstanding the above conditions, if, at the time of any early redemption or repurchase, the prevailing Applicable Supervisory Regulations applicable to the Issuer permit the early redemption or repurchase only after compliance with one or more alternative or additional pre-conditions to those set out above, the Issuer shall comply with such other and/or, as appropriate, additional pre-conditions, if any.

For the avoidance of doubt, any refusal or failure of the Resolution Authority (or any other relevant supervisory authority) to grant any permission, approval or other consent required in accordance with the Applicable Supervisory Regulations shall not constitute a default for any purpose.]

[In the case of Subordinated Notes the following applies:]

([7]) Conditions to Redemption and Repurchase. Any early redemption pursuant to § 5(3), § 5(4)[,] [or] § 5(5) [or § 5(6)] and any repurchase pursuant to § 10(2) is subject to the Competent Authority having granted the Issuer the prior permission in accordance with Articles 77 and 78 CRR or any successor provision for the early redemption or repurchase which may, *inter alia*, require:

- (a) that
 - (i) either, before or at the same time as the redemption or repurchase, the Issuer replaces the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or
 - (ii) the Issuer has demonstrated to the satisfaction of the Competent Authority that the own funds and eligible liabilities of the Issuer would, following such early redemption or repurchase, exceed the requirements for own funds and eligible liabilities laid down in the CRR, the CRD IV and the BRRD by a margin that the Competent Authority considers necessary at such time; and

- (b) in the case of any early redemption or repurchase of the Notes prior to the fifth anniversary of the date of issuance of the Notes that:
- (i) in the case of any early redemption pursuant to § 5(4), the Issuer has demonstrated to the satisfaction of the Competent Authority that the applicable change in tax treatment is material and was not reasonably foreseeable as at the date of issuance of the last tranche of this series of Notes; or
 - (ii) in the case of any early redemption pursuant to § 5(5)(a), the Competent Authority considers such change to be sufficiently certain and the Issuer has demonstrated to the satisfaction of the Competent Authority that the relevant change in the regulatory classification of the Notes was not reasonably foreseeable as at the date of issuance of the last tranche of this series of Notes; or
 - (iii) in the case of any early redemption of the Notes in circumstances other than those described in clause (b)(i) or (ii) above or any repurchase, the Issuer, earlier than or at the same time as the early redemption or the repurchase, replaces the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer and the Competent Authority has permitted that early redemption or repurchase based on the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or
 - (iv) the Notes being repurchased for market making purposes in accordance with the Applicable Supervisory Regulations.

Notwithstanding the above conditions, if, at the time of any early redemption or repurchase, the prevailing Applicable Supervisory Regulations permit the early redemption or repurchase only after compliance with one or more alternative or additional pre-conditions to those set out above, the Issuer shall comply with such other and/or, as appropriate, additional pre-conditions, if any.

For the avoidance of doubt, any refusal or failure of the Competent Authority (or any other relevant supervisory authority) to grant any permission, approval or other consent required in accordance with the Applicable Supervisory Regulations shall not constitute a default for any purpose.]

§ 6

FISCAL AGENT AND PAYING AGENT(S)

(1) *Appointment; Specified Offices.* The initial Fiscal Agent and the initial Principal Paying Agent [***if any additional or other paying agent(s) shall be appointed insert:*** and the initial Paying Agent(s)] and their respective initial specified offices are:

Fiscal Agent and Principal Paying Agent:

[insert name and address of the specified offices of the Fiscal Agent and Principal Paying Agent]

[If any additional or other paying agent shall be appointed, insert its name and initial specified office.]

Where these Terms and Conditions refer to the term "Paying Agent(s)", such term shall include the Principal Paying Agent.

The Fiscal Agent and the Paying Agent(s) (the "**Agents**" and each an "**Agent**") reserve the right at any time to change their respective specified office to some other specified office in the same country.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint another Fiscal Agent or additional or other Paying Agents. The Issuer shall at all times maintain (i) a Fiscal Agent and (ii) so long as the Notes are listed on a stock exchange at the initiative of the Issuer, a Paying Agent (which may be the Fiscal Agent) with a specified office in such place as may be required by the rules of such stock exchange or its supervisory authorities [***in the case of Notes the Specified Currency of which is U.S. Dollars the following applies:*** and (iii) if payments at or through the offices of all Paying Agents outside the United States become illegal or are effectively precluded because of the imposition of exchange controls or similar restrictions on the full payment or receipt of such amounts in U.S. Dollars, a Paying Agent with a specified office in New York].

The Issuer will give notice to the Holders of any variation, termination, appointment or any other change as soon as possible upon the effectiveness of such change.

(3) *Agents of the Issuer.* The Agents act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Holder.

(4) *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of these Terms and Conditions by the Fiscal Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the other Agents and the Holders and, in the absence of the aforesaid, no liability to the Issuer, the other Agents or the Holders shall attach to the Fiscal Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

§ 7 TAXATION

(1) *General Taxation.* All payments of interest in respect of the Notes will be made by the Issuer without withholding or deduction for or on account of any taxes, duties or governmental charges of whatever nature (the "**Taxes**") imposed or levied by way of withholding or deduction by or on behalf of the Republic of Slovenia or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. If such withholding or deduction is required by law, the Issuer will, to the extent permitted by law, pay such additional amounts in relation to interest (but not principal) as will be necessary in order that the net amounts received by the Holder (or a third party on behalf of the Holder) after such withholding or deduction will equal the respective amounts which would otherwise have been receivable in respect of the Notes in the absence of such withholding or deduction (the "**Additional Amounts**"). However, no such Additional Amounts will 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 (provided that a mechanism is available for such declaration or claim to be provided); or
- (c) on account of any Taxes which are payable by any person (including the Issuer) acting as custodian bank or collecting agent on behalf of a Holder, or by the Issuer if no custodian bank or collecting agent is appointed or otherwise in any manner which does not constitute a withholding or deduction by the Issuer from payments of principal or interest made by it; or
- (d) on account of any Taxes withheld or deducted pursuant to an international treaty or a civil law agreement concluded by a state and/or one of its political subdivisions and/or one of its authorities and/or a group of states on the one hand and the Republic of Slovenia and/or one of its political subdivisions and/or the European Union and/or the Issuer and/or an intermediary on the other hand; or
- (e) on account of any Taxes which are refundable or for which a relief at source is available pursuant to the laws of the Republic of Slovenia, a European Union directive or regulation or an international treaty or understanding to which the Republic of Slovenia and/or the European Union is a party/are parties.

(2) *U.S. Foreign Account Tax Compliance Act (FATCA).* The Issuer is authorised to withhold or deduct from amounts payable under the Notes to a Holder or beneficial owner of Notes sufficient funds for the payment of any tax that it is required to withhold or deduct pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or that is otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices

implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

§ 8

AMENDMENT OF THE TERMS AND CONDITIONS, JOINT REPRESENTATIVE

(1) *Amendment to the Terms and Conditions.* In accordance with the German Act on Issues of Debt Securities, as amended (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*) (the "**SchVG**") and subject to compliance with the Applicable Supervisory Regulations for the Notes to qualify as [Eligible Liabilities Instruments] [Tier 2 Instruments] (including, for the avoidance of doubt, where relevant, the conditions to redemption and repurchase set out in § 5(7)) the Holders may agree with the Issuer on amendments to these Terms and Conditions with regard to matters permitted by the SchVG by a Holders' resolution (*Beschluss*) with the majority specified in § 8(2) below. In particular, the Issuer's right under this § 8(1) is subject to the prior permission of the [Resolution Authority] [Competent Authority] (or any other relevant supervisory authority) of the Issuer if such consent is required at the time of any such amendment. Majority resolutions of the Holders shall be binding on all Holders alike. A majority resolution of the Holders which does not provide for identical conditions for all Holders is void unless Holders who are disadvantaged have expressly consented to their being treated disadvantageously.

(2) *Majority.* Resolutions relating to material amendments to these Terms and Conditions, in particular consents to the measures set out in § 5(3) SchVG shall be passed by a majority of not less than 75 per cent. (*qualified majority*) of the votes cast. Resolutions relating to amendments to these Terms and Conditions which are not material require a simple majority of the votes cast.

(3) *Vote.* Resolutions of the Holders shall be made either in a holders' meeting or by means of a vote without a meeting (*Abstimmung ohne Versammlung*) (§§ 9 et seq. and § 18 SchVG). The convening notice of a Holders' meeting will provide the further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions will be notified to Holders in the agenda of the meeting. The attendance at the Holders' meeting or the exercise of voting rights requires a registration of the Holders prior to the meeting. Any such registration must be received at the address stated in the convening notice by no later than the third calendar day preceding the Holders' meeting.

(4) *Chair of the Vote.* The vote will be chaired by a notary appointed by the Issuer or, if the Joint Representative (as defined below) has convened the vote, by the Joint Representative.

(5) *Voting Right.* Each Holder participating in any vote shall cast its vote in accordance with the principal amount or the notional share of its entitlement to the outstanding Notes. Holders must demonstrate their eligibility to participate in the vote at the time of voting by means of a special confirmation of their depositary bank and by submission of a blocking instruction by their Custodian (as defined in § 12(3)) for the benefit of the Fiscal Agent as depositary (*Hinterlegungsstelle*) for the voting period.

(6) *Notices.* Any notices concerning this § 8 shall be made exclusively pursuant to the provisions of the SchVG.

(7) *Joint Representative.* The Holders may by majority resolution appoint a joint representative (the "**Joint Representative**") to exercise the Holders' rights on behalf of each Holder. The Joint Representative shall have the duties and powers provided by law or granted by majority resolution of the Holders. The Joint Representative shall comply with the instructions of the Holders. To the extent that the Joint Representative has been authorised to assert certain rights of the Holders, the Holders shall not be entitled to assert such rights themselves, unless explicitly provided for in the relevant majority resolution. The Joint Representative shall provide reports to the Holders on its activities. The regulations of the SchVG apply with regard to the recall and the other rights and obligations of the Joint Representative.

§ 9

PRESENTATION PERIOD, PRESCRIPTION

The period for presentation of the Notes (§ 801(1) sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch – BGB*)) shall be reduced to ten years and the period of limitation for claims under the Notes presented during the period for presentation shall be two years calculated from the expiry of the relevant presentation period.

§ 10
**FURTHER ISSUES OF NOTES,
REPURCHASES AND
CANCELLATION**

(1) *Further Issues of Notes.* The Issuer may from time to time, without the consent of the Holders and subject to regulatory and other statutory provisions, issue further Notes having the same terms as the Notes in all respects (or in all respects except for the issue date, issue price, interest commencement date and/or first interest payment date) so as to form a single series with the Notes.

(2) *Repurchases.* The Issuer and any of its Subsidiaries may repurchase any Notes in the open market or otherwise at any price at any time, provided however that the Issuer has obtained the prior permission of the [Resolution Authority] [Competent Authority] (or any other relevant supervisory authority) for the repurchase of the Notes and the further conditions to redemption and repurchase set forth in § 5([7]) are met and all applicable regulatory and other statutory restrictions are observed. Notes repurchased by the Issuer or any Subsidiary may, at the option of the Issuer or such Subsidiary, be held, resold or surrendered for cancellation to the Fiscal Agent.

(3) *Cancellation.* Any Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

§ 11
NOTICES

(1) *Notices of the Issuer.* All notices of the Issuer concerning the Notes shall be published: (i) if and for as long as the Notes are listed on the Luxembourg Stock Exchange, on the website of the Luxembourg Stock Exchange (www.luxse.com); (ii) if and for as long as the Notes are listed on any stock exchange other than the Luxembourg Stock Exchange at the initiative of the Issuer, in such media as determined by law and the rules and regulations of such other stock exchange; and, in each case, (iii) in electronic form on the website of the Issuer (www.nlb.si). Any notice so given will be deemed to have been validly given on the fifth calendar day following the date of such publication (or, if published more than once, on the fifth calendar day following the date of the first such publication) unless the notice provides for a later effective date.

(2) *Publication of Notices of the Issuer via the Clearing System.* If the publication of notices pursuant to § 11(1) is no longer required by law, the Issuer may, in lieu of publication in the media set forth in § 11(1), deliver the relevant notices to the Clearing System, for communication by the Clearing System to the Holders. Any such notice shall be deemed to have been given to the Holders on the seventh calendar day after the calendar day on which said notice was given to the Clearing System.

(3) *Form of Notice.* Notices regarding the Notes shall only be valid if made in English.

§ 12
**APPLICABLE LAW,
PLACE OF JURISDICTION
AND ENFORCEMENT**

(1) *Applicable Law.* Except as provided in the next sentence, the Notes, as to form and content, and all rights and obligations of the Holders and the Issuer, shall be governed by German law, save for the provisions in paragraphs (1) to (4) of § 2 (Status) which shall be governed by, and shall be construed exclusively in accordance with, Slovenian law.

(2) *Jurisdiction.* The District Court (*Landgericht*) in Frankfurt am Main, Germany, shall have non-exclusive jurisdiction for any action or other legal proceedings (the "**Proceedings**") arising out of or in connection with the Notes. This is subject to any exclusive court of venue for specific legal proceedings in connection with the SchVG.

(3) *Enforcement.* Any Holder may in any Proceedings against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in its own name its rights arising under such Notes on the basis of a statement issued by the Custodian (as defined below) with whom such Holder maintains a securities account in respect of the Notes: (a) stating the full name and address of the Holder; (b) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement; and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b).

For purposes of the foregoing, "**Custodian**" means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes and includes the Clearing System. Each Holder may, without prejudice to the foregoing, also protect and enforce its rights under the Notes in any other way which is admitted in the country of the proceedings.

**OPTION II – EURO-DENOMINATED NOTES WITH A FIXED TO FIXED RESETTABLE
INTEREST RATE**

**§ 1
CURRENCY, DENOMINATION, FORM,
CERTAIN DEFINITIONS**

(1) *Currency, Denomination.* This series of [subordinated] notes is being issued by Nova Ljubljanska banka d.d., Ljubljana (the "**Issuer**") in [insert specified currency] (the "**Specified Currency**") in the aggregate principal amount of [insert specified currency and aggregate principal amount] (in words: [insert aggregate principal amount in words]) in the denomination of [insert specified currency and specified denomination]⁵ (the "**Specified Denomination**") each (the "**Notes**" and each a "**Note**").

(2) *Form.*

- (a) The Notes are issued in bearer form.
- (b) The Notes are initially represented by a temporary global note (the "**Temporary Global Note**") without interest coupons. The Temporary Global Note will be exchangeable for Notes in the Specified Denomination represented by a permanent global note (the "**Permanent Global Note**", and the Temporary Global Note and the Permanent Global Note together, the "**Global Notes**" and each a "**Global Note**") without interest coupons. The Temporary Global Note and the Permanent Global Note shall each be only valid if they bear the signatures of two authorised representatives of the Issuer and have been authenticated by or on behalf of the Fiscal Agent [*in the case of Notes deposited on behalf of the ICSDs and the Global Note is an NGN the following applies*: and bear the handwritten or facsimile signature by or on behalf of the common safekeeper]. Definitive notes and interest coupons will not be issued and the right of the Holders to request the issue and delivery of definitive notes and interest coupons shall be excluded.
- (c) The Temporary Global Note shall be exchangeable for the Permanent Global Note from a date not earlier than 40 days after the date of issue of the Temporary Global Note. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is not a U.S. person (other than certain financial institutions or certain persons holding Notes through such financial institutions) as required by U.S. tax law. Payment of interest on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest. Any such certification received on or after the 40th day after the date of issue of the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to this § 1(2)(c). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined below).

For purposes of these Terms and Conditions, "**United States**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

(3) *Clearing System.* The Global Note will be deposited by or on behalf of a Clearing System until all obligations of the Issuer under the Notes have been satisfied.

"**Clearing System**" means [Clearstream Banking S.A. ("**CBL**") and Euroclear Bank SA/NV ("**Euroclear**") (CBL and Euroclear are each an "**ICSD**" (*International Central Securities Depository*)) and together the "**ICSDs**") [*specify other Clearing System*] and any successor in such capacity.

[*In the case of Notes deposited on behalf of the ICSDs and the Global Note is a CGN the following applies*: The Notes are issued in classical global note ("**CGN**") form and are deposited with a common depository on behalf of both ICSDs.]

[*In the case of Notes deposited on behalf of the ICSDs and the Global Note is an NGN the following applies*: The Notes are issued in new global note ("**NGN**") form and are deposited with a common safekeeper on behalf of both ICSDs. The aggregate principal amount of Notes represented by the Global Note shall be the aggregate amount from time to time entered in the records of both ICSDs. The records of

⁵ The minimum denomination is EUR 100,000 or at least equivalent in the Specified Currency.

the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customers' interest in the Notes) shall be conclusive evidence of the aggregate principal amount of Notes represented by the Global Note and, for these purposes, a statement issued by an ICSD stating the principal amount of Notes so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time. On any redemption or payment of interest being made in respect of, or purchase and cancellation of, any of the Notes represented by the Global Note the Issuer shall procure that details of any redemption, payment or purchase and cancellation (as the case may be) in respect of the Global Note shall be entered *pro rata* in the records of the ICSDs and, upon any such entry being made, the aggregate principal amount of the Notes recorded in the records of the ICSDs and represented by the Global Note shall be reduced by the aggregate principal amount of the Notes so redeemed or purchased and cancelled.]

On an exchange of a portion only of the Notes represented by the Temporary Global Note, the Issuer shall procure that details of such exchange shall be entered *pro rata* in the records of the ICSDs.

(4) *Certain Definitions.*

"**Applicable Supervisory Regulations**" means, at any time, any requirements under laws and any regulations, requirements, standards, guidelines, policies or other rules thereunder applicable from time to time (including, but not limited to, the guidelines and decisions of the European Banking Authority, the European Central Bank, the Competent Authority, the Single Resolution Board and/or the Resolution Authority, the administrative practice of any such authority, any applicable decision of a court and any applicable transitional provisions) relating to prudential requirements and/or resolution and applicable to the Issuer, on an individual and/or (sub-)consolidated basis, as the case may be, from time to time, including but not limited to the provisions of the ZBan-3, the ZRPPB-1, the ZFPPIPP, the BRRD, the SRMR, the CRD IV and the CRR, or such other law, regulation or directive as may come into effect in place thereof, as applicable to the Issuer on an individual and/or (sub-)consolidated basis, as the case may be, at the relevant time.

"**BRRD**" means the Directive 2014/59/EU, as amended or replaced from time to time, and any references to relevant provisions of the BRRD in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"**Business Day**" means a day (other than a Saturday or a Sunday) (i) on which the Clearing System is open to effect payments and (ii) which is a TARGET Business Day.

"**Competent Authority**" means the competent authority pursuant to Article 4(1)(40) CRR and/or Article 9(1) SSMR, in each case, which is responsible to supervise the Issuer on an individual basis and/or (sub-)consolidated basis.

"**CRD IV**" means the Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 (*Capital Requirements Directive*), as amended or replaced from time to time, and any references to relevant provisions of the CRD IV in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"**CRR**" means the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26^o June 2013 (*Capital Requirements Regulation*), as amended or replaced from time to time, and any references to relevant provisions of the CRR in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"**Eligible Liabilities Instruments**" means any (directly issued) debt instruments of the Issuer which qualify as eligible liabilities instruments pursuant to Article 72b CRR.

"**Holder**" means any holder of a proportionate co-ownership or other comparable right in the Global Note which may be transferred to a new Holder in accordance with the provisions of the Clearing System.

"**Resolution Authority**" means the authority pursuant to Article 4(1)(130) CRR which is responsible for recovery or resolution of the Issuer on an individual and/or (sub-)consolidated basis.

"**SRMR**" means the Regulation (EU) No 806/2014, as amended or replaced from time to time, and any references to relevant provisions of the SRMR in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"SSMR" means the Regulation (EU) No 1024/2013, as amended or replaced from time to time, and any references to relevant provisions of the SSMR in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"Subsidiary" means any subsidiary of the Issuer pursuant to Article 4(1)(16) CRR.

"TARGET Business Day" means a day on which the real time gross settlement system operated by the Eurosystem (T2), or any successor or replacement system, is open for the settlement of payments in Euro.

"Terms and Conditions" means these terms and conditions of the Notes.

"ZBan-3" means Slovenian Banking Act (*Zakon o bančništvu*) as amended or replaced from time to time, and any references in these Terms and Conditions to relevant articles of the ZBan-3 include references to any applicable provisions of law amending or replacing such articles from time to time.

"ZFPIPP" means the Slovenian Financial Operations, Insolvency Proceedings, and Compulsory Dissolution Act (*Zakon o finančnem poslovanju, postopkih zaradi insolventnosti in prisilnem prenehanju*), as amended or replaced from time to time, and any references in these Terms and Conditions to relevant articles of the ZFPIPP include references to any applicable provisions of law amending or replacing such articles from time to time.

"ZRPPB-1" means the Slovenian Resolution and Compulsory Winding-Up of Banks Act (*Zakon o reševanju in prisilnem prenehanju bank*), as amended or replaced from time to time, and any references in these Terms and Conditions to relevant articles of the ZRPPB-1 include references to any applicable provisions of law amending or replacing such articles from time to time.

§ 2 STATUS

[In the case of Preferred Senior Notes the following applies:

(1) *Ranking.* The Notes shall qualify as Eligible Liabilities Instruments of the Issuer in the form of Preferred Senior Instruments.

The obligations under the Notes constitute direct and unsecured obligations of the Issuer. In the event of normal insolvency proceedings of the Issuer (being bankruptcy proceedings (*stečaj*) or compulsory liquidation (*prisilna likvidacija*)), all claims under the Notes will rank:

- (a) *pari passu:* (i) among themselves; and (ii) with all other present or future unsecured claims against the Issuer which meet the conditions pursuant to Article 230(2)(8) ZRPPB-1;
- (b) senior to: (i) all present or future claims against the Issuer under Non-Preferred Senior Instruments; and (ii) all present or future subordinated claims against the Issuer which meet the conditions pursuant to Article 230(2)(10) or Article 230(2)(11) ZRPPB-1; and
- (c) junior to: all present or future claims against the Issuer under the Issuer's Senior Ranking Claims, so that in any such event no amounts will be payable in respect of the Notes until the Issuer's Senior Ranking Claims have been satisfied in full.

"Issuer's Senior Ranking Claims" means: all present or future claims against the Issuer, deposits with the Issuer and costs of procedure, in each case which meet the conditions pursuant to Article 230(1) ZRPPB-1 or any of the Articles 230(2)(1) through 230(2)(7) ZRPPB-1.

"Non-Preferred Senior Instruments" means all non-preferred senior instruments which meet the conditions pursuant to Article 230(2)(9) ZRPPB-1.

"Preferred Senior Instruments" means all preferred senior instruments which meet the conditions pursuant to Article 230(2)(8) ZRPPB-1.]

[In the case of Non-Preferred Senior Notes the following applies:

(1) *Ranking.* The Notes shall qualify as Eligible Liabilities Instruments of the Issuer in the form of Non-Preferred Senior Instruments.

The obligations under the Notes constitute direct and unsecured obligations of the Issuer. In the event of normal insolvency proceedings of the Issuer (being bankruptcy proceedings (*stečaj*) or compulsory liquidation (*prisilna likvidacija*)), all claims under the Notes will rank:

- (a) *pari passu*: (i) among themselves; and (ii) with all other present or future claims against the Issuer from Non-Preferred Senior Instruments;
- (b) senior to all present or future subordinated claims against the Issuer which meet the conditions pursuant to Article 230(2)(10) or Article 230(2)(11) ZRPPB-1; and
- (c) junior to all present or future claims against the Issuer under the Issuer's Senior Ranking Claims, so that in any such event no amounts will be payable in respect of the Notes until the Issuer's Senior Ranking Claims have been satisfied in full.

"Issuer's Senior Ranking Claims" means: all present or future claims against the Issuer, deposits with the Issuer and costs of procedure, in each case which meet the conditions pursuant to Article 230(1) ZRPPB-1 or any of the Articles 230(2)(1) through 230(2)(8) ZRPPB-1.

"Non-Preferred Senior Instruments" means all non-preferred senior instruments which meet the conditions pursuant to Article 230(2)(9) ZRPPB-1.]

[In the case of Subordinated Notes the following applies:

- (1) *Ranking*. The Notes are intended to qualify as Tier 2 Instruments.

The obligations under the Notes constitute direct, unsecured and subordinated obligations of the Issuer.

In the event of normal insolvency proceedings of the Issuer (being bankruptcy proceedings (*stečaj*) or compulsory liquidation (*prisilna likvidacija*)), all claims against the Issuer under the Notes will rank:

- (a) *pari passu*: (i) among themselves; and (ii) with all other present or future claims under Tier 2 Instruments of the Issuer;
- (b) senior to all present or future claims from: (i) Additional Tier 1 instruments of the Issuer pursuant to Article 52 CRR; and (ii) ordinary shares of the Issuer and any other Common Equity Tier 1 instruments of the Issuer pursuant to Article 28 CRR; and (iii) all other subordinated instruments or obligations of the Issuer that result from own funds items of the Issuer ranking *pari passu* with the instruments or obligations referred to in clauses (i) and (ii) of this § 2(1)(b) or other instruments or obligations ranking or expressed to rank junior to the obligations of the Issuer under the Notes; and
- (c) junior to all present or future claims under Issuer's Senior Ranking Claims, so that in any such event no amounts will be payable in respect of the Notes until the Issuer's Senior Ranking Claims have been satisfied in full.

"Issuer's Senior Ranking Claims" means all present or future claims under: (i) unsubordinated instruments or obligations of the Issuer; (ii) Eligible Liabilities Instruments of the Issuer and any debt instruments that qualify as eligible liabilities items pursuant to transitional provisions under the CRR; and (iii) subordinated instruments or obligations of the Issuer that rank senior to Tier 2 Instruments (such as claims that do not result from an own funds item of the Issuer).

"Tier 2 Instruments" means any capital instruments of the Issuer which meet the conditions laid down in Article 63 CRR, including any capital (or other) instruments that are (fully or partly) recognised as Tier 2 items pursuant to transitional provisions under the CRR.]

- (2) *No Set-off/Netting*. The Notes are not subject to any set-off arrangements or netting rights that would undermine their capacity to absorb losses in resolution, insolvency or liquidation of the Issuer.

- (3) *No Security/Guarantee and No Enhancement of Seniority*. The Notes are neither secured, nor subject to any guarantee that enhances the seniority of the claims under the Notes. The Notes are not subject to any arrangement, contractual or otherwise, that enhances the seniority of the claims under the Notes in

insolvency or liquidation. No security or guarantee of whatever kind is, or shall at any time be, provided by the Issuer or any other person securing rights of the Holders.

(4) *Note on the possibility of statutory resolution measures.* Prior to any normal insolvency proceedings of the Issuer (being bankruptcy proceedings (*stečaj*) or compulsory liquidation (*prisilna likvidacija*)), under the Applicable Supervisory Regulations, the Resolution Authority may exercise the power to write down (including to zero) the obligations of the Issuer under the Notes, convert the Notes into shares or other instruments of ownership of the Issuer, in each case in whole or in part, or apply any other resolution tool or action, including (but not limited to) any deferral or transfer of the obligations to another entity, an amendment of the Terms and Conditions or a cancellation of the Notes. The Holders shall be bound by the exercise of the power to write down or convert or the taking of any resolution action in respect of the Notes. No Holder shall have any claim or other right against the Issuer arising out of any exercise of the power to write down or convert or the taking of any resolution action. In particular, any exercise of the power to write down or convert or the taking of any resolution action shall not constitute a default.

Upon the Issuer being informed or notified by the Resolution Authority of the actual exercise of any statutory resolution tool or action with respect to the Notes, the Issuer shall notify the Holders without delay. Any delay or failure by the Issuer to notify the Holders shall not affect the validity and enforceability of the statutory resolution tool or action nor the effects on the Notes described in this § 2(4).

(5) If the Notes are redeemed or repurchased by the Issuer otherwise than in the circumstances described in this § 2 or § 5(7), then the amounts redeemed or paid must be returned to the Issuer irrespective of any agreement to the contrary unless the Competent Authority has given its prior consent to such redemption or repurchase.

§ 3 INTEREST

(1) *Rate of Interest and Interest Payment Dates.* The Notes shall bear interest on their Specified Denomination at a rate *per annum* equal to the applicable Rate of Interest (as defined below) from and including [*insert Interest Commencement Date*] (the "**Interest Commencement Date**").

Interest for each Interest Period shall be paid [quarterly] [semi-annually] [annually] [*insert other applicable period*] in arrear on [*insert Interest Payment Date(s)*] in each year (each such date, an "**Interest Payment Date**"), commencing on [*insert first Interest Payment Date*] [*in the case of a short or long first interest period insert:* ([short] [long] first coupon)].

The applicable "**Rate of Interest**" will be,

- (a) from and including the Interest Commencement Date to but excluding the [First] Reset Date, a fixed rate of [●] per cent. *per annum*; and
- (b) thereafter from and including [the] [each] Reset Date to but excluding the [next following Reset Date and, in the case of the final Reset Period, from and including the final Reset Date to but excluding the] Maturity Date (as defined in § 5 (1)), the [relevant] Reset Rate determined in accordance with § 3(3).

[in the case of a short or long first interest period insert: The first payment of interest will amount to a broken interest amount of [*insert initial broken interest amount per Specified Denomination*] per Specified Denomination.]

"**Interest Period**" means the period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including an Interest Payment Date to but excluding the next succeeding Interest Payment Date.

(2) *Calculation of Amount of Interest.* If the amount of interest payable under the Notes is required to be calculated for any period of time such amount of interest shall be calculated by the Calculation Agent by applying the prevailing Rate of Interest to the Specified Denomination, multiplying such amount by the Day Count Fraction (as defined below), and rounding the resultant figure to the nearest EUR 0.01 with EUR 0.005 being rounded upwards.

"Day Count Fraction" means, in respect of the calculation of an amount of interest on any Note for any period of time (the **"Calculation Period"**):

- (a) if the Calculation Period is equal to or shorter than the Determination Period during which the Calculation Period ends, the number of calendar days in such Calculation Period divided by the number of calendar days in such Determination Period; or
- (b) if the Calculation Period is longer than the Determination Period during which the Calculation Period ends, the sum of:
 - (i) the number of calendar days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the number of calendar days in such Determination Period; and
 - (ii) the number of calendar days in such Calculation Period falling in the next Determination Period divided by the number of calendar days in such Determination Period.

Where:

"Determination Period" means each period from and including a Determination Date to but excluding the next Determination Date.

"Determination Date" means *[insert Determination Date(s)]* in each year.

(3) *Determination of the Reset Rate and the Reference Rate.*

- (a) *Reset Rate.* The Rate of Interest for the [relevant] Reset Period ([the] [each a] **"Reset Rate"**) will be the sum of the Reference Rate (as defined below) and the Margin (as defined below).

The Calculation Agent will determine the Reference Rate for [the] [each] Reset Period in accordance with this § 3(3)(b) on the Reset Determination Date (as defined below).

- (b) *Reference Rate.* The **"Reference Rate"** for [the] [each] Reset Period will be determined by the Calculation Agent on the Reset Determination Date [prior to the Reset Date on which the relevant Reset Period commences] as follows:

- (i) If the Reset Period is commencing prior to the occurrence of the Effective Date (as defined in § 3(3)(d)(vii)), the following will apply:

- (A) The Reference Rate will be equal to the Original Benchmark Rate on the Reset Determination Date.
- (B) If the Original Benchmark Rate does not appear on the Screen Page as at the relevant time on the relevant Reset Determination Date, the Reference Rate shall be equal to the Original Benchmark Rate on the Screen Page on the last day preceding the Reset Determination Date on which such Original Benchmark Rate was displayed.

[In the case of any coupon frequency other than annual pay the following applies:

- (C) For purposes of determining the Reference Rate in accordance with § 3(3)(b)(i)(A) or (B) the Original Benchmark Rate so determined will be converted by the Calculation Agent to *[in the case of a quarterly pay insert: a quarterly rate] [in the case of a semi-annual pay insert: a semi-annual rate] [insert other applicable period]* in a commercially reasonable manner.]
- (ii) If [the] [a] Reset Period is commencing on or after the relevant Effective Date, the Reference Rate on the [relevant] Reset Determination Date will be determined in accordance with § 3(3)(d).
- (iii) If, in the determination of the Issuer, the determination of the Reference Rate would cause a Regulatory Event or could reasonably be expected to entitle the Issuer to redeem the Notes for regulatory reasons pursuant to § 5(5)(a) and/or would prejudice the qualification

of the Notes as [Tier 2 Instruments and/or as] Eligible Liabilities Instruments, the Reference Rate applicable to the [first and each subsequent] Reset Period shall be the applicable Fallback Rate (as defined in § 3(3)(d)(vi)).

"**Margin**" means [*insert initial credit spread determined at pricing (which shall not include any increase of the rate of interest or other incentive to redeem the Notes)*] per cent. *per annum*.

"**Original Benchmark Rate**" on a TARGET Business Day means the annual Euro Mid Swap Rate (expressed as a percentage *per annum*) as at 11:00 a.m. (Frankfurt time), as displayed on the Screen Page as at or around 11:00 a.m. (Frankfurt time) (or a later time at which the Euro Mid Swap Rate becomes available on the Screen Page) on such TARGET Business Day. For these purposes "**Euro Mid Swap Rate**" means the arithmetic mean of the bid and offered rates for the annual fixed leg of a fixed-for-floating interest rate swap transaction in Euro which (x) has a term of [*insert applicable term*] years and (y) has a floating leg based on the [6-month] [*insert other tenor of floating leg*] EURIBOR rate (or the EURIBOR rate for such other tenor as is the then prevailing market standard tenor for such fixed-for-floating interest rate swap transactions in Euro).

"**Reset Date**" means [*insert date*] [(the "**First Reset Date**") and each [●]th anniversary of the immediately preceding Reset Date].

"**Reset Period**" means [the period from and including the Reset Date to but excluding the Maturity Date] [each period from and including the First Reset Date to but excluding the next following Reset Date and thereafter from and including each Reset Date to but excluding the next following Reset Date].

Where:

"**Reset Determination Date**" means the [second TARGET Business Day prior to the relevant Reset Date] [*insert other applicable reset determination date description*].

"**Screen Page**" means the [Reuters screen "ICESWAP2" under the heading "EURIBOR BASIS" and the caption "11:00 AM Frankfurt time" (as such headings and captions may appear from time to time)] [*insert other applicable original screen page*] (the "**Original Screen Page**"). If the Original Screen Page permanently ceases to exist or permanently ceases to quote the Original Benchmark Rate but such quotation is available from another page selected by the Issuer in its reasonable discretion (the "**Replacement Screen Page**"), the "Screen Page" shall be the Replacement Screen Page with effect from the date on which the Replacement Screen Page is selected by the Issuer.

- (c) *Notification of Reset Rate.* The Calculation Agent will cause any Reset Rate to be notified to the Issuer, any stock exchange on which the Notes are from time to time listed at the initiative of the Issuer (if required by the rules of such stock exchange) and to the Holders in accordance with § 11 as soon as possible after its determination.
- (d) *Benchmark Event.* If a Benchmark Event occurs in relation to the Original Benchmark Rate, the Reference Rate and the interest on the Notes in accordance with § 3(3)(a) and 3(3)(b) will be determined as follows:
 - (i) *Successor Benchmark Rate or Alternative Benchmark Rate.*
 - (A) If the Issuer determines in its reasonable discretion that there is a Successor Benchmark Rate (as defined in § 3(3)(d)(vi)), then the Issuer shall determine in its reasonable discretion such Successor Benchmark Rate, the Adjustment Spread (as defined in § 3(3)(d)(vi) and any Benchmark Amendments (in accordance with § 3(3)(d)(vi) (if required) as soon as this is required following the occurrence of the Benchmark Event and prior to the Reset Determination Date.
 - (B) If the Issuer determines in its reasonable discretion that there is no Successor Benchmark Rate but that there may be an Alternative Benchmark Rate (as defined in § 3(3)(d)(vi)), then the Issuer shall, as soon as this is required following the occurrence of the Benchmark Event and prior to the Reset Determination Date,

endeavour to appoint an Independent Adviser, who will determine the Alternative Benchmark Rate, the Adjustment Spread and any Benchmark Amendments.

(ii) *New Benchmark Rate.*

- (A) If the Issuer determines in accordance with § 3(3)(d)(i)(A) that there is a Successor Benchmark Rate, then such Successor Benchmark Rate shall subsequently be the New Benchmark Rate.
- (B) If the Independent Adviser appointed by the Issuer determines in accordance with § 3(3)(d)(i)(B) that there is an Alternative Benchmark Rate, then such Alternative Benchmark Rate shall subsequently be the New Benchmark Rate.
- (C) In either case the Reference Rate for the Reset Period commencing immediately after the Effective Date [and, subject to § 3(3)(d)(viii) all following Reset Periods], will then be the sum of
 - (1) the New Benchmark Rate on the Reset Determination Date; and
 - (2) the Adjustment Spread,

provided that, for purposes of the determination of the Reset Rate, if the New Benchmark Rate is not expressed as [*in the case of a quarterly pay insert*: a quarterly rate] [*in the case of a semi-annual pay insert*: semi-annual rate] [*in the case of an annual pay insert*: annual rate] [*insert other applicable period*], such Reference Rate will be converted by the Calculation Agent or the Issuer, as the case may be, to [*in the case of a quarterly pay insert*: a quarterly] [*in the case of a semi-annual pay insert*: a semi-annual] [*in the case of an annual pay insert*: an annual rate] [*insert other applicable period*] in a commercially reasonable manner.

(iii) *Fallback Rate.* If, prior to the 10th Business Day prior to the Reset Determination Date,

- (A) the Issuer has not determined a Successor Benchmark Rate, the Adjustment Spread or the Benchmark Amendments (if required) in accordance with § 3(3)(d)(i)(A) and (ii)(A); and
- (B)
 - (1) the Issuer has not appointed an Independent Adviser in accordance with § 3(3)(d)(i)(B); or
 - (2) the Independent Adviser appointed by the Issuer has not determined an Alternative Benchmark Rate, the Adjustment Spread or the Benchmark Amendments (if required) in accordance with § 3(3)(d)(i)(B) and (ii)(B),

then the Reference Rate applicable to the Reset Period shall be the applicable Fallback Rate (as defined in § 3(3)(d)(vi)).

[If the Fallback Rate determined in accordance with this § 3(3)(d)(iii) is to be applied, this § 3(3)(d)(iii) will be operated again to determine the Reference Rate applicable to the next subsequent (and, if required, further subsequent) Reset Period(s).]

(iv) *Benchmark Amendments.* If any relevant New Benchmark Rate and the applicable Adjustment Spread are determined in accordance with this § 3(3)(d), and if the Issuer or the Independent Adviser, as applicable, determines in its reasonable discretion that amendments to these Terms and Conditions are necessary to ensure the proper operation of such New Benchmark Rate and the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**"), then the Issuer or the Independent Adviser, as applicable, will determine the Benchmark Amendments in its reasonable discretion.

The Benchmark Amendments may include, without limitation, the following conditions of these Terms and Conditions:

- (A) the determination of the Reference Rate in accordance with § 3(3)(b) and this § 3(3)(d); and/or
 - (B) the definitions of the terms "Business Day", "Interest Payment Date", "Reset Date", "Reset Period", "Day Count Fraction" and/or "Reset Determination Date" (including the determination whether the Reference Rate will be determined on a forward looking or a backward looking basis); and/or
 - (C) the business day convention in § 4(4).
- (v) *Notices, etc.*

- (A) The Issuer will notify any New Benchmark Rate, the Adjustment Spread and the Benchmark Amendments (if any) or the Fallback Rate, as the case may be, determined under this § 3(3)(d) to the Fiscal Agent, the Paying Agents, the Calculation Agent as soon as such notification is (in the Issuer's view) required following the determination thereof, but in any event not later than on the 10th Business Day prior to the Reset Determination Date. Such notice shall specify the Effective Date.

On or prior to the date of such notice, the Issuer shall deliver to the Fiscal Agent and the Calculation Agent a certificate signed by two authorized signatories of the Issuer:

- (I)
 - (1) confirming that a Benchmark Event has occurred;
 - (2) specifying the relevant New Benchmark Rate, the applicable Adjustment Spread and the Benchmark Amendments (if any) or the Fallback Rate, as the case may be, each determined in accordance with the provisions of this § 3(3)(d); and
 - (3) specifying the Effective Date; and
 - (II) confirming that the Benchmark Amendments, if any, are necessary to ensure the proper operation of the New Benchmark Rate and/or the applicable Adjustment Spread.
- (B) The Issuer will notify any New Benchmark Rate, the Adjustment Spread and the Benchmark Amendments (if any) or the Fallback Rate, as the case may be, determined under this § 3(3)(d) to the Holders in accordance with § 11 as soon as practicable after the notice in accordance with clause (A) has been made. Such notice shall be irrevocable and shall specify the Effective Date.
 - (C) The New Benchmark Rate, the Adjustment Spread and the Benchmark Amendments (if any) or the Fallback Rate, as the case may be, each as specified in any the notice in accordance with clause (B), will be binding on the Issuer, the Fiscal Agent, the Paying Agents, the Calculation Agent and the Holders (for the avoidance of doubt: no consent of the Holders shall be required). The New Benchmark Rate, the Adjustment Spread and the Benchmark Amendments, if any, or the Fallback Rate, as the case may be, shall take effect on the Effective Date. The Terms and Conditions shall be deemed to have been amended accordingly from and including the Effective Date.

(vi) *Definitions.* As used in this § 3(3)(d):

The "**Adjustment Spread**", which may be positive, negative or zero, will be expressed in basis points and means either: (a) the spread; or (b) the result of the operation of the formula or methodology for calculating the spread, which:

- (A) in the case of a Successor Benchmark Rate, is formally recommended in relation to the replacement of the Original Benchmark Rate with the Successor Benchmark Rate by any Relevant Nominating Body; or
- (B) (if no recommendation pursuant to clause (A) has been made, or in the case of an Alternative Benchmark Rate) is customarily applied to the New Benchmark Rate in the international debt capital markets to produce an industry-accepted replacement benchmark rate for the Original Benchmark Rate, provided that all determinations will be made by the Issuer or the Independent Adviser, as applicable, in its reasonable discretion; or
- (C) (if the Issuer or the Independent Adviser, as applicable, in its reasonable discretion determines that no such spread is customarily applied and that the following would be appropriate for the Notes) is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Benchmark Rate, where the Original Benchmark Rate has been replaced by the New Benchmark Rate, provided that all determinations will be made by the Issuer or the Independent Adviser, as applicable, in its reasonable discretion.

If the Issuer or the Independent Adviser, as applicable, does not determine such Adjustment Spread, then the Adjustment Spread will be zero.

"**Alternative Benchmark Rate**" means an alternative benchmark or an alternative screen rate which is customarily applied in the international debt capital markets (or, alternatively, the international swap markets) for the purpose of determining rates of interest based on mid swap rates with a [5-year] maturity in the Specified Currency, provided that all determinations will be made by the Independent Adviser in its reasonable discretion.

A "**Benchmark Event**" occurs if:

- (A) a public statement or publication of information by or on behalf of the regulatory supervisor of the Original Benchmark Rate administrator is made, stating that said administrator has ceased or will cease to provide the Original Benchmark Rate permanently or indefinitely, unless there is a successor administrator that will continue to provide the Original Benchmark Rate; or
- (B) a public statement or publication of information by or on behalf of the Original Benchmark Rate administrator is made, stating that said administrator has ceased or will cease to provide the Original Benchmark Rate permanently or indefinitely, unless there is a successor administrator that will continue to provide the Original Benchmark Rate; or
- (C) a public statement by the regulatory supervisor of the Original Benchmark Rate administrator is made that, in its view, the Original Benchmark Rate is no longer, or will no longer be, representative of the underlying market it purports to measure and no action to remediate such a situation is taken or expected to be taken as required by the supervisor of the Original Benchmark Rate administrator; or
- (D) it has become, for any reason, unlawful under any law or regulation applicable to any Paying Agent, the Calculation Agent, the Issuer or any other party to use the Original Benchmark Rate; or

- (E) the Original Benchmark Rate is permanently no longer published without a previous official announcement by the competent authority of the administrator.

"**Fallback Rate**" means, [(x) for each Reset Period except the first Reset Period, the Reference Rate determined on the last preceding Reset Determination Date or (y)] for the [first] Reset Period, [*insert [(i) the reoffer yield determined at the time of pricing of the Notes minus (ii) the Margin] [other fallback rate]*] per cent. *per annum*.

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense.

"**New Benchmark Rate**" means the Successor Benchmark Rate or, as the case may be, the Alternative Benchmark Rate determined in accordance with this § 3(3)(d).

"**Relevant Nominating Body**" means, in respect of the replacement of the Original Benchmark Rate:

- (A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

"**Successor Benchmark Rate**" means a successor to or replacement of the Original Benchmark Rate which is formally recommended by any Relevant Nominating Body.

- (vii) *Effective Date*. The effective date for the application of the New Benchmark Rate, the Adjustment Spread and the Benchmark Amendments (if any) determined under § 3(3)(d) (the "**Effective Date**") will be the Reset Determination Date falling on or after the earliest of the following dates:
- (A) if the Benchmark Event has occurred as a result of clauses (A), (B) or (C) of the definition of the term "Benchmark Event", the date of cessation of publication of the Original Benchmark Rate, the date of the discontinuation of the Original Benchmark Rate or the date as from which the Original Benchmark Rate is no longer, or will no longer be, representative, as the case may be; or
- (B) if the Benchmark Event has occurred as a result of clause (D) of the definition of the term "Benchmark Event", the date from which the prohibition applies; or
- (C) if the Benchmark Event has occurred as a result of clause (E) of the definition of the term "Benchmark Event", the date of the occurrence of the Benchmark Event.
- (viii) If a Benchmark Event occurs in relation to any New Benchmark Rate, this § 3(3)(d) shall apply *mutatis mutandis* to the replacement of such New Benchmark Rate by any new Successor Benchmark Rate or Alternative Benchmark Rate, as the case may be. In this case, any reference in this § 3(3) to the term "Original Benchmark Rate" shall be deemed to be a reference to the New Benchmark Rate last applied.
- (ix) Any reference in this § 3(3) to the term Original Benchmark Rate shall be deemed to include a reference to any component part thereof, if any, if a Benchmark Event in respect of that component part has occurred.

- (x) No adjustment to the Reference Rate will be made in accordance with this § 3(3)(d) if and to the extent that as a result of such adjustment the Issuer were to be entitled to redeem the Notes for regulatory reasons in accordance with § 5(5).
 - (e) *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this § 3 by the Calculation Agent or, as the case may be, any Independent Adviser or the Issuer shall (in the absence of wilful default, bad faith, inequitableness or manifest error) be binding on the Issuer, Fiscal Agent, the Paying Agent(s) and the Holders and, in the absence of the aforesaid, no liability to the Issuer, the Fiscal Agent, the Paying Agents or the Holders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.
- (4) *Cessation of Interest Accrual.* The Notes shall cease to bear interest from the expiry of the calendar day preceding their due date for redemption. If the Issuer fails to redeem the Notes when due, interest shall continue to accrue on the Specified Denomination of the Notes from and including the due date for redemption to but excluding the date of actual redemption of the Notes at the applicable rate of interest determined pursuant to this § 3. This does not affect any additional rights that might be available to the Holders.

§ 4 PAYMENTS

- (1) *Payments of Principal and Interest.*
- (a) Payment of principal on the Notes shall be made, subject to § 4(2) below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System.
 - (b) Payment of interest and any Additional Amounts (as defined in § 7(1)) on the Notes shall be made, subject to § 4(2) below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System, upon due certification as provided in § 1(2)(c).
- (2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in the Specified Currency.
- (3) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.
- (4) *Business Day Convention.* If the due date for payment of any amount of principal or interest in respect of any Note is not a Business Day (as defined in § 1(4)), then the Holder shall not be entitled to payment until the next day that is a Business Day and shall not be entitled to further interest or other payment in respect of such delay (the Interest Period shall not be adjusted accordingly).
- (5) *References to Principal and Interest.* References in these Terms and Conditions to "principal" in respect of the Notes shall be deemed to include, as applicable, the Specified Denomination, any premium and any other amounts (other than interest) which may be payable under or in respect of the Notes. References in these Terms and Conditions to "interest" in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable under § 7(1).

§ 5 REDEMPTION

- (1) *Redemption at Maturity.* Unless previously redeemed or repurchased and cancelled (in each case, in whole or in part), the Notes shall be redeemed at their principal amount on ***[if Interest Periods are subject to adjustment in accordance with the applicable business day convention, the following applies: the Interest Payment Date falling on or around] [insert Maturity Date]*** (the "**Maturity Date**").
- (2) *No right of termination or acceleration by the Holders.* The Holders shall have no right to terminate or to demand (or otherwise accelerate) the redemption of the Notes.

For the avoidance of doubt, any acceleration cannot occur in resolution (or moratorium) imposed against the Issuer.

[If the Notes are subject to Early Redemption at the Option of the Issuer, the following applies:

(3) *Early Redemption at the Option of the Issuer.*

- (a) The Issuer may, upon giving not less than five Business Days' and not more than 40 Business Days' prior notice in accordance with § 5(3)(b), redeem, on (any of) the Optional Redemption Date(s), all but not some only of the Notes at their Specified Denomination together with accrued and unpaid interest, if any, to but excluding the Optional Redemption Date specified in the notice.

Any such early redemption pursuant to this § 5(3) shall only be possible if the conditions to redemption and repurchase set out in § 5([7]) are met.

"Optional Redemption Date(s)": *[insert Optional Redemption Date(s)]*⁶

- (b) The notice of redemption shall be given by the Issuer to the Holders in accordance with § 11. Such notice shall be irrevocable and shall specify:
- (i) the series of Notes subject to redemption, including the securities codes; and
- (ii) the Optional Redemption Date on which the Issuer will redeem the Notes.]

[If the Notes are not subject to Early Redemption at the Option of the Issuer for reasons other than pursuant to § 5(4) or § 5(5) [or § 5(6)], the following applies:

(3) *No Early Redemption at the Option of the Issuer.* The Notes may not be redeemed at the option of the Issuer prior to their Maturity Date other than in the case of an early redemption pursuant to § 5(4)[,] [or] § 5(5) [or § 5(6)].]

(4) *Early Redemption for Reasons of Taxation.*

- (a) If a Tax Event (as defined below) occurs, the Issuer may at any time, upon giving not less than five Business Days' and not more than 40 Business Days' prior notice in accordance with § 5(4)(b), redeem, all but not some only of the Notes, on the date fixed for redemption specified in the notice, at their Specified Denomination together with accrued and unpaid interest, if any, to but excluding the date fixed for redemption, provided that in the event of the occurrence of a Gross-up Event (as defined below) no such notice of redemption shall be given earlier than 90 calendar days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Notes then due.

Any such early redemption pursuant to this § 5(4) shall only be possible if the conditions to redemption and repurchase set out in § 5([7]) are met.

A "**Tax Event**" occurs if there is a Tax Deductibility Event or a Gross-up Event, which change or amendment or clarification: (x) subject to (y), becomes effective on or after the issue date of the Notes; or (y) in the case of a change, if such change is enacted on or after the issue date of the Notes.

Where:

A "**Gross-up Event**" occurs if there is a change in the applicable tax treatment of the Notes based on a decision or change in law, regulation or interpretation of the tax authority of the Republic of Slovenia (or any political subdivision or any authority thereof or therein having power to tax) having competence over the Issuer which becomes effective on or after the issue date of the Notes, as a result of which the Issuer has paid, or will or would on the next Interest Payment Date be required to pay, any Additional Amounts pursuant to § 7(1).

⁶ In the case of Preferred Senior Notes and Non-Preferred Senior Notes, the (first) Optional Redemption Date must not be earlier than the first anniversary of the issue date of the last tranche of the relevant series of Notes.

In the case of Subordinated Notes, the (first) Optional Redemption Date must not be earlier than the fifth anniversary of the issue date of the last tranche of the relevant series of Notes.

A "**Tax Deductibility Event**" occurs if there is a change in the applicable tax treatment of the Notes based on a decision or change in law, regulation or interpretation of the tax authority of the Republic of Slovenia (or any political subdivision or any authority thereof or therein having power to tax) having competence over the Issuer which becomes effective on or after the issue date of the Notes as a result of which the Issuer, in computing its taxation liabilities in the Republic of Slovenia, would not be entitled to claim a deduction in respect of interest paid on the Notes, or such deductibility is materially reduced.

- (b) The notice of redemption shall be given by the Issuer to the Holders in accordance with § 11. Such notice shall be irrevocable and shall specify:
 - (i) the series of Notes subject to redemption, including the securities codes;
 - (ii) the date on which the Issuer will redeem the Notes; and
 - (iii) the reason for such call and redemption.]

[In the case of Preferred Senior Notes or Non-Preferred Senior Notes the following applies:

(5) Early Redemption for Regulatory Reasons.

- (a) If a MREL Disqualification Event occurs, the Issuer may at any time, upon giving not less than five Business Days' and not more than 40 Business Days' prior notice in accordance with § 5(5)([c]), redeem, on the date fixed for redemption specified in the notice, all but not some only of the Notes at their Specified Denomination together with accrued and unpaid interest, if any, to but excluding the date fixed for redemption.

An "**MREL Disqualification Event**" occurs if, after the date of issuance of the last tranche of this series of Notes, there is a change in the regulatory classification of the Notes that would be likely to result or has resulted in their exclusion in full or in part from eligible liabilities according to the SRMR for purposes of the minimum requirement for own funds and eligible liabilities (MREL) pursuant to the SRMR (on an individual and/or consolidated basis) of the Issuer, except where such exclusion would merely be based on the remaining tenor of the Notes being less than any minimum period prescribed in the SRMR or on any applicable limits on the inclusion of the Notes in the eligible liabilities items (on an individual and/or consolidated basis) of the Issuer being exceeded.

Any such early redemption pursuant to this § 5(5) shall only be possible if the conditions to redemption and repurchase set out in § 5([7]) are met.

- (b) The notice of redemption shall be given by the Issuer to the Holders in accordance with § 11. Such notice shall be irrevocable and shall specify:
 - (i) the series of Notes subject to redemption, including the securities codes;
 - (ii) the date on which the Issuer will redeem the Notes; and
 - (iii) the reason for such call and redemption.]

[In the case of Subordinated Notes the following applies:

(5) Early Redemption for Regulatory Reasons or for Reasons of Non-Approval.

- (a) *Early Redemption for Regulatory Reasons.* If a Regulatory Event occurs, the Issuer may at any time, upon giving not less than five Business Days' and not more than 40 Business Days' prior notice in accordance with § 5(5)(c), redeem, on the date fixed for redemption specified in the notice, all but not some only of the Notes at their Specified Denomination together with accrued and unpaid interest, if any, to but excluding the date fixed for redemption.

A "**Regulatory Event**" occurs if there is a change in the regulatory classification of the Notes which becomes effective on or after the issue date of the Notes that would be likely to result in their exclusion in full or in part from own funds or reclassification as a lower quality form of own

funds (in each case, on an individual and/or consolidated basis of the Issuer) (other than as a consequence of the amortisation in accordance with Article 64 CRR).

Any such early redemption pursuant to this § 5(5) shall only be possible if the conditions to redemption and repurchase set out in § 5([7]) are met.

- (b) *Early Redemption for Reasons of Non-Approval.* If a Non-Approval Event occurs, the Issuer may at any time, upon giving not less than five Business Days' and not more than 40 Business Days' prior notice in accordance with § 5(5)(c), redeem all but not only some of the Notes in whole, but not in part, on the date of redemption specified in the notice, at their Specified Denomination together with accrued and unpaid interest thereon, if any, to but excluding the date of redemption.

A "**Non-Approval Event**" occurs if, by [*insert applicable date*], the Issuer fails to obtain the permission of the Competent Authority pursuant to Article 149(2) ZBan-3 to include the Notes in whole in the calculation of its Tier 2 capital pursuant to Article 71 CRR.

- (c) The notice of redemption shall be given by the Issuer to the Holders in accordance with § 11. Such notice shall be irrevocable and shall specify:
- (i) the series of Notes subject to redemption, including the securities codes;
 - (ii) the date on which the Issuer will redeem the Notes; and
 - (iii) the reason for such call and redemption.]

[If the Notes are subject to early redemption at the option of the Issuer for Minimal Outstanding Aggregate Principal Amount, the following applies:

(6) *Early Redemption for Minimal Outstanding Aggregate Principal Amount.*

- (a) If at any time the aggregate principal amount of the Notes outstanding and held by persons other than the Issuer and its Subsidiaries has fallen to [20] per cent. or less of the aggregate principal amount of the Notes originally issued (including any Notes additionally issued in accordance with § 10(1)), the Issuer may, upon giving not less than five Business Days' and not more than 40 Business Days' prior notice in accordance with § 5(6)(b), redeem all but not some only of the Notes, on the date fixed for redemption specified in the notice, at their Specified Denomination together with accrued and unpaid interest, if any, to but excluding the date fixed for redemption.

Any such early redemption pursuant to this § 5(6) shall only be possible if the conditions to redemption and repurchase set out in § 5([7]) are met.

- (b) The notice of redemption shall be given by the Issuer to the Holders in accordance with § 11. Such notice shall be irrevocable and shall specify:
- (i) the series of Notes subject to redemption, including the securities codes;
 - (ii) the date on which the Issuer will redeem the Notes; and
 - (iii) the reason for such call and redemption.]

[In the case of Preferred Senior Notes or Non-Preferred Senior Notes the following applies:

([7]) *Conditions to Redemption and Repurchase.* Any early redemption pursuant to § 5(3), § 5(4)[,] [or] § 5(5) [or § 5(6)] and any repurchase pursuant to § 10(2) are subject to the Resolution Authority (or any other relevant supervisory authority) having granted the Issuer the prior permission in accordance with Articles 77(2) and 78a CRR or any successor provision for the early redemption or the repurchase, if applicable to the Issuer at that point in time, which may, *inter alia*, require that:

- (a) the Issuer (before or at the same time as any early redemption or repurchase) replaces the Notes with own funds instruments or eligible liabilities of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or

- (b) the Issuer has demonstrated to the satisfaction of the Resolution Authority that the own funds and eligible liabilities of the Issuer would, following any early redemption or repurchase, exceed the requirements for own funds and eligible liabilities provided in the CRR, the CRD IV and the BRRD by a margin that the Resolution Authority, in agreement with the Competent Authority, considers necessary at such time; or
- (c) the Issuer has demonstrated to the satisfaction of the Resolution Authority that the partial or full replacement of the Notes with own funds instruments is necessary to ensure compliance with the own funds requirements laid down in the CRR and in the CRD IV for continuing authorisation.

In the case of any early redemption pursuant to § 5(4), obtaining such permission may require that the Issuer has demonstrated to the satisfaction of the Resolution Authority (or any other relevant supervisory authority) that the applicable change in tax treatment is material and was not reasonably foreseeable as at the date of issuance of the last tranche of this series of Notes.

In the case of any early redemption pursuant to § 5(5), obtaining such permission may require that the Resolution Authority (or any other relevant supervisory authority) considers the MREL Disqualification Event to be sufficiently certain and the Issuer has demonstrated to the satisfaction of the Resolution Authority (or any other relevant supervisory authority) that the MREL Disqualification Event was not reasonably foreseeable as at the date of issuance of the last tranche of this series of Notes.

Notwithstanding the above conditions, if, at the time of any early redemption or repurchase, the prevailing Applicable Supervisory Regulations applicable to the Issuer permit the early redemption or repurchase only after compliance with one or more alternative or additional pre-conditions to those set out above, the Issuer shall comply with such other and/or, as appropriate, additional pre-conditions, if any.

For the avoidance of doubt, any refusal or failure of the Resolution Authority (or any other relevant supervisory authority) to grant any permission, approval or other consent required in accordance with the Applicable Supervisory Regulations shall not constitute a default for any purpose.]

[In the case of Subordinated Notes the following applies:

([7]) *Conditions to Redemption and Repurchase.* Any early redemption pursuant to § 5(3), § 5(4)[,] [or] § 5(5) [or § 5(6)] and any repurchase pursuant to § 10(2) is subject to the Competent Authority having granted the Issuer the prior permission in accordance with Articles 77 and 78 CRR or any successor provision for the early redemption or repurchase which may, *inter alia*, require:

- (a) that
 - (i) either, before or at the same time as the redemption or repurchase, the Issuer replaces the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or
 - (ii) the Issuer has demonstrated to the satisfaction of the Competent Authority that the own funds and eligible liabilities of the Issuer would, following such early redemption or repurchase, exceed the requirements for own funds and eligible liabilities laid down in the CRR, the CRD IV and the BRRD by a margin that the Competent Authority considers necessary at such time; and
- (b) in the case of any early redemption or repurchase of the Notes prior to the fifth anniversary of the date of issuance of the Notes that:
 - (i) in the case of any early redemption pursuant to § 5(4), the Issuer has demonstrated to the satisfaction of the Competent Authority that the applicable change in tax treatment is material and was not reasonably foreseeable as at the date of issuance of the last tranche of this series of Notes; or
 - (ii) in the case of any early redemption pursuant to § 5(5)(a), the Competent Authority considers such change to be sufficiently certain and the Issuer has demonstrated to the satisfaction of the Competent Authority that the relevant change in the regulatory classification of the Notes was not reasonably foreseeable as at the date of issuance of the last tranche of this series of Notes; or

- (iii) in the case of any early redemption of the Notes in circumstances other than those described in clause (b)(i) or (ii) above or any repurchase, the Issuer, earlier than or at the same time as the early redemption or the repurchase, replaces the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer and the Competent Authority has permitted that early redemption or repurchase based on the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or
- (iv) the Notes being repurchased for market making purposes in accordance with the Applicable Supervisory Regulations.

Notwithstanding the above conditions, if, at the time of any early redemption or repurchase, the prevailing Applicable Supervisory Regulations permit the early redemption or repurchase only after compliance with one or more alternative or additional pre-conditions to those set out above, the Issuer shall comply with such other and/or, as appropriate, additional pre-conditions, if any.

For the avoidance of doubt, any refusal or failure of the Competent Authority (or any other relevant supervisory authority) to grant any permission, approval or other consent required in accordance with the Applicable Supervisory Regulations shall not constitute a default for any purpose.]

§ 6

FISCAL AGENT AND PAYING AGENT(S) AND CALCULATION AGENT

(1) *Appointment; Specified Offices.* The initial Fiscal Agent, the initial Principal Paying Agent [***if any additional or other paying agent(s) shall be appointed insert:*** , the initial Paying Agent(s)] and the initial Calculation Agent and their respective initial specified offices are:

Fiscal Agent and Principal Paying Agent:

[insert name and address of the specified offices of the Fiscal Agent and Principal Paying Agent]

[If any additional or other paying agent shall be appointed, insert its name and initial specified office.]

Calculation Agent:

[insert name and address of the specified offices of the Calculation Agent]

Where these Terms and Conditions refer to the term "Paying Agent(s)", such term shall include the Principal Paying Agent.

The Fiscal Agent, the Paying Agent(s) and the Calculation Agent (the "**Agents**" and each an "**Agent**") reserve the right at any time to change their respective specified office to some other specified office in the same country.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint another Fiscal Agent or additional or other Paying Agents or another Calculation Agent. The Issuer shall at all times maintain (i) a Fiscal Agent and (ii) so long as the Notes are listed on a stock exchange at the initiative of the Issuer, a Paying Agent (which may be the Fiscal Agent) with a specified office in such place as may be required by the rules of such stock exchange or its supervisory authorities and (iii) a Calculation Agent. The Issuer will give notice to the Holders of any variation, termination, appointment or any other change as soon as possible upon the effectiveness of such change.

(3) *Agents of the Issuer.* The Fiscal Agent, the Paying Agents and the Calculation Agent act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Holder.

(4) *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of these Terms and Conditions by the Fiscal Agent or the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the other Agents and the Holders and, in the absence of the aforesaid, no liability to the Issuer, the other Agents or the Holders shall attach to the Fiscal Agent

or the Calculation Agent, as the case may be, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(5) *Independent Adviser*. If the Issuer appoints an Independent Adviser in accordance with these Terms and Conditions, § 6(3) and (4) shall apply *mutatis mutandis* to the Independent Adviser.

§ 7 TAXATION

(1) *General Taxation*. All payments of interest in respect of the Notes will be made by the Issuer without withholding or deduction for or on account of any taxes, duties or governmental charges of whatever nature (the "**Taxes**") imposed or levied by way of withholding or deduction by or on behalf of the Republic of Slovenia or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. If such withholding or deduction is required by law, the Issuer will, to the extent permitted by law, pay such additional amounts in relation to interest (but not principal) as will be necessary in order that the net amounts received by the Holder (or a third party on behalf of the Holder) after such withholding or deduction will equal the respective amounts which would otherwise have been receivable in respect of the Notes in the absence of such withholding or deduction (the "**Additional Amounts**"). However, no such Additional Amounts will 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 (provided that a mechanism is available for such declaration or claim to be provided); or
- (c) on account of any Taxes which are payable by any person (including the Issuer) acting as custodian bank or collecting agent on behalf of a Holder, or by the Issuer if no custodian bank or collecting agent is appointed or otherwise in any manner which does not constitute a withholding or deduction by the Issuer from payments of principal or interest made by it; or
- (d) on account of any Taxes withheld or deducted pursuant to an international treaty or a civil law agreement concluded by a state and/or one of its political subdivisions and/or one of its authorities and/or a group of states on the one hand and the Republic of Slovenia and/or one of its political subdivisions and/or the European Union and/or the Issuer and/or an intermediary on the other hand; or
- (e) on account of any Taxes which are refundable or for which a relief at source is available pursuant to the laws of the Republic of Slovenia, a European Union directive or regulation or an international treaty or understanding to which the Republic of Slovenia and/or the European Union is a party/are parties.

(2) *U.S. Foreign Account Tax Compliance Act (FATCA)*. The Issuer is authorised to withhold or deduct from amounts payable under the Notes to a Holder or beneficial owner of Notes sufficient funds for the payment of any tax that it is required to withhold or deduct pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or that is otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

§ 8

AMENDMENT OF THE TERMS AND CONDITIONS, JOINT REPRESENTATIVE

(1) *Amendment to the Terms and Conditions.* In accordance with the German Act on Issues of Debt Securities, as amended (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*) (the "**SchVG**") and subject to compliance with the Applicable Supervisory Regulations for the Notes to qualify as [Eligible Liabilities Instruments] [Tier 2 Instruments] (including, for the avoidance of doubt, where relevant, the conditions to redemption and repurchase set out in § 5([7])) the Holders may agree with the Issuer on amendments to these Terms and Conditions with regard to matters permitted by the SchVG by a Holders' resolution (*Beschluss*) with the majority specified in § 8(2) below. In particular, the Issuer's right under this § 8(1) is subject to the prior permission of the [Resolution Authority] [Competent Authority] (or any other relevant supervisory authority) of the Issuer if such consent is required at the time of any such amendment. Majority resolutions of the Holders shall be binding on all Holders alike. A majority resolution of the Holders which does not provide for identical conditions for all Holders is void unless Holders who are disadvantaged have expressly consented to their being treated disadvantageously.

(2) *Majority.* Resolutions relating to material amendments to these Terms and Conditions, in particular consents to the measures set out in § 5(3) SchVG shall be passed by a majority of not less than 75 per cent. (*qualified majority*) of the votes cast. Resolutions relating to amendments to these Terms and Conditions which are not material require a simple majority of the votes cast.

(3) *Vote.* Resolutions of the Holders shall be made either in a holders' meeting or by means of a vote without a meeting (*Abstimmung ohne Versammlung*) (§§ 9 et seq. and § 18 SchVG). The convening notice of a Holders' meeting will provide the further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions will be notified to Holders in the agenda of the meeting. The attendance at the Holders' meeting or the exercise of voting rights requires a registration of the Holders prior to the meeting. Any such registration must be received at the address stated in the convening notice by no later than the third calendar day preceding the Holders' meeting.

(4) *Chair of the Vote.* The vote will be chaired by a notary appointed by the Issuer or, if the Joint Representative (as defined below) has convened the vote, by the Joint Representative.

(5) *Voting Right.* Each Holder participating in any vote shall cast its vote in accordance with the principal amount or the notional share of its entitlement to the outstanding Notes. Holders must demonstrate their eligibility to participate in the vote at the time of voting by means of a special confirmation of their depository bank and by submission of a blocking instruction by their Custodian (as defined in § 12(3)) for the benefit of the Fiscal Agent as depository (*Hinterlegungsstelle*) for the voting period.

(6) *Notices.* Any notices concerning this § 8 shall be made exclusively pursuant to the provisions of the SchVG.

(7) *Joint Representative.* The Holders may by majority resolution appoint a joint representative (the "**Joint Representative**") to exercise the Holders' rights on behalf of each Holder. The Joint Representative shall have the duties and powers provided by law or granted by majority resolution of the Holders. The Joint Representative shall comply with the instructions of the Holders. To the extent that the Joint Representative has been authorised to assert certain rights of the Holders, the Holders shall not be entitled to assert such rights themselves, unless explicitly provided for in the relevant majority resolution. The Joint Representative shall provide reports to the Holders on its activities. The regulations of the SchVG apply with regard to the recall and the other rights and obligations of the Joint Representative.

§ 9

PRESENTATION PERIOD, PRESCRIPTION

The period for presentation of the Notes (§ 801(1) sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch – BGB*)) shall be reduced to ten years and the period of limitation for claims under the Notes presented during the period for presentation shall be two years calculated from the expiry of the relevant presentation period.

§ 10
**FURTHER ISSUES OF NOTES,
REPURCHASES AND
CANCELLATION**

(1) *Further Issues of Notes.* The Issuer may from time to time, without the consent of the Holders and subject to regulatory and other statutory provisions, issue further Notes having the same terms as the Notes in all respects (or in all respects except for the issue date, issue price, interest commencement date and/or first interest payment date) so as to form a single series with the Notes.

(2) *Repurchases.* The Issuer and any of its Subsidiaries may repurchase any Notes in the open market or otherwise at any price at any time, provided however that the Issuer has obtained the prior permission of the [Resolution Authority] [Competent Authority] (or any other relevant supervisory authority) for the repurchase of the Notes and the further conditions to redemption and repurchase set forth in § 5([7]) are met and all applicable regulatory and other statutory restrictions are observed. Notes repurchased by the Issuer or any Subsidiary may, at the option of the Issuer or such Subsidiary, be held, resold or surrendered for cancellation to the Fiscal Agent.

(3) *Cancellation.* Any Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

§ 11
NOTICES

(1) *Notices of the Issuer.* All notices of the Issuer concerning the Notes shall be published: (i) if and for as long as the Notes are listed on the Luxembourg Stock Exchange, on the website of the Luxembourg Stock Exchange (www.luxse.com); (ii) if and for as long as the Notes are listed on any stock exchange other than the Luxembourg Stock Exchange at the initiative of the Issuer, in such media as determined by law and the rules and regulations of such other stock exchange; and, in each case, (iii) in electronic form on the website of the Issuer (www.nlb.si). Any notice so given will be deemed to have been validly given on the fifth calendar day following the date of such publication (or, if published more than once, on the fifth calendar day following the date of the first such publication) unless the notice provides for a later effective date.

(2) *Publication of Notices of the Issuer via the Clearing System.* If the publication of notices pursuant to § 11(1) is no longer required by law, the Issuer may, in lieu of publication in the media set forth in § 11(1), deliver the relevant notices to the Clearing System, for communication by the Clearing System to the Holders. Any such notice shall be deemed to have been given to the Holders on the seventh calendar day after the calendar day on which said notice was given to the Clearing System.

(3) *Form of Notice.* Notices regarding the Notes shall only be valid if made in English.

§ 12
**APPLICABLE LAW,
PLACE OF JURISDICTION
AND ENFORCEMENT**

(1) *Applicable Law.* Except as provided in the next sentence, the Notes, as to form and content, and all rights and obligations of the Holders and the Issuer, shall be governed by German law, save for the provisions in paragraphs (1) to (4) of § 2 (Status) which shall be governed by, and shall be construed exclusively in accordance with, Slovenian law.

(2) *Jurisdiction.* The District Court (*Landgericht*) in Frankfurt am Main, Germany, shall have non-exclusive jurisdiction for any action or other legal proceedings (the "**Proceedings**") arising out of or in connection with the Notes. This is subject to any exclusive court of venue for specific legal proceedings in connection with the SchVG.

(3) *Enforcement.* Any Holder may in any Proceedings against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in its own name its rights arising under such Notes on the basis of a statement issued by the Custodian (as defined below) with whom such Holder maintains a securities account in respect of the Notes: (a) stating the full name and address of the Holder; (b) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement; and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b).

For purposes of the foregoing, "**Custodian**" means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes and includes the Clearing System. Each Holder may, without prejudice to the foregoing, also protect and enforce its rights under the Notes in any other way which is admitted in the country of the proceedings.

**OPTION III – USD-DENOMINATED NOTES WITH A FIXED TO FIXED RESETTABLE
INTEREST RATE**

**§ 1
CURRENCY, DENOMINATION, FORM,
CERTAIN DEFINITIONS**

(1) *Currency, Denomination.* This series of [subordinated] notes is being issued by Nova Ljubljanska banka d.d., Ljubljana (the "**Issuer**") in [insert specified currency] (the "**Specified Currency**") in the aggregate principal amount of [insert specified currency and aggregate principal amount] (in words: [insert aggregate principal amount in words]) in the denomination of [insert specified currency and specified denomination]⁷ (the "**Specified Denomination**") each (the "**Notes**" and each a "**Note**").

(2) *Form.*

- (a) The Notes are issued in bearer form.
- (b) The Notes are initially represented by a temporary global note (the "**Temporary Global Note**") without interest coupons. The Temporary Global Note will be exchangeable for Notes in the Specified Denomination represented by a permanent global note (the "**Permanent Global Note**", and the Temporary Global Note and the Permanent Global Note together, the "**Global Notes**" and each a "**Global Note**") without interest coupons. The Temporary Global Note and the Permanent Global Note shall each be only valid if they bear the signatures of two authorised representatives of the Issuer and have been authenticated by or on behalf of the Fiscal Agent [*in the case of Notes deposited on behalf of the ICSDs and the Global Note is an NGN the following applies*: and bear the handwritten or facsimile signature by or on behalf of the common safekeeper]. Definitive notes and interest coupons will not be issued and the right of the Holders to request the issue and delivery of definitive notes and interest coupons shall be excluded.
- (c) The Temporary Global Note shall be exchangeable for the Permanent Global Note from a date not earlier than 40 days after the date of issue of the Temporary Global Note. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is not a U.S. person (other than certain financial institutions or certain persons holding Notes through such financial institutions) as required by U.S. tax law. Payment of interest on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest. Any such certification received on or after the 40th day after the date of issue of the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to this § 1(2)(c). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined below).

For purposes of these Terms and Conditions, "**United States**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

(3) *Clearing System.* The Global Note will be deposited by or on behalf of a Clearing System until all obligations of the Issuer under the Notes have been satisfied.

"**Clearing System**" means [Clearstream Banking S.A. ("**CBL**") and Euroclear Bank SA/NV ("**Euroclear**") (CBL and Euroclear are each an "**ICSD**" (*International Central Securities Depository*)) and together the "**ICSDs**") [*specify other Clearing System*] and any successor in such capacity.

[In the case of Notes deposited on behalf of the ICSDs and the Global Note is a CGN the following applies: The Notes are issued in classical global note ("**CGN**") form and are deposited with a common depository on behalf of both ICSDs.]

[In the case of Notes deposited on behalf of the ICSDs and the Global Note is an NGN the following applies: The Notes are issued in new global note ("**NGN**") form and are deposited with a common safekeeper on behalf of both ICSDs. The aggregate principal amount of Notes represented by the Global Note shall be the aggregate amount from time to time entered in the records of both ICSDs. The records of

⁷ The minimum denomination is EUR 100,000 or at least equivalent in the Specified Currency.

the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customers' interest in the Notes) shall be conclusive evidence of the aggregate principal amount of Notes represented by the Global Note and, for these purposes, a statement issued by an ICSD stating the principal amount of Notes so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time. On any redemption or payment of interest being made in respect of, or purchase and cancellation of, any of the Notes represented by the Global Note the Issuer shall procure that details of any redemption, payment or purchase and cancellation (as the case may be) in respect of the Global Note shall be entered *pro rata* in the records of the ICSDs and, upon any such entry being made, the aggregate principal amount of the Notes recorded in the records of the ICSDs and represented by the Global Note shall be reduced by the aggregate principal amount of the Notes so redeemed or purchased and cancelled.]

On an exchange of a portion only of the Notes represented by the Temporary Global Note, the Issuer shall procure that details of such exchange shall be entered *pro rata* in the records of the ICSDs.

(4) *Certain Definitions.*

"**Applicable Supervisory Regulations**" means, at any time, any requirements under laws and any regulations, requirements, standards, guidelines, policies or other rules thereunder applicable from time to time (including, but not limited to, the guidelines and decisions of the European Banking Authority, the European Central Bank, the Competent Authority, the Single Resolution Board and/or the Resolution Authority, the administrative practice of any such authority, any applicable decision of a court and any applicable transitional provisions) relating to prudential requirements and/or resolution and applicable to the Issuer, on an individual and/or (sub-)consolidated basis, as the case may be, from time to time, including but not limited to the provisions of the ZBan-3, the ZRPPB-1, the ZFPPIPP, the BRRD, the SRMR, the CRD IV and the CRR, or such other law, regulation or directive as may come into effect in place thereof, as applicable to the Issuer on an individual and/or (sub-)consolidated basis, as the case may be, at the relevant time.

"**BRRD**" means the Directive 2014/59/EU, as amended or replaced from time to time, and any references to relevant provisions of the BRRD in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"**Business Day**" means a day (other than a Saturday or a Sunday) on which (i) the Clearing System is open and (ii) commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in [*insert all relevant financial centres*] [*insert, as applicable*: and (iii) which is a TARGET Business Day].

"**Competent Authority**" means the competent authority pursuant to Article 4(1)(40) CRR and/or Article 9(1) SSMR, in each case, which is responsible to supervise the Issuer on an individual basis and/or (sub-)consolidated basis.

"**CRD IV**" means the Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 (*Capital Requirements Directive*), as amended or replaced from time to time, and any references to relevant provisions of the CRD IV in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"**CRR**" means the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26^o June 2013 (*Capital Requirements Regulation*), as amended or replaced from time to time, and any references to relevant provisions of the CRR in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"**Eligible Liabilities Instruments**" means any (directly issued) debt instruments of the Issuer which qualify as eligible liabilities instruments pursuant to Article 72b CRR.

"**Holder**" means any holder of a proportionate co-ownership or other comparable right in the Global Note which may be transferred to a new Holder in accordance with the provisions of the Clearing System.

"**Resolution Authority**" means the authority pursuant to Article 4(1)(130) CRR which is responsible for recovery or resolution of the Issuer on an individual and/or (sub-)consolidated basis.

"**SRMR**" means the Regulation (EU) No 806/2014, as amended or replaced from time to time, and any references to relevant provisions of the SRMR in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"**SSMR**" means the Regulation (EU) No 1024/2013, as amended or replaced from time to time, and any references to relevant provisions of the SSMR in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"**Subsidiary**" means any subsidiary of the Issuer pursuant to Article 4(1)(16) CRR.

[If applicable, the following applies:]

"**TARGET Business Day**" means a day on which the real time gross settlement system operated by the Eurosystem (T2), or any successor or replacement system, is open for the settlement of payments in Euro.]

"**Terms and Conditions**" means these terms and conditions of the Notes.

"**ZBan-3**" means Slovenian Banking Act (*Zakon o bančništvu*) as amended or replaced from time to time, and any references in these Terms and Conditions to relevant articles of the ZBan-3 include references to any applicable provisions of law amending or replacing such articles from time to time.

"**ZFPPIPP**" means the Slovenian Financial Operations, Insolvency Proceedings, and Compulsory Dissolution Act (*Zakon o finančnem poslovanju, postopkih zaradi insolventnosti in prisilnem prenehanju*), as amended or replaced from time to time, and any references in these Terms and Conditions to relevant articles of the ZFPPIPP include references to any applicable provisions of law amending or replacing such articles from time to time.

"**ZRPPB-1**" means the Slovenian Resolution and Compulsory Winding-Up of Banks Act (*Zakon o reševanju in prisilnem prenehanju bank*), as amended or replaced from time to time, and any references in these Terms and Conditions to relevant articles of the ZRPPB-1 include references to any applicable provisions of law amending or replacing such articles from time to time.

§ 2 STATUS

[In the case of Preferred Senior Notes the following applies:]

(1) *Ranking.* The Notes shall qualify as Eligible Liabilities Instruments of the Issuer in the form of Preferred Senior Instruments.

The obligations under the Notes constitute direct and unsecured obligations of the Issuer. In the event of normal insolvency proceedings of the Issuer (being bankruptcy proceedings (*stečaj*) or compulsory liquidation (*prisilna likvidacija*)), all claims under the Notes will rank:

- (a) *pari passu:* (i) among themselves; and (ii) with all other present or future unsecured claims against the Issuer which meet the conditions pursuant to Article 230(2)(8) ZRPPB-1;
- (b) senior to: (i) all present or future claims against the Issuer under Non-Preferred Senior Instruments; and (ii) all present or future subordinated claims against the Issuer which meet the conditions pursuant to Article 230(2)(10) or Article 230(2)(11) ZRPPB-1; and
- (c) junior to: all present or future claims against the Issuer under the Issuer's Senior Ranking Claims, so that in any such event no amounts will be payable in respect of the Notes until the Issuer's Senior Ranking Claims have been satisfied in full.

"**Issuer's Senior Ranking Claims**" means: all present or future claims against the Issuer, deposits with the Issuer and costs of procedure, in each case which meet the conditions pursuant to Article 230(1) ZRPPB-1 or any of the Articles 230(2)(1) through 230(2)(7) ZRPPB-1.

"**Non-Preferred Senior Instruments**" means all non-preferred senior instruments which meet the conditions pursuant to Article 230(2)(9) ZRPPB-1.

"Preferred Senior Instruments" means all preferred senior instruments which meet the conditions pursuant to Article 230(2)(8) ZRPPB-1.]

[In the case of Non-Preferred Senior Notes the following applies:

(1) *Ranking.* The Notes shall qualify as Eligible Liabilities Instruments of the Issuer in the form of Non-Preferred Senior Instruments.

The obligations under the Notes constitute direct and unsecured obligations of the Issuer. In the event of normal insolvency proceedings of the Issuer (being bankruptcy proceedings (*stečaj*) or compulsory liquidation (*prisilna likvidacija*)), all claims under the Notes will rank:

- (a) *pari passu:* (i) among themselves; and (ii) with all other present or future claims against the Issuer from Non-Preferred Senior Instruments;
- (b) senior to all present or future subordinated claims against the Issuer which meet the conditions pursuant to Article 230(2)(10) or Article 230(2)(11) ZRPPB-1; and
- (c) junior to all present or future claims against the Issuer under the Issuer's Senior Ranking Claims, so that in any such event no amounts will be payable in respect of the Notes until the Issuer's Senior Ranking Claims have been satisfied in full.

"Issuer's Senior Ranking Claims" means: all present or future claims against the Issuer, deposits with the Issuer and costs of procedure, in each case which meet the conditions pursuant to Article 230(1) ZRPPB-1 or any of the Articles 230(2)(1) through 230(2)(8) ZRPPB-1.

"Non-Preferred Senior Instruments" means all non-preferred senior instruments which meet the conditions pursuant to Article 230(2)(9) ZRPPB-1.]

[In the case of Subordinated Notes the following applies:

(1) *Ranking.* The Notes are intended to qualify as Tier 2 Instruments.

The obligations under the Notes constitute direct, unsecured and subordinated obligations of the Issuer.

In the event of normal insolvency proceedings of the Issuer (being bankruptcy proceedings (*stečaj*) or compulsory liquidation (*prisilna likvidacija*)), all claims against the Issuer under the Notes will rank:

- (a) *pari passu:* (i) among themselves; and (ii) with all other present or future claims under Tier 2 Instruments of the Issuer;
- (b) senior to all present or future claims from: (i) Additional Tier 1 instruments of the Issuer pursuant to Article 52 CRR; and (ii) ordinary shares of the Issuer and any other Common Equity Tier 1 instruments of the Issuer pursuant to Article 28 CRR; and (iii) all other subordinated instruments or obligations of the Issuer that result from own funds items of the Issuer ranking *pari passu* with the instruments or obligations referred to in clauses (i) and (ii) of this § 2(1)(b) or other instruments or obligations ranking or expressed to rank junior to the obligations of the Issuer under the Notes; and
- (c) junior to all present or future claims under Issuer's Senior Ranking Claims, so that in any such event no amounts will be payable in respect of the Notes until the Issuer's Senior Ranking Claims have been satisfied in full.

"Issuer's Senior Ranking Claims" means all present or future claims under: (i) unsubordinated instruments or obligations of the Issuer; (ii) Eligible Liabilities Instruments of the Issuer and any debt instruments that qualify as eligible liabilities items pursuant to transitional provisions under the CRR; and (iii) subordinated instruments or obligations of the Issuer that rank senior to Tier 2 Instruments (such as claims that do not result from an own funds item of the Issuer).

"Tier 2 Instruments" means any capital instruments of the Issuer which meet the conditions laid down in Article 63 CRR, including any capital (or other) instruments that are (fully or partly) recognised as Tier 2 items pursuant to transitional provisions under the CRR.]

(2) *No Set-off/Netting.* The Notes are not subject to any set-off arrangements or netting rights that would undermine their capacity to absorb losses in resolution, insolvency or liquidation of the Issuer.

(3) *No Security/Guarantee and No Enhancement of Seniority.* The Notes are neither secured, nor subject to any guarantee that enhances the seniority of the claims under the Notes. The Notes are not subject to any arrangement, contractual or otherwise, that enhances the seniority of the claims under the Notes in insolvency or liquidation. No security or guarantee of whatever kind is, or shall at any time be, provided by the Issuer or any other person securing rights of the Holders.

(4) *Note on the possibility of statutory resolution measures.* Prior to any normal insolvency proceedings of the Issuer (being bankruptcy proceedings (*stečaj*) or compulsory liquidation (*prisilna likvidacija*)), under the Applicable Supervisory Regulations, the Resolution Authority may exercise the power to write down (including to zero) the obligations of the Issuer under the Notes, convert the Notes into shares or other instruments of ownership of the Issuer, in each case in whole or in part, or apply any other resolution tool or action, including (but not limited to) any deferral or transfer of the obligations to another entity, an amendment of the Terms and Conditions or a cancellation of the Notes. The Holders shall be bound by the exercise of the power to write down or convert or the taking of any resolution action in respect of the Notes. No Holder shall have any claim or other right against the Issuer arising out of any exercise of the power to write down or convert or the taking of any resolution action. In particular, any exercise of the power to write down or convert or the taking of any resolution action shall not constitute a default.

Upon the Issuer being informed or notified by the Resolution Authority of the actual exercise of any statutory resolution tool or action with respect to the Notes, the Issuer shall notify the Holders without delay. Any delay or failure by the Issuer to notify the Holders shall not affect the validity and enforceability of the statutory resolution tool or action nor the effects on the Notes described in this § 2(4).

(5) If the Notes are redeemed or repurchased by the Issuer otherwise than in the circumstances described in this § 2 or § 5(7), then the amounts redeemed or paid must be returned to the Issuer irrespective of any agreement to the contrary unless the Competent Authority has given its prior consent to such redemption or repurchase.

§ 3 INTEREST

(1) *Rate of Interest and Interest Payment Dates.* The Notes shall bear interest on their Specified Denomination at a rate *per annum* equal to the applicable Rate of Interest (as defined below) from and including [*insert Interest Commencement Date*] (the "**Interest Commencement Date**").

Interest for each Interest Period shall be paid [*semi-annually*] [*annually*] in arrear on [*insert Interest Payment Date(s)*] in each year (each such date, an "**Interest Payment Date**"), commencing on [*insert first Interest Payment Date*] [*in the case of a short or long first interest period insert:* ([short] [long] first coupon)].

The applicable "**Rate of Interest**" will be,

- (a) from and including the Interest Commencement Date to but excluding the [First] Reset Date), a fixed rate of [●] per cent. *per annum*; and
- (b) thereafter from and including [the] [each] Reset Date to but excluding the [next following Reset Date and, in the case of the final Reset Period, from and including the final Reset Date to but excluding the] Maturity Date (as defined in § 5 (1)), the [relevant] Reset Rate determined in accordance with § 3(3).

[in the case of a short or long first interest period insert: The first payment of interest will amount to a broken interest amount of [*insert initial broken interest amount per Specified Denomination*] per Specified Denomination.]

"**Interest Period**" means the period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including an Interest Payment Date to but excluding the next succeeding Interest Payment Date.

(2) *Calculation of Amount of Interest.* If the amount of interest payable under the Notes is required to be calculated for any period of time such amount of interest shall be calculated by the Calculation Agent by applying the prevailing Rate of Interest to the Specified Denomination, multiplying such amount by the Day Count Fraction (as defined below), and rounding the resultant figure to the nearest full USD 0.01 with USD 0.005 being rounded upwards.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on the Notes for any period of time (the "**Calculation Period**"), the number of days in the Calculation Period divided by 360, calculated in accordance with the following formula:

$$DCF = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

Where:

"**DCF**" means Day Count Fraction;

"**Y₁**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M₂**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D₁**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"**D₂**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30.

(3) *Determination of the Reset Rate and the Reference Rate.*

- (a) *Reset Rate.* The Rate of Interest for the [relevant] Reset Period ([the] [each a] "**Reset Rate**") will be the sum of the Reference Rate (as defined below) and the Margin (as defined below).

The Calculation Agent will determine the Reference Rate for [the] [each] Reset Period in accordance with this § 3(3)(b) on the Reset Determination Date (as defined below).

[In the case of an annual coupon insert:

- (b) *Reference Rate.* The "**Reference Rate**" for [the] [each] Reset Period means the Annualized CMT Rate determined by the Calculation Agent on the Reset Determination Date [prior to the Reset Date on which the relevant Reset Period commences]. Terms used in this § 3(3)(b) have the meanings set out in this § 3(3)(b) or in § 3(3)(c).

"**Annualized CMT Rate**" means the semi-annual CMT Rate which is annualized by application of the following formula:

$$\text{Annualized CMT Rate} = \left(1 + \frac{\text{CMT Rate}}{2}\right)^2 - 1$$

]

[In the case of a semi-annual coupon insert:

- (b) *Reference Rate.* The "**Reference Rate**" for [the] [each] Reset Period means the CMT Rate determined by the Calculation Agent on the Reset Determination Date [prior to the Reset Date on which the relevant Reset Period commences]. Terms used in this § 3(3)(b) have the meanings set out in this § 3(3)(b) or in § 3(3)(c).]

If the determination of the Reference Rate were to cause a Regulatory Event, then the Reference Rate for the relevant Reset Determination Date shall be the applicable Fallback Rate.

Where:

"**CMT Rate**" means:

- (i) the rate (expressed in per cent. *per annum*) equal to the semi-annual yield for U.S. Treasury Securities at "constant maturity" for a period to maturity of [*insert applicable term*], as published in the H.15 (as defined below) under the caption "U.S. government securities-Treasury constant maturities-Nominal", as such yield is displayed on the relevant Reset Determination Date on the Bloomberg L.P. service, or any successor service, on page "NDX" (under caption "[*insert caption for the applicable term*]"), or any other page as may replace that page on that service for the purpose of displaying "U.S. government securities-Treasury constant maturities-Nominal" as reported in the H.15 (the "**Bloomberg Screen**");
- (ii) if (A) the yield referred to in clause (i) is not published on the Bloomberg Screen on the relevant Reset Determination Date, or (B) there is a manifest error with respect to its publication on the Bloomberg Screen, the rate (expressed in per cent. *per annum*) equal to the semi-annual yield for U.S. Treasury Securities at "constant maturity" having a period to maturity of [*insert applicable term*] as published on such Reset Determination Date in the H.15 under the caption "U.S. government securities-Treasury constant maturities-Nominal"; or
- (iii) if neither the yield referred to in clause (i) nor the yield referred to in clause (ii) are published on the relevant Reset Determination Date, or if there is a manifest error with respect to its publication, the rate (expressed in per cent. *per annum* and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) calculated by the Calculation Agent as the semi-annual yield to maturity for a Benchmark U.S. Treasury Security based on the arithmetic mean (as rounded as aforesaid) of a selection of three out of five bid yields on the secondary market at approximately 11:00 a.m. (New York City time) on the U.S. Treasury Securities Business Day following the relevant Reset Determination Date provided to the Calculation Agent by five leading primary dealers of U.S. Treasury Securities in New York (each a "**Reference Dealer**") selected by the Issuer, disregarding the highest (or, in the event of equality, one of the highest) and the lowest (or, in the event of equality, one of the lowest) of the five obtained bid yields.

If by 11:59 p.m. (New York City time) on the U.S. Treasury Securities Business Day following the relevant Reset Determination Date fewer than five but more than two of such bid yields are provided, then the CMT Rate will be the rate (expressed as a percentage rate *per annum* and rounded to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) calculated by the Calculation Agent as the semi-annual yield to maturity for a Benchmark U.S. Treasury Security based on the arithmetic mean (rounded as aforesaid) of all of the bid yields obtained on the secondary market as set forth above.

If by 11:59 p.m. (New York City time) on the U.S. Treasury Securities Business Day following the relevant Reset Determination Date fewer than three Reference Dealers selected by the Issuer provide bid prices, or if there is no outstanding Benchmark U.S. Treasury Security, then the Reference Rate for the relevant Reset Determination Date shall be the applicable Fallback Rate.

- (iv) In each of clauses (i) to (iii) above, the relevant rate shall be as determined by the Calculation Agent.

(c) *Definitions.*

"**Benchmark U.S. Treasury Security**" means, on the relevant Reset Determination Date, [the U.S. Treasury Security with the longest remaining term to maturity, an original term to maturity upon issue of approximately [*insert applicable term*] years, a remaining term to maturity of not

less than [*insert applicable term*] years and a nominal amount of at least USD 1,000,000,000[*insert other applicable definition*].

"**Fallback Rate**" means, [(x) for each Reset Period except the first Reset Period, the CMT Rate determined on the last preceding Reset Determination Date or (y)] for the [first] Reset Period, [*insert (i) the reoffer yield determined at the time of pricing of the Notes minus (ii) the Margin*] [*other fallback rate*] per cent. *per annum*.

"**H.15**" means the daily statistical release designated as H.15, or any successor publication, published by the Board of Governors of the Federal Reserve System at <http://www.federalreserve.gov/releases/H15/> or any successor site or publication.

"**Margin**" means [●] per cent. *per annum*.⁸

"**Reset Date**" means [*insert date*] [(the "**First Reset Date**") and each [●]th anniversary of the immediately preceding Reset Date].

"**Reset Determination Date**" means, in respect of the Reference Rate to be determined in relation to a Reset Period, the second U.S. Treasury Securities Business Day preceding the Reset Date on which such period commences.

"**Reset Period**" means [the period from and including the Reset Date to but excluding the Maturity Date] [each period from and including the First Reset Date to but excluding the next following Reset Date and thereafter from and including each Reset Date to but excluding the next following Reset Date].

"**U.S. Treasury Securities**" means securities that are direct obligations of the United States Treasury, issued other than on a discount rate basis.

"**U.S. Treasury Securities Business Day**" means any day except for a Saturday, Sunday or a day on which, due to a recommendation of the Securities Industry and Financial Markets Association (or its successor), the fixed income departments of its members are closed for the entire day for purposes of trading in U.S. Treasury Securities.

- (d) *Notification of Reset Rate.* The Calculation Agent will cause any Reset Rate to be notified to the Issuer, any stock exchange on which the Notes are from time to time listed at the initiative of the Issuer (if required by the rules of such stock exchange) and to the Holders in accordance with § 11 as soon as possible after its determination.
 - (e) *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this § 3 by the Calculation Agent shall (in the absence of wilful default, bad faith, inequity or manifest error) be binding on the Issuer, Fiscal Agent, the Paying Agent(s) and the Holders and, in the absence of the aforesaid, no liability to the Issuer, the Fiscal Agent, the Paying Agents or the Holders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.
- (4) *Cessation of Interest Accrual.* The Notes shall cease to bear interest from the expiry of the calendar day preceding their due date for redemption. If the Issuer fails to redeem the Notes when due, interest shall continue to accrue on the Specified Denomination of the Notes from and including the due date for redemption to but excluding the date of actual redemption of the Notes at the applicable rate of interest determined pursuant to this § 3. This does not affect any additional rights that might be available to the Holders.

⁸ Note: Corresponds to the initial credit spread of the Notes determined at the time of pricing.

§ 4
PAYMENTS

(1) *Payments of Principal and Interest.*

- (a) Payment of principal on the Notes shall be made, subject to § 4(2) below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System.
- (b) Payment of interest and any Additional Amounts (as defined in § 7(1)) on the Notes shall be made, subject to § 4(2) below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System, upon due certification as provided in § 1(2)(c).

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in the Specified Currency.

(3) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

(4) *Business Day Convention.* If the due date for payment of any amount of principal or interest in respect of any Note is not a Business Day (as defined in § 1(4)), then the Holder shall not be entitled to payment until the next day that is a Business Day and shall not be entitled to further interest or other payment in respect of such delay (the Interest Period shall not be adjusted accordingly).

(5) *References to Principal and Interest.* References in these Terms and Conditions to "principal" in respect of the Notes shall be deemed to include, as applicable, the Specified Denomination, any premium and any other amounts (other than interest) which may be payable under or in respect of the Notes. References in these Terms and Conditions to "interest" in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable under § 7(1).

§ 5
REDEMPTION

(1) *Redemption at Maturity.* Unless previously redeemed or repurchased and cancelled (in each case, in whole or in part), the Notes shall be redeemed at their principal amount on ***[if Interest Periods are subject to adjustment in accordance with the applicable business day convention, the following applies: the Interest Payment Date falling on or around] [insert Maturity Date]*** (the "**Maturity Date**").

(2) *No right of termination or acceleration by the Holders.* The Holders shall have no right to terminate or to demand (or otherwise accelerate) the redemption of the Notes.

For the avoidance of doubt, any acceleration cannot occur in resolution (or moratorium) imposed against the Issuer.

[If the Notes are subject to Early Redemption at the Option of the Issuer, the following applies:

(3) *Early Redemption at the Option of the Issuer.*

- (a) The Issuer may, upon giving not less than five Business Days' and not more than 40 Business Days' prior notice in accordance with § 5(3)(b), redeem, on (any of) the Optional Redemption Date(s), all but not some only of the Notes at their Specified Denomination together with accrued and unpaid interest, if any, to but excluding the Optional Redemption Date specified in the notice.

Any such early redemption pursuant to this § 5(3) shall only be possible if the conditions to redemption and repurchase set out in § 5(17) are met.

"Optional Redemption Date(s)": *[insert Optional Redemption Date(s)]*⁹

⁹ In the case of Preferred Senior Notes and Non-Preferred Senior Notes, the (first) Optional Redemption Date must not be earlier than the first anniversary of the issue date of the last tranche of the relevant series of Notes.

In the case of Subordinated Notes, the (first) Optional Redemption Date must not be earlier than the fifth anniversary of the issue date of the last tranche of the relevant series of Notes.

- (b) The notice of redemption shall be given by the Issuer to the Holders in accordance with § 11. Such notice shall be irrevocable and shall specify:
- (i) the series of Notes subject to redemption, including the securities codes; and
 - (ii) the Optional Redemption Date on which the Issuer will redeem the Notes.]

[If the Notes are not subject to Early Redemption at the Option of the Issuer for reasons other than pursuant to § 5(4) or § 5(5) [or § 5(6)], the following applies:

(3) *No Early Redemption at the Option of the Issuer.* The Notes may not be redeemed at the option of the Issuer prior to their Maturity Date other than in the case of an early redemption pursuant to § 5(4)[.] [or] § 5(5) [or § 5(6)].]

(4) *Early Redemption for Reasons of Taxation.*

- (a) If a Tax Event (as defined below) occurs, the Issuer may at any time, upon giving not less than five Business Days' and not more than 40 Business Days' prior notice in accordance with § 5(4)(b), redeem, all but not some only of the Notes, on the date fixed for redemption specified in the notice, at their Specified Denomination together with accrued and unpaid interest, if any, to but excluding the date fixed for redemption, provided that in the event of the occurrence of a Gross-up Event (as defined below) no such notice of redemption shall be given earlier than 90 calendar days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Notes then due.

Any such early redemption pursuant to this § 5(4) shall only be possible if the conditions to redemption and repurchase set out in § 5([7]) are met.

A "**Tax Event**" occurs if there is a Tax Deductibility Event or a Gross-up Event, which change or amendment or clarification: (x) subject to (y), becomes effective on or after the issue date of the Notes; or (y) in the case of a change, if such change is enacted on or after the issue date of the Notes.

Where:

A "**Gross-up Event**" occurs if there is a change in the applicable tax treatment of the Notes based on a decision or change in law, regulation or interpretation of the tax authority of the Republic of Slovenia (or any political subdivision or any authority thereof or therein having power to tax) having competence over the Issuer which becomes effective on or after the issue date of the Notes, as a result of which the Issuer has paid, or will or would on the next Interest Payment Date be required to pay, any Additional Amounts pursuant to § 7(1).

A "**Tax Deductibility Event**" occurs if there is a change in the applicable tax treatment of the Notes based on a decision or change in law, regulation or interpretation of the tax authority of the Republic of Slovenia (or any political subdivision or any authority thereof or therein having power to tax) having competence over the Issuer which becomes effective on or after the issue date of the Notes as a result of which the Issuer, in computing its taxation liabilities in the Republic of Slovenia, would not be entitled to claim a deduction in respect of interest paid on the Notes, or such deductibility is materially reduced.

- (b) The notice of redemption shall be given by the Issuer to the Holders in accordance with § 11. Such notice shall be irrevocable and shall specify:
- (i) the series of Notes subject to redemption, including the securities codes;
 - (ii) the date on which the Issuer will redeem the Notes; and
 - (iii) the reason for such call and redemption.]

[In the case of Preferred Senior Notes or Non-Preferred Senior Notes the following applies:

(5) Early Redemption for Regulatory Reasons.

- (a) If a MREL Disqualification Event occurs, the Issuer may at any time, upon giving not less than five Business Days' and not more than 40 Business Days' prior notice in accordance with § 5(5)(c), redeem, on the date fixed for redemption specified in the notice, all but not some only of the Notes at their Specified Denomination together with accrued and unpaid interest, if any, to but excluding the date fixed for redemption.

An "**MREL Disqualification Event**" occurs if, after the date of issuance of the last tranche of this series of Notes, there is a change in the regulatory classification of the Notes that would be likely to result or has resulted in their exclusion in full or in part from eligible liabilities according to the SRMR for purposes of the minimum requirement for own funds and eligible liabilities (MREL) pursuant to the SRMR (on an individual and/or consolidated basis) of the Issuer, except where such exclusion would merely be based on the remaining tenor of the Notes being less than any minimum period prescribed in the SRMR or on any applicable limits on the inclusion of the Notes in the eligible liabilities items (on an individual and/or consolidated basis) of the Issuer being exceeded.

Any such early redemption pursuant to this § 5(5) shall only be possible if the conditions to redemption and repurchase set out in § 5(7) are met.

- (b) The notice of redemption shall be given by the Issuer to the Holders in accordance with § 11. Such notice shall be irrevocable and shall specify:
- (i) the series of Notes subject to redemption, including the securities codes;
 - (ii) the date on which the Issuer will redeem the Notes; and
 - (iii) the reason for such call and redemption.]

[In the case of Subordinated Notes the following applies:

(5) Early Redemption for Regulatory Reasons or for Reasons of Non-Approval.

- (a) *Early Redemption for Regulatory Reasons.* If a Regulatory Event occurs, the Issuer may at any time, upon giving not less than five Business Days' and not more than 40 Business Days' prior notice in accordance with § 5(5)(c), redeem, on the date fixed for redemption specified in the notice, all but not some only of the Notes at their Specified Denomination together with accrued and unpaid interest, if any, to but excluding the date fixed for redemption.

A "**Regulatory Event**" occurs if there is a change in the regulatory classification of the Notes which becomes effective on or after the issue date of the Notes that would be likely to result in their exclusion in full or in part from own funds or reclassification as a lower quality form of own funds (in each case, on an individual and/or consolidated basis of the Issuer) (other than as a consequence of the amortisation in accordance with Article 64 CRR).

Any such early redemption pursuant to this § 5(5) shall only be possible if the conditions to redemption and repurchase set out in § 5(7) are met.

- (b) *Early Redemption for Reasons of Non-Approval.* If a Non-Approval Event occurs, the Issuer may at any time, upon giving not less than five Business Days' and not more than 40 Business Days' prior notice in accordance with § 5(5)(c), redeem all but not only some of the Notes in whole, but not in part, on the date of redemption specified in the notice, at their Specified Denomination together with accrued and unpaid interest thereon, if any, to but excluding the date of redemption.

A "**Non-Approval Event**" occurs if, by *[insert applicable date]*, the Issuer fails to obtain the permission of the Competent Authority pursuant to Article 149(2) ZBan-3 to include the Notes in whole in the calculation of its Tier 2 capital pursuant to Article 71 CRR.

- (c) The notice of redemption shall be given by the Issuer to the Holders in accordance with § 11. Such notice shall be irrevocable and shall specify:
 - (i) the series of Notes subject to redemption, including the securities codes;
 - (ii) the date on which the Issuer will redeem the Notes; and
 - (iii) the reason for such call and redemption.]

[If the Notes are subject to early redemption at the option of the Issuer for Minimal Outstanding Aggregate Principal Amount, the following applies:

(6) Early Redemption for Minimal Outstanding Aggregate Principal Amount.

- (a) If at any time the aggregate principal amount of the Notes outstanding and held by persons other than the Issuer and its Subsidiaries has fallen to [20] per cent. or less of the aggregate principal amount of the Notes originally issued (including any Notes additionally issued in accordance with § 10(1)), the Issuer may, upon giving not less than five Business Days' and not more than 40 Business Days' prior notice in accordance with § 5(6)(b), redeem all but not some only of the Notes, on the date fixed for redemption specified in the notice, at their Specified Denomination together with accrued and unpaid interest, if any, to but excluding the date fixed for redemption.

Any such early redemption pursuant to this § 5(6) shall only be possible if the conditions to redemption and repurchase set out in § 5([7]) are met.

- (b) The notice of redemption shall be given by the Issuer to the Holders in accordance with § 11. Such notice shall be irrevocable and shall specify:
 - (i) the series of Notes subject to redemption, including the securities codes;
 - (ii) the date on which the Issuer will redeem the Notes; and
 - (iii) the reason for such call and redemption.]

[In the case of Preferred Senior Notes or Non-Preferred Senior Notes the following applies:

([7]) Conditions to Redemption and Repurchase. Any early redemption pursuant to § 5(3), § 5(4)[,] [or] § 5(5) [or § 5(6)] and any repurchase pursuant to § 10(2) are subject to the Resolution Authority (or any other relevant supervisory authority) having granted the Issuer the prior permission in accordance with Articles 77(2) and 78a CRR or any successor provision for the early redemption or the repurchase, if applicable to the Issuer at that point in time, which may, *inter alia*, require that:

- (a) the Issuer (before or at the same time as any early redemption or repurchase) replaces the Notes with own funds instruments or eligible liabilities of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or
- (b) the Issuer has demonstrated to the satisfaction of the Resolution Authority that the own funds and eligible liabilities of the Issuer would, following any early redemption or repurchase, exceed the requirements for own funds and eligible liabilities provided in the CRR, the CRD IV and the BRRD by a margin that the Resolution Authority, in agreement with the Competent Authority, considers necessary at such time; or
- (c) the Issuer has demonstrated to the satisfaction of the Resolution Authority that the partial or full replacement of the Notes with own funds instruments is necessary to ensure compliance with the own funds requirements laid down in the CRR and in the CRD IV for continuing authorisation.

In the case of any early redemption pursuant to § 5(4), obtaining such permission may require that the Issuer has demonstrated to the satisfaction of the Resolution Authority (or any other relevant supervisory authority) that the applicable change in tax treatment is material and was not reasonably foreseeable as at the date of issuance of the last tranche of this series of Notes.

In the case of any early redemption pursuant to § 5(5), obtaining such permission may require that the Resolution Authority (or any other relevant supervisory authority) considers the MREL Disqualification

Event to be sufficiently certain and the Issuer has demonstrated to the satisfaction of the Resolution Authority (or any other relevant supervisory authority) that the MREL Disqualification Event was not reasonably foreseeable as at the date of issuance of the last tranche of this series of Notes.

Notwithstanding the above conditions, if, at the time of any early redemption or repurchase, the prevailing Applicable Supervisory Regulations applicable to the Issuer permit the early redemption or repurchase only after compliance with one or more alternative or additional pre-conditions to those set out above, the Issuer shall comply with such other and/or, as appropriate, additional pre-conditions, if any.

For the avoidance of doubt, any refusal or failure of the Resolution Authority (or any other relevant supervisory authority) to grant any permission, approval or other consent required in accordance with the Applicable Supervisory Regulations shall not constitute a default for any purpose.]

[In the case of Subordinated Notes the following applies:

([7]) *Conditions to Redemption and Repurchase.* Any early redemption pursuant to § 5(3), § 5(4)[,] [or] § 5(5) [or § 5(6)] and any repurchase pursuant to § 10(2) is subject to the Competent Authority having granted the Issuer the prior permission in accordance with Articles 77 and 78 CRR or any successor provision for the early redemption or repurchase which may, *inter alia*, require:

- (a) that
 - (i) either, before or at the same time as the redemption or repurchase, the Issuer replaces the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or
 - (ii) the Issuer has demonstrated to the satisfaction of the Competent Authority that the own funds and eligible liabilities of the Issuer would, following such early redemption or repurchase, exceed the requirements for own funds and eligible liabilities laid down in the CRR, the CRD IV and the BRRD by a margin that the Competent Authority considers necessary at such time; and
- (b) in the case of any early redemption or repurchase of the Notes prior to the fifth anniversary of the date of issuance of the Notes that:
 - (i) in the case of any early redemption pursuant to § 5(4), the Issuer has demonstrated to the satisfaction of the Competent Authority that the applicable change in tax treatment is material and was not reasonably foreseeable as at the date of issuance of the last tranche of this series of Notes; or
 - (ii) in the case of any early redemption pursuant to § 5(5)(a), the Competent Authority considers such change to be sufficiently certain and the Issuer has demonstrated to the satisfaction of the Competent Authority that the relevant change in the regulatory classification of the Notes was not reasonably foreseeable as at the date of issuance of the last tranche of this series of Notes; or
 - (iii) in the case of any early redemption of the Notes in circumstances other than those described in clause (b)(i) or (ii) above or any repurchase, the Issuer, earlier than or at the same time as the early redemption or the repurchase, replaces the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer and the Competent Authority has permitted that early redemption or repurchase based on the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or
 - (iv) the Notes being repurchased for market making purposes in accordance with the Applicable Supervisory Regulations.

Notwithstanding the above conditions, if, at the time of any early redemption or repurchase, the prevailing Applicable Supervisory Regulations permit the early redemption or repurchase only after compliance with one or more alternative or additional pre-conditions to those set out above, the Issuer shall comply with such other and/or, as appropriate, additional pre-conditions, if any.

For the avoidance of doubt, any refusal or failure of the Competent Authority (or any other relevant supervisory authority) to grant any permission, approval or other consent required in accordance with the Applicable Supervisory Regulations shall not constitute a default for any purpose.]

§ 6

FISCAL AGENT AND PAYING AGENT(S) AND CALCULATION AGENT

(1) *Appointment; Specified Offices.* The initial Fiscal Agent, the initial Principal Paying Agent [*if any additional or other paying agent(s) shall be appointed insert: , the initial Paying Agent(s)*] and the initial Calculation Agent and their respective initial specified offices are:

Fiscal Agent and Principal Paying Agent:

[*insert name and address of the specified offices of the Fiscal Agent and Principal Paying Agent*]

[*If any additional or other paying agent shall be appointed, insert its name and initial specified office.*]

Calculation Agent:

[*insert name and address of the specified offices of the Calculation Agent*]

Where these Terms and Conditions refer to the term "Paying Agent(s)", such term shall include the Principal Paying Agent.

The Fiscal Agent, the Paying Agent(s) and the Calculation Agent (the "**Agents**" and each an "**Agent**") reserve the right at any time to change their respective specified office to some other specified office in the same country.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint another Fiscal Agent or additional or other Paying Agents or another Calculation Agent. The Issuer shall at all times maintain (i) a Fiscal Agent and (ii) so long as the Notes are listed on a stock exchange at the initiative of the Issuer, a Paying Agent (which may be the Fiscal Agent) with a specified office in such place as may be required by the rules of such stock exchange or its supervisory authorities and (iii) if payments at or through the offices of all Paying Agents outside the United States become illegal or are effectively precluded because of the imposition of exchange controls or similar restrictions on the full payment or receipt of such amounts in U.S. Dollars, a Paying Agent with a specified office in New York and (iv) a Calculation Agent. The Issuer will give notice to the Holders of any variation, termination, appointment or any other change as soon as possible upon the effectiveness of such change.

(3) *Agents of the Issuer.* The Fiscal Agent, the Paying Agents and the Calculation Agent act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Holder.

(4) *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of these Terms and Conditions by the Fiscal Agent or the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the other Agents and the Holders and, in the absence of the aforesaid, no liability to the Issuer, the other Agents or the Holders shall attach to the Fiscal Agent or the Calculation Agent, as the case may be, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(5) *Independent Adviser.* If the Issuer appoints an Independent Adviser in accordance with these Terms and Conditions, § 6(3) and (4) shall apply *mutatis mutandis* to the Independent Adviser.

§ 7

TAXATION

(1) *General Taxation.* All payments of interest in respect of the Notes will be made by the Issuer without withholding or deduction for or on account of any taxes, duties or governmental charges of whatever nature (the "**Taxes**") imposed or levied by way of withholding or deduction by or on behalf of the Republic of Slovenia or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. If such withholding or deduction is required by law, the Issuer will, to the extent permitted by law, pay such additional amounts in relation to interest (but not principal)

as will be necessary in order that the net amounts received by the Holder (or a third party on behalf of the Holder) after such withholding or deduction will equal the respective amounts which would otherwise have been receivable in respect of the Notes in the absence of such withholding or deduction (the "**Additional Amounts**"). However, no such Additional Amounts will 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 (provided that a mechanism is available for such declaration or claim to be provided); or
- (c) on account of any Taxes which are payable by any person (including the Issuer) acting as custodian bank or collecting agent on behalf of a Holder, or by the Issuer if no custodian bank or collecting agent is appointed or otherwise in any manner which does not constitute a withholding or deduction by the Issuer from payments of principal or interest made by it; or
- (d) on account of any Taxes withheld or deducted pursuant to an international treaty or a civil law agreement concluded by a state and/or one of its political subdivisions and/or one of its authorities and/or a group of states on the one hand and the Republic of Slovenia and/or one of its political subdivisions and/or the European Union and/or the Issuer and/or an intermediary on the other hand; or
- (e) on account of any Taxes which are refundable or for which a relief at source is available pursuant to the laws of the Republic of Slovenia, a European Union directive or regulation or an international treaty or understanding to which the Republic of Slovenia and/or the European Union is a party/are parties.

(2) *U.S. Foreign Account Tax Compliance Act (FATCA)*. The Issuer is authorised to withhold or deduct from amounts payable under the Notes to a Holder or beneficial owner of Notes sufficient funds for the payment of any tax that it is required to withhold or deduct pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or that is otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

§ 8

AMENDMENT OF THE TERMS AND CONDITIONS, JOINT REPRESENTATIVE

(1) *Amendment to the Terms and Conditions*. In accordance with the German Act on Issues of Debt Securities, as amended (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*) (the "**SchVG**") and subject to compliance with the Applicable Supervisory Regulations for the Notes to qualify as [Eligible Liabilities Instruments] [Tier 2 Instruments] (including, for the avoidance of doubt, where relevant, the conditions to redemption and repurchase set out in § 5([7])) the Holders may agree with the Issuer on amendments to these Terms and Conditions with regard to matters permitted by the SchVG by a Holders' resolution (*Beschluss*) with the majority specified in § 8(2) below. In particular, the Issuer's right under this § 8(1) is subject to the prior permission of the [Resolution Authority] [Competent Authority] (or any other relevant supervisory authority) of the Issuer if such consent is required at the time of any such amendment. Majority resolutions of the Holders shall be binding on all Holders alike. A majority resolution of the Holders which does not provide for identical conditions for all Holders is void unless Holders who are disadvantaged have expressly consented to their being treated disadvantageously.

(2) *Majority*. Resolutions relating to material amendments to these Terms and Conditions, in particular consents to the measures set out in § 5(3) SchVG shall be passed by a majority of not less than 75 per cent.

(*qualified majority*) of the votes cast. Resolutions relating to amendments to these Terms and Conditions which are not material require a simple majority of the votes cast.

(3) *Vote*. Resolutions of the Holders shall be made either in a holders' meeting or by means of a vote without a meeting (*Abstimmung ohne Versammlung*) (§§ 9 et seq. and § 18 SchVG). The convening notice of a Holders' meeting will provide the further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions will be notified to Holders in the agenda of the meeting. The attendance at the Holders' meeting or the exercise of voting rights requires a registration of the Holders prior to the meeting. Any such registration must be received at the address stated in the convening notice by no later than the third calendar day preceding the Holders' meeting.

(4) *Chair of the Vote*. The vote will be chaired by a notary appointed by the Issuer or, if the Joint Representative (as defined below) has convened the vote, by the Joint Representative.

(5) *Voting Right*. Each Holder participating in any vote shall cast its vote in accordance with the principal amount or the notional share of its entitlement to the outstanding Notes. Holders must demonstrate their eligibility to participate in the vote at the time of voting by means of a special confirmation of their depositary bank and by submission of a blocking instruction by their Custodian (as defined in § 12(3)) for the benefit of the Fiscal Agent as depositary (*Hinterlegungsstelle*) for the voting period.

(6) *Notices*. Any notices concerning this § 8 shall be made exclusively pursuant to the provisions of the SchVG.

(7) *Joint Representative*. The Holders may by majority resolution appoint a joint representative (the "**Joint Representative**") to exercise the Holders' rights on behalf of each Holder. The Joint Representative shall have the duties and powers provided by law or granted by majority resolution of the Holders. The Joint Representative shall comply with the instructions of the Holders. To the extent that the Joint Representative has been authorised to assert certain rights of the Holders, the Holders shall not be entitled to assert such rights themselves, unless explicitly provided for in the relevant majority resolution. The Joint Representative shall provide reports to the Holders on its activities. The regulations of the SchVG apply with regard to the recall and the other rights and obligations of the Joint Representative.

§ 9

PRESENTATION PERIOD, PRESCRIPTION

The period for presentation of the Notes (§ 801(1) sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch – BGB*)) shall be reduced to ten years and the period of limitation for claims under the Notes presented during the period for presentation shall be two years calculated from the expiry of the relevant presentation period.

§ 10

FURTHER ISSUES OF NOTES, REPURCHASES AND CANCELLATION

(1) *Further Issues of Notes*. The Issuer may from time to time, without the consent of the Holders and subject to regulatory and other statutory provisions, issue further Notes having the same terms as the Notes in all respects (or in all respects except for the issue date, issue price, interest commencement date and/or first interest payment date) so as to form a single series with the Notes.

(2) *Repurchases*. The Issuer and any of its Subsidiaries may repurchase any Notes in the open market or otherwise at any price at any time, provided however that the Issuer has obtained the prior permission of the [Resolution Authority] [Competent Authority] (or any other relevant supervisory authority) for the repurchase of the Notes and the further conditions to redemption and repurchase set forth in § 5(7) are met and all applicable regulatory and other statutory restrictions are observed. Notes repurchased by the Issuer or any Subsidiary may, at the option of the Issuer or such Subsidiary, be held, resold or surrendered for cancellation to the Fiscal Agent.

(3) *Cancellation*. Any Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

§ 11 NOTICES

(1) *Notices of the Issuer.* All notices of the Issuer concerning the Notes shall be published: (i) if and for as long as the Notes are listed on the Luxembourg Stock Exchange, on the website of the Luxembourg Stock Exchange (www.luxse.com); (ii) if and for as long as the Notes are listed on any stock exchange other than the Luxembourg Stock Exchange at the initiative of the Issuer, in such media as determined by law and the rules and regulations of such other stock exchange; and, in each case, (iii) in electronic form on the website of the Issuer (www.nlb.si). Any notice so given will be deemed to have been validly given on the fifth calendar day following the date of such publication (or, if published more than once, on the fifth calendar day following the date of the first such publication) unless the notice provides for a later effective date.

(2) *Publication of Notices of the Issuer via the Clearing System.* If the publication of notices pursuant to § 11(1) is no longer required by law, the Issuer may, in lieu of publication in the media set forth in § 11(1), deliver the relevant notices to the Clearing System, for communication by the Clearing System to the Holders. Any such notice shall be deemed to have been given to the Holders on the seventh calendar day after the calendar day on which said notice was given to the Clearing System.

(3) *Form of Notice.* Notices regarding the Notes shall only be valid if made in English.

§ 12 APPLICABLE LAW, PLACE OF JURISDICTION AND ENFORCEMENT

(1) *Applicable Law.* Except as provided in the next sentence, the Notes, as to form and content, and all rights and obligations of the Holders and the Issuer, shall be governed by German law, save for the provisions in paragraphs (1) to (4) of § 2 (Status) which shall be governed by, and shall be construed exclusively in accordance with, Slovenian law.

(2) *Jurisdiction.* The District Court (*Landgericht*) in Frankfurt am Main, Germany, shall have non-exclusive jurisdiction for any action or other legal proceedings (the "**Proceedings**") arising out of or in connection with the Notes. This is subject to any exclusive court of venue for specific legal proceedings in connection with the SchVG.

(3) *Enforcement.* Any Holder may in any Proceedings against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in its own name its rights arising under such Notes on the basis of a statement issued by the Custodian (as defined below) with whom such Holder maintains a securities account in respect of the Notes: (a) stating the full name and address of the Holder; (b) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement; and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b).

For purposes of the foregoing, "**Custodian**" means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes and includes the Clearing System. Each Holder may, without prejudice to the foregoing, also protect and enforce its rights under the Notes in any other way which is admitted in the country of the proceedings.

FORM OF FINAL TERMS

[In case of Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange, the Final Terms will be displayed on the website of the Luxembourg Stock Exchange (www.luxse.com).]

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of the Directive (EU) 2014/65, as amended ("**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97, as amended (the "**IDD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.]¹⁰

[PROHIBITION OF SALES TO UK RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation EU No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA.]¹¹

[MIFID II PRODUCT GOVERNANCE / ELIGIBLE COUNTERPARTIES AND PROFESSIONAL INVESTORS ONLY TARGET MARKET

Solely for the purposes of [the] [each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in **MiFID II** [*specify further target market criteria*]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*specify negative target market, if applicable*]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the [manufacturer's] [manufacturers'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the [manufacturer's] [manufacturers'] target market assessment) and determining appropriate distribution channels.]¹²

[UK MIFIR PRODUCT GOVERNANCE / ELIGIBLE COUNTERPARTIES AND PROFESSIONAL INVESTORS ONLY TARGET MARKET

Solely for the purposes of [the] [each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and

¹⁰ Include legend unless the Final Terms specify "Prohibition of Sales to EEA Retail Investors" as "Not Applicable".

¹¹ Include legend unless the Final Terms specify "Prohibition of Sales to UK Retail Investors" as "Not Applicable". The assumption is that if there are potentially sales in the European Economic Area it is likely that there will also potentially be sales in the United Kingdom and vice versa such that the United Kingdom Prohibition and European Economic Area Prohibition would both be included unless specified as "Not Applicable".

¹² Include legend in the case MiFID II target market assessment in respect of the Notes is "*Professional Investors and Eligible Counterparties only*".

professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*specify negative target market, if applicable*]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the [manufacturer's] [manufacturers'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the [manufacturer's] [manufacturers'] target market assessment) and determining appropriate distribution channels.]¹³

[SINGAPORE SECURITIES AND FUTURES ACT PRODUCT CLASSIFICATION NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME

The Notes are (i) prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and (ii) Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]

¹³ Include legend in case UK MiFIR target market assessment in respect of the Notes is "*Professional Investors and Eligible Counterparties only*". The legend may not be necessary if the Dealers in relation to the Notes are also not subject to UK MiFIR and therefore there are no UK MiFIR manufacturers. Depending on the location of the manufacturers, there may be situations where either the MiFID II product governance legend or the UK MiFIR product governance legend or both are included.

Dated [●]

Final Terms

Nova Ljubljanska banka d.d., Ljubljana
Legal Entity Identifier (LEI): 5493001BABFV7P27OW30

Issue of

[insert title of relevant Series and Tranche of Notes]

(the "Notes")

issued pursuant to the

EUR 2,500,000,000 EMTN Programme

of

Nova Ljubljanska banka d.d., Ljubljana

Issue Price: [●] per cent.

Issue Date: [●]

Series No.: [●]

Tranche No.: [●]

IMPORTANT NOTICE

These Final Terms have been prepared for the purpose of Article 8(5) of the Regulation (EU) 2017/1129, as amended, and must be read in conjunction with the base prospectus of Nova Ljubljanska banka d.d., Ljubljana (the "**Issuer**"), dated 15 June 2023, [and its supplement[s] dated **[●]**] (the "**Prospectus**") pertaining to the EUR 2,500,000,000 Euro Medium Term Note Programme of the Issuer (the "**Programme**"). The Prospectus and any supplements thereto are available for viewing in electronic form on the website of the Luxembourg Stock Exchange (www.luxse.com) and on the Issuer's website (www.nlb.si) and copies may be obtained free of charge from Nova Ljubljanska banka d.d., Ljubljana, Trg republike 2, 1000 Ljubljana, Republic of Slovenia. Full information on the Issuer and the Notes is only available on the basis of the combination of the Prospectus, any supplements thereto and these Final Terms.

PART A – TERMS AND CONDITIONS OF THE NOTES

[In case the options applicable to the relevant Tranche of Notes shall be determined by replicating the relevant provisions set forth in this Securities Note as Option I, Option II or Option III (including any further options contained in such Options), and completing the relevant placeholders, insert:

The Conditions applicable to the Notes are set out below:

[In the case of Notes with a fixed interest rate the relevant provisions of Option I (including relevant further options set out therein) shall be replicated and relevant placeholders shall be completed.]

[In the case of Euro-denominated Notes with a fixed to fixed resettable interest rate the relevant provisions of Option II (including relevant further options set out therein) shall be replicated and relevant placeholders shall be completed.]

[In the case of USD-denominated Notes with a fixed to fixed resettable interest rate the relevant provisions of Option III (including relevant further options set out therein) shall be replicated and relevant placeholders shall be completed.]]

[In case the options applicable to the relevant Tranche of Notes shall be determined by making reference to the relevant provisions set forth in this Prospectus as Option I, Option II or Option III (including any further options contained in such Options), insert:

This Part A. of the Final Terms shall be read in conjunction with the set of Terms and Conditions of the Notes that applies to [Notes with a fixed interest rate] [Euro-denominated Notes with a fixed to fixed resettable interest rate] [USD-denominated Notes with a fixed to fixed resettable interest rate] (the "**Terms and Conditions**") and that is set forth in the Prospectus as [Option I] [Option II] [Option III]. Capitalised terms not otherwise defined in these Final Terms shall have the meanings specified in the Terms and Conditions of the Notes when used in these Final Terms.

All references in this Part A. of the Final Terms to sections and paragraphs are to sections and paragraphs of the Terms and Conditions of the Notes.

The blanks in the provisions of the Terms and Conditions of the Notes, which are applicable to the Notes shall be deemed to be completed by the information contained in these Final Terms as if such information were inserted in the blanks of such provisions. All provisions in the Terms and Conditions of the Notes corresponding to items in these Final Terms which are either not selected or completed or which are deleted shall be deemed to be deleted from the Terms and Conditions of the Notes applicable to the Notes.]

CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS (§ 1)

Currency and Denomination

Specified Currency	[]
Aggregate Principal Amount	[]
Aggregate Principal Amount in words	[]
Specified Denomination	[] ¹⁴

Clearing System(s)

- Clearstream Banking S.A. ("**CBL**") and Euroclear Bank SA/NV ("**Euroclear**")
 - New Global Note
 - Classical Global Note

¹⁴ The minimum denomination is EUR 100,000 or at least equivalent in the Specified Currency.

other Clearing System(s) [specify]

Certain Definitions

Business Day

Specified Currency is Euro

Specified Currency is not Euro

Relevant Financial Centre(s) [insert all relevant financial centres]

TARGET Business Day

STATUS (§ 2)

Preferred Senior Notes

Non-Preferred Senior Notes

Subordinated Notes

INTEREST (§ 3)

Fixed Rate Notes (Option I)

Interest Commencement Date []

Rate of Interest [] per cent. *per annum*

Short or long first Interest Period [short] [long] first coupon

Regular interest payments [quarterly] [semi-annually]
[annually]

Interest Payment Date(s) []

First Interest Payment Date []

Day Count Fraction

Actual/Actual (ICMA)

Determination Date(s) []

30/360, 360/360 or Bond Basis

30E/360 or Eurobond Basis

Other Day Count Fraction [insert other applicable day count fraction]

Euro-denominated Fixed to Fixed Resettable Notes (Option II)

Interest Commencement Date []

Regular interest payments [quarterly] [semi-annually]
[annually] [insert other applicable period]

Interest Payment Date(s) []

First Interest Payment Date	[]
First Rate of Interest	[] per cent. <i>per annum</i>
<input type="checkbox"/> Short or long first Interest Period	[short] [long] first coupon
<input type="checkbox"/> Broken Interest Amount	<i>[insert initial broken interest amount per Specified Denomination]</i>
Day Count Fraction	
Actual/Actual (ICMA)	
Determination Date(s)	[]
Reset Date(s)	<i>[insert Reset Date(s)]</i>
First Reset Date	[]
Reset Determination Date	[second TARGET Business Day prior to the relevant Reset Date] <i>[insert other applicable reset determination date description]</i>
Reset Rate	Reference Rate [plus] [minus] the Margin
Margin	
<input type="checkbox"/> plus	[] per cent. <i>per annum</i> ¹⁵
<input type="checkbox"/> minus	[] per cent. <i>per annum</i>
Reference Rate	
Original Benchmark Rate	<i>[insert number, term and name of the relevant Euro Mid Swap rate]</i>
Screen page	<i>[insert relevant information provider, screen page, heading, caption]</i>
Fallback Rate applicable to the [first] Reset Period for purposes of the definition of the term "Fallback Rate" in § 3(3)(d)(vi)	<i>[insert [(i) the reoffer yield determined at the time of pricing of the Notes on the pricing date minus (ii) the Margin] [other fallback rate]]</i>
<input type="checkbox"/> USD-denominated Fixed to Fixed Resetable Notes (Option III)	
Interest Commencement Date	[]
Regular interest payments	[semi-annually] [annually]
Interest Payment Date(s)	[]
First Interest Payment Date	[]
First Rate of Interest	[] per cent. <i>per annum</i>

¹⁵ Insert initial credit spread determined at pricing on the pricing date (which shall not include any increase of the rate of interest or other incentive to redeem the Notes).

<input type="checkbox"/>	Short or long first Interest Period	[short] [long] first coupon
<input type="checkbox"/>	Broken Interest Amount	<i>[insert initial broken interest amount per Specified Denomination]</i>
	Reset Date(s)	<i>[insert Reset Date(s)]</i>
<input type="checkbox"/>	First Reset Date	[]
	Reset Rate	Reference Rate [plus] [minus] the Margin
	Margin	
<input type="checkbox"/>	plus	[] per cent. <i>per annum</i> ¹⁶
<input type="checkbox"/>	minus	[] per cent. <i>per annum</i>
	Reference Rate	
	Annualised CMT Rate	<i>[Applicable] [Not Applicable]</i>
	CMT Rate	<i>[insert number, term and name of the relevant CMT rate]</i>
	Term and definition of Benchmark U.S. Treasury Security	<i>[insert applicable term] [insert applicable definition]</i>
	Screen page	<i>[insert relevant information provider, screen page, heading, caption]</i>
	Fallback Rate applicable to the [first] Reset Period for purposes of the definition of the term "Fallback Rate" in § 3(3)(c)	<i>[insert [(i) the reoffer yield at the time of pricing of the Notes minus (ii) the Margin] [other fallback rate]]</i>

PAYMENTS (§ 4)

Business Day Convention

- Following Business Day Convention (unadjusted)
- Other business day convention *[insert other applicable business day convention]*¹⁷

REDEMPTION (§ 5)

Redemption at Maturity

Maturity Date *[insert Maturity Date]*

Early Redemption at the Option of the Issuer [yes] [no]

Optional Redemption Date(s) *[specify]*¹⁸

¹⁶ Insert initial credit spread determined at pricing on the pricing date (which shall not include any increase of the rate of interest or other incentive to redeem the Notes).

¹⁷ Not applicable to Options II and III.

¹⁸ In the case of Preferred Senior Notes and Non-Preferred Senior Notes, the first Optional Redemption Date must not be earlier than the first anniversary of the issue date of the last Tranche of the relevant series of Notes.

In the case of Subordinated Notes, the first Optional Redemption Date must not be earlier than the fifth anniversary of the issue date of the last Tranche of the relevant series of Notes.

Early Redemption for Reasons of Non-Approval (§ 5(5)(b))¹⁹ [yes] [no]

Non-Approval Event

[insert applicable date by which the Issuer has to obtain the permission of the Competent Authority pursuant to Article 149(2) ZBan-3]

Early Redemption for Minimal Outstanding Aggregate Principal Amount [yes] [no]

Minimal Outstanding Aggregate Principal Amount

[20] per cent. or less of the aggregate principal amount

FISCAL AGENT AND PAYING AGENT(S) [AND CALCULATION AGENT] (§ 6)

Fiscal Agent and Principal Paying Agent

[insert name and address of the specified offices of the Fiscal Agent and Principal Paying Agent]

[Additional paying agent(s)]

[insert name and initial specified office of the additional or other paying agent(s)]

[Calculation Agent

[]

¹⁹ Only applicable in the case of Subordinated Notes.

PART B – OTHER INFORMATION

ESSENTIAL INFORMATION

Interests of Natural and Legal Persons Involved in the Issue or the Offering

Save for [the fees payable to the Manager[s]] [the commercial interests of the Manager[s]] [the [swap] [derivatives] agreement [●] and the Issuer have entered into with regard to the Notes] [if any], so far as the Issuer is aware, no person involved in the issue or offering of the Notes has an interest material to the issue or the offering.

Other Interests, including conflicts of interest [specify details]

[Use of Proceeds]²⁰ [specify details]

Estimated net amount of the proceeds []

INFORMATION CONCERNING THE SECURITIES TO BE OFFERED OR ADMITTED TO TRADING

Total amount of securities being admitted to trading []

Securities Codes

ISIN []

Common Code []

Any Other Security Code []

New Global Note: [yes] [no]

Intended to be held in a manner which would allow Eurosystem eligibility: [yes] [no] [Not applicable in the case of a Classical Global Note]

[Note that the designation "Yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper, and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]²¹

[Whilst the designation is specified as "No" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting

²⁰ See the section entitled "Use of proceeds" in the Prospectus. If the use of the net proceeds is different from the information set out therein, insert the relevant information. If further details regarding the use of the net proceeds by the respective Issuer need to be disclosed, insert those details.

In particular, if Notes are issued as green bonds, specify the relevant Green bond framework and the relevant criteria (including, but not limited, to the definition of eligible projects, eligibility criteria (or equivalent terms) and whether an (external) opinion or certification has been obtained).

²¹ Include explanation in the case of an NGN deposited with one of the ICSDs.

them, the Notes may then be deposited with one of the ICSDs as common safekeeper (and registered in the name of a nominee of one of the ICSDs acting as common safekeeper). Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]²²

Issue Yield [to the [first] [Reset Date] [Maturity Date]]²³

[Not applicable] [[] per cent. *per annum* [until the [first] [Reset Date] [Maturity Date] (in case there is no early redemption).]

Resolutions, authorisations and approvals by virtue of which the Notes will be created and/or issued *[specify details]*

[Offeror of the Notes and/or the person asking for admission to trading]²⁴

[Insert the identity and contact details of the offeror of the Notes and/or the person asking for admission to trading, including the legal entity identifier (LEI) where the offeror has legal personality]

PLACING AND UNDERWRITING

Method of Distribution

- Non-Syndicated
- Syndicated

Details with regard to the Manager[s] (including the type of commitment)

- Manager[s] *[specify name(s) and address(es) of Manager(s)]*
 - Firm Commitment
 - Without Firm Commitment

Stabilising Manager *[specify details]* [Not applicable]

LISTING[S], ADMISSION[S] TO TRADING AND DEALING ARRANGEMENTS

Listing[s] [yes] [no]

- Luxembourg Stock Exchange – regulated market

[Expected] Date of Admission []

²² Include explanation in the case of an NGN not deposited with one of the ICSDs.

²³ Applicable only in the case of Fixed to Fixed Rate Notes.

²⁴ Insert only if the offeror of the Notes and/or the person asking for admission to trading is different from the Issuer.

Estimate of the total expenses related to the admission to [] trading

ADDITIONAL INFORMATION

Rating[s]

[As at the date of these Final Terms the Notes [have not been rated. The Issuer reserves the right to apply for a rating in future.] [have been rated as follows:]] [It is expected that the Notes will be rated as follows:]²⁵

[Insert details in respect of each relevant rating agency, if any, on whether such rating agency is established in the European Union and is registered (pursuant to the current list of registered and certified credit rating agencies published on the website of the European Securities and Markets Authority ("www.esma.europa.eu")) pursuant to Regulation (EC) No 1060/2009, as amended or has applied for registration.]

Selling Restrictions

- | | |
|--|------------------------------------|
| Additional Selling Restrictions | [Not applicable] [specify details] |
| <input type="checkbox"/> Prohibition of Sales to EEA Retail Investors: ²⁶ | [Applicable] [Not applicable] |
| <input type="checkbox"/> Prohibition of Sales to UK Retail Investors: ²⁷ | [Applicable] [Not applicable] |

[Third Party Information

[specify relevant information] [has] [have] been extracted from *[specify relevant source of information]*. The Issuer confirms that such information has been accurately reproduced and that, as far as it is aware and is able to ascertain from information published by *[specify relevant source of information]*, no facts have been omitted which would render the reproduced information inaccurate or misleading.]

[Statement on benchmarks according to Article 29 (2) of the Benchmarks Regulation:

[[As of the Reset Date the] [The] amount(s) payable under the Notes [is] [are] calculated by reference to *[specify benchmark(s)]*, which [is] [are] provided by *[insert administrator(s) legal name]*. As at the date of these Final Terms, *[insert administrator(s) legal name]* [is] [are] [not] included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (ESMA) pursuant to Article 36 of the Regulation (EU) 2016/1011.]

[As far as the Issuer is aware, *[[insert benchmark(s)] [does] [do]* not fall within the scope of the Regulation (EU) 2016/1011 by virtue of Article 2 of that regulation] [and/or] [the transitional provisions in Article 51 of the Regulation (EU) 2016/1011 apply], such that *[insert names(s) of administrator(s)]* [is] [are] not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).] *[insert alternative statement on benchmarks according to Article 29 (2) of the Benchmarks Regulation, if applicable]*

²⁵ If the Notes have been rated independently of the Programme insert such ratings. Include a brief explanation of the meaning of the ratings if this has been previously published by the rating provider.

²⁶ If the Notes clearly do not constitute "packaged" products or the Notes do constitute "packaged" products and a key information document ("KID") will be prepared in the European Economic Area, "Not Applicable" may be specified. If the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" must be specified.

²⁷ If the Notes clearly do not constitute "packaged" products or the Notes do constitute "packaged" products and a key information document will be prepared in the United Kingdom, "Not Applicable" may be specified. If the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" must be specified.

Signed on behalf of the Issuer

By:

Duly authorised

By:

Duly authorised

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for general corporate purposes.

If, in respect of any particular issue, there exists a particular identified use of proceeds other than using the net proceeds for the above-mentioned reasons, then this will be stated in the relevant Final Terms. In any case, the Issuer is free in the use of proceeds from each issue of Notes.

Notes may be issued as Green Bonds and the relevant Final Terms will indicate if the Notes are intended to constitute Green Bonds. The Green Bond Framework is published on the Issuer's website. The Issuer intends to allocate an amount equal to the net proceeds from any issue of Green Bonds to Eligible Green Loans, in line with the Green Bond Framework.

The Green Bond Framework contains details relating to the eligibility criteria and impact reporting for the Eligible Green Loans, including in the categories of: renewable energy; green building; energy efficiency, clean transportation, sustainable water and wastewater management; and pollution prevention and control.

The Green Bond Framework may be updated or amended from time to time to reflect current market practice. Any amendments to the Green Bond Framework will also be available on the Issuer's website. Neither the Green Bond Framework nor the content of the website or any Second Party Opinion or any document related thereto are incorporated by reference into or form part of the Prospectus.

DESCRIPTION OF THE ISSUER AND THE GROUP

INTRODUCTION

NLB

Nova Ljubljanska banka d.d., Ljubljana is a company organised in accordance with the Slovenian Companies Act (*Zakon o gospodarskih družbah (ZGD-1)*) in the form of a *delniška družba* (joint stock company), and is registered in the court register (*sodni register*) under identification number (*matična številka*) 5860571000. NLB's corporate seat is in Ljubljana, its registered office is Trg Republike 2, 1000 Ljubljana, Republic of Slovenia, and its telephone number is +386 1 476 39 00. The legal entity identifier (LEI) of the Issuer is: 5493001BABFV7P27OW30.

NLB traces its origins back to 1889 (when Mestna hranilnica ljubljanska was established). NLB was established in the Republic of Slovenia under its current name on 27 July 1994, with certain assets of Ljubljanska banka transferred to NLB. NLB is a financial and banking institution incorporated in the Republic of Slovenia as a joint stock company, with a network of 71 branches in its domestic market as at 31 December 2022. NLB provides services to corporate and retail clients and had 2,418 employees as at 31 December 2022. NLB pursues a universal banking model comprising retail banking operations and corporate and investment banking. It is also a leading bank in Slovenia with, according to the Bank of Slovenia, 27.6 per cent. market share (by total assets) as at 31 December 2022. NLB's shares are listed on the Prime Market of the Ljubljana Stock Exchange and the global depositary receipts representing shares ("**GDRs**") are listed on the Main Market of the London Stock Exchange. The largest shareholder is the Republic of Slovenia which holds 25 per cent. plus one share of the share capital of NLB as at 31 December 2022.

Moody's Investors Service Cyprus Ltd ("**Moody's**") and S&P currently assign ratings to the Issuer. As at the date of this Prospectus, the Issuer's ratings are as follows:

	<u>Moody's⁽ⁱ⁾</u>	<u>S&P</u>
Long-term debt	A3	BBB
Short-term debt	P-2	A-2
Rating outlook	Stable	Stable

Note: Credit or corporate ratings may not reflect all risks. One or more independent rating agencies may assign ratings to the Notes and/or the Issuer. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this section, and other factors that may affect the value of the Notes or the standing of the Issuer. A credit rating and/or a corporate rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

⁽ⁱ⁾ Unsolicited rating.

NLB, which is the NLB Group's (as defined below) largest operating entity (representing 53.2 per cent. of the total assets of the NLB Group as at 31 December 2022), is the parent company of the NLB Group and as such is responsible for its strategic direction. In addition, it sets the objectives of the individual subsidiaries, provides operational support and monitors risks.

As at 31 December 2022, NLB had total assets on an unconsolidated basis of EUR 13,939 million, loan and advances to customers²⁸ of EUR 6,062 million, deposits from customers of EUR 10,984 million, and EUR 1,603 million in shareholders' equity.

NLB is regulated by the ECB and the Bank of Slovenia under the Single Supervisory Mechanism.

²⁸ Loan and advances to customers include Loans and advances to customers, measured at amortised cost and Non-trading Loans and advances to companies, mandatorily at fair value through profit or loss.

NLB Group

NLB Group is a Slovenian banking and financial group. From 2000 to 2008 the NLB Group focused on expanding its business in South-Eastern Europe (SEE). Thereafter, it pursued a strategy of reducing the number of companies in the Group, changes to corporate governance and organisational structure, and strengthening control mechanisms.

From 2011, the NLB Group implemented a strategy of focusing on its core activities while gradually withdrawing from other (non-core) activities, with a view to improving its competitive position and financial performance.

The NLB Group has successfully undertaken a restructuring strategy since 2016 and thereby has stabilised its business and returned to profit in all of its core markets.

On 30 December 2020, the NLB Group concluded the acquisition of 83.23 per cent. of the ordinary shares of Komercijalna banka a.d. Beograd (Komercijalna Banka, Beograd), which is currently 100 per cent. owned. The Issuer believes that this acquisition strengthens the Group's presence in SEE (in the markets in which it operates), enables the Group to extend the number of products and services it offers and allows for greater cross-border activity within the Group.

On 1 March 2022, NLB became a 100 per cent. owner of Sberbank Slovenia which was renamed N Banka on 11 April 2022. The process of integration of N Banka with NLB Group is in progress.

As at 31 December 2022, NLB Group's core and non-core activities consisted of eight banks (including NLB d.d.) and several companies located in the Republic of Slovenia, SEE and elsewhere. The core activities of the NLB Group principally comprise of banking and asset management (investment funds). The key core market of the NLB Group is NLB's home market, the Republic of Slovenia, where 40.2 per cent.²⁹ of the NLB Group's profit was generated in the year ended 31 December 2022. Other core markets include those markets where the NLB Group carries out banking activities; namely, Bosnia and Herzegovina, Montenegro, Kosovo, North Macedonia and Serbia. In these markets, NLB Group banks have a strong market position with over 10 per cent. market share in most countries (based on information available from central banks and the assessment of management of NLB). The strategic foreign market segment of the banks is a major profit maker, contributing 38.7 per cent. of the Group's profit before tax in 2022. The Group continues to work towards creating synergies between its subsidiaries and seeking to streamline its operations.

As at 31 December 2022, the NLB Group had a total of 440 branches (479 as at 31 December 2021), total assets of EUR 24,160 million, loans and advances to customers of EUR 13,073 million, deposits due to customers of EUR 20,028 million and EUR 2,366 million of equity.

SHAREHOLDER STRUCTURE OF NLB

NLB's issued share capital is divided into 20,000,000 shares. The shares are listed on the Prime Market of the Ljubljana Stock Exchange (ISIN SI0021117344, Ljubljana Stock Exchange trading symbol: NLBR) and the Global Depositary Receipts (GDRs) are listed on the Main Market of the London Stock Exchange (ISIN: US66980N2036 and US66980N1046, London Stock Exchange GDR trading symbol: NLB and 55VX). Five GDRs represent one share of NLB.

As at 30 December 2022 (the market was not open on 31 December 2022), NLB had an equity market capitalisation of EUR 1,248,000,000.

²⁹ One-off effects from N Banka acquisition not included (negative goodwill and 12-month expected credit losses recognised at the acquisition date for the performing portfolio for N Banka).

The following table shows NLB's main shareholders as of 31 December 2022⁽¹⁾.

Shareholder	Number of shares	Percentage of shares
Bank of New York Mellon on behalf of the GDR holders ⁽²⁾	10,957,270	54.79
• of which European Bank for Reconstruction and Development ⁽³⁾	-	>5 and <10
• of which Schroders plc ⁽³⁾	-	>5 and <10
Republic of Slovenia	5,000,001	25.00
Other shareholders	4,042,729	20.21
Total	20,000,000	100.00

⁽¹⁾ Information is sourced from NLB's shareholders book accessible at the web services of CSD (Central Security Depository, Slovenian: KDD - *Centralna klirinško depotna družba*) and available to CSD members. Information on major holdings is based on the self-declarations by individual holders pursuant to the applicable provisions of Slovenian legislation, which require that the holders of shares in a listed company notify the company whenever their direct and/or indirect holdings pass the set thresholds of 5 per cent., 10 per cent., 15 per cent., 20 per cent., 25 per cent., 1/3, 50 per cent. or 75 per cent. The table lists all self-declared major holders whose notifications have been received. In reliance on this obligation vested with the holders of major holdings, the Bank postulates that no other entities nor any natural person holds directly and/or indirectly 10 or more per cent. of the Bank's shares.

⁽²⁾ The Bank of New York Mellon holds shares in its capacity as the depositary (the "**GDR Depositary**") for the GDR holders and is not the beneficial owner of such shares. The GDR holders have the right to convert their GDRs into shares. The rights under the deposited shares can be exercised by the GDR holders only through the GDR Depositary and individual GDR holders do not have any direct right to either attend the shareholder meeting or to exercise any voting rights under the deposited shares.

⁽³⁾ The information on GDR ownership is based on self-declarations by individual GDR holders as required pursuant to the applicable provisions of Slovenian law.

HISTORY OF THE ISSUER

NLB was established under its current name by the Slovenian Constitutional Act (*Ustavni zakon o dopolnitvah ustavnega zakona za izvedbo Temeljne ustavne listine o samostojnosti in neodvisnosti Republike Slovenije (UZITUL-A)*) on 27 July 1994.

Pursuant to the Constitutional Act, NLB took over part of the assets, liabilities and operations of Ljubljanska banka.

Since 1994, a number of events have contributed to the NLB Group in its current form. After having consolidated its leading market position in its home market of the Republic of Slovenia in the late 1990s and early 2000s, NLB focused on expanding its business in the rest of SEE between 2000 and 2008.

In 2001, the Republic of Slovenia adopted a privatisation programme for NLB. The first phase of privatisation concluded in 2002 with a 34 per cent. stake being purchased by the Belgian banking and insurance group, KBC Bank ("**KBC**"), and a 5 per cent. stake by the European Bank for Reconstruction and Development ("**EBRD**"). EBRD withdrew from NLB's ownership structure in 2008 by way of a sale of its stake to the private equity arm of the financial group Poteza.

From the onset of the global financial crisis in 2008, NLB began reducing the number of companies in the NLB Group (including withdrawal from the leasing and factoring sectors to comply with a European Commission requirement as a consequence of state aid), also through a series of mergers of its subsidiaries conducted for the purposes of synergy benefits and cost rationalisation. From 2010 onwards, the NLB Group has been in the process of divesting non-core subsidiaries based on its new strategy and a restructuring plan (the "**Restructuring Plan**") which aims to improve the sustainability of NLB's operations.

In March 2011, NLB completed a EUR 250 million capital increase, with the Republic of Slovenia subscribing for 97.35 per cent. of the newly issued shares due to a lack of interest from private investors and paying in a total amount of EUR 243.4 million, with other investors subscribing for 2.65 per cent. of the capital increase. In line with relevant EU legislation, the Slovenian authorities notified the measure to the EC and, with a decision dated 7 March 2011, the EC authorised such recapitalisation as emergency aid on the basis of Article 107(3)(b) of the Treaty on the Functioning of the European Union ("**TFEU**") upon the submission of the Restructuring Plan.

In 2012, NLB's Tier I capital was further increased by more than EUR 500 million through the provision of a hybrid loan of EUR 320 million by the Republic of Slovenia, the issue of new shares to Pension Fund Management ("**KAD**") and the Slovenian Restitution Fund ("**SOD**") in the amount of EUR 61 million, and through net profit of EUR 153 million recorded during 2012 as a result of the repurchase of certain of NLB's existing subordinated instruments at a discount. Although, in a decision dated 2 July 2012, the EC concluded that this recapitalisation constituted state aid pursuant to Article 107(1) of the TFEU, it was found it was temporarily compatible with the internal market as rescue aid for reasons of financial stability until a final decision was issued on the Restructuring Plan. At the same time, the EC initiated the procedure set out in Article 108(2) of the TFEU relating to the formal investigation of NLB's Restructuring Plan. In order to comply with the EC's decision, the Republic of Slovenia additionally increased NLB's capital by an amount of EUR 1.9 million at a discounted share price, which brought the total amount of state aid received by NLB in 2012 to EUR 382.9 million. In December 2012, its share in NLB capital further increased after KBC sold its existing 22.04 per cent. stake to the Republic of Slovenia, resulting in KBC's complete withdrawal from the ownership structure of NLB.

In 2013, the principal and interest of the EUR 320 million hybrid loan was converted into NLB's common equity as a result of the fulfilment of conditions for its conversion.

In January 2013, the Republic of Slovenia submitted a draft of the Restructuring Plan to the EC. On the basis of the Restructuring Plan and commitments provided by the Republic of Slovenia to the EC on 13 December 2013 and as amended on 11 May 2017, on 18 December 2013 the EC issued the "decision SA.33229 (2012/C) — (ex 2011/N) — Restructuring of NLB — Slovenia which Slovenia is planning to implement for Nova Ljubljanska banka d.d. of 18 December 2013 on State Aid" (the "**EC Decision**"), approving the state aid received by NLB up to that point (EUR 243.4 million in 2011 and EUR 382.9 million in 2012) and the state aid which was received by NLB in December 2013 (EUR 1,558 million and the transfer of impaired assets to the Bank Assets Management Company ("**BAMC**") with an aid element of EUR 130 million as discussed below).

Pursuant to the Bank of Slovenia Decision on extraordinary measures of 17 December 2013, which was issued in relation to the EC Decision, all Qualified Liabilities of NLB were terminated, including NLB's share capital and the subordinated liabilities, and the Republic of Slovenia paid in EUR 1,551 million into the capital of NLB (NLB's share capital was simultaneously reduced to zero via the termination of liabilities therefrom and the rescission and deletion of NLB's shares and then increased to EUR 200 million). On 20 December 2013, impaired assets with a gross value of EUR 2.2 billion were transferred from NLB to the BAMC, a so-called "bad bank" (i.e. a bank that is to hold the illiquid and/or high risk assets) established by the Republic of Slovenia, for which NLB received bonds issued by the BAMC (and guaranteed by the Republic of Slovenia) in compensation.

From 2014 onwards there has been a significant increase in NLB's market penetration and improvements to its organisational structure.

The main milestones of the transformation programme first established in 2012 have been achieved or exceeded and in 2015 and 2016, all the NLB Group's members in core international markets including North Macedonia, Bosnia and Herzegovina, Montenegro, Kosovo and Serbia, where the NLB Group operates through its banking subsidiaries (together with the NLB Group's members in the Republic of Slovenia, the "**Core NLB Group Members**") as well as all core business segments recorded profits.

Since May 2016, all subsidiary banks have operated under the uniform brand "NLB Banka" with the goal of improving brand recognition and enabling the Group to achieve targeted synergies.

The first phase of privatisation of the Bank was concluded on 14 November 2018, after which the Republic of Slovenia reduced its shareholding in NLB from 100 per cent. to 35 per cent. of NLB's share capital. On 19 June 2019, the second phase of the privatisation process of NLB was completed by way of an accelerated book building of 10 per cent. of the Republic of Slovenia's stake in the NLB's share capital minus one share. After the completion of these phases, the Republic of Slovenia remains the largest shareholder of NLB, owning a 25 per cent. stake plus one share. On the conclusion of the privatisation almost all restrictions resulting from the commitments made by the Republic of Slovenia to the EC were lifted.

In accordance with its commitments to the EC, the Bank was required to divest its interests in the insurance company NLB Vita, življenjska zavarovalnica d.d., Ljubljana ("**NLB Vita**") by the end of 2019. On 29 May 2020, the Bank sold its 50 per cent. stake in the share capital of NLB Vita in a joint sales process

together with KBC. Vita, življenjska zavarovalnica d.d. (the new name of NLB Vita) remains a strategic partner of the Bank.

On 26 February 2020, the Bank entered into a share purchase agreement with the Republic of Serbia for the acquisition of 83.23 per cent. of the ordinary shares of Komercijalna Banka, Beograd. On 30 December 2020 the Bank completed the acquisition.

On 29 May 2020, the newly founded provider of leasing services, NLB Lease&Go, entered the Slovenian market and joined the Group.

On 30 December 2020, the NLB Group concluded the acquisition of 83.23 per cent. of the ordinary shares of Komercijalna banka a.d. Beograd (Komercijalna Banka, Beograd). As a result of the acquisition, the NLB Group obtained three banks (Komercijalna Banka, Beograd; Komercijalna Banka, Podgorica; and Komercijalna Banka, Banja Luka) and the investment fund company Kombank INvest, Beograd.

On 12 November 2021, the merger of NLB Banka, Podgorica and Komercijalna Banka, Podgorica was completed.

On 9 December 2021, the Komercijalna Banka, Beograd successfully sold 100 per cent. of its ordinary shares of Komercijalna Banka, Banja Luka to Banka Poštanska štedionica, Beograd.

On 22 December 2021, NLB executed the transfer of ownership of Leasing Ljubljana – in liquidation to NLB Lease&Go.

On 1 March 2022, the SRB in coordination with Bank of Slovenia (as national resolution authority) decided to adopt a resolution scheme in respect of N Banka (formerly Sberbank Slovenia), which envisaged the application of the sale of business tool and Bank of Slovenia issued a decision for the sale of 100 per cent. N Banka shares. Therefore the SRB decided to transfer all the shares issued by N Banka to NLB for a purchase price of EUR 5,109,000. Therefore, as of 1 March 2022, NLB became a 100 per cent. owner of N Banka. On 11 April 2022, Sberbank Slovenia was renamed to N Banka. Activities for the integration of N Banka with NLB Group are in progress. The acquisition of N Banka resulted in a gain from a bargain purchase (negative goodwill) in the amount of EUR 172,810 thousand. NLB's Serbian subsidiaries, Komercijalna Banka, Beograd and NLB Banka, Beograd, merged and from 30 April 2022, the new entity operates under the name NLB Komercijalna banka a.d. Beograd.

On 13 July 2022, NLB successfully squeezed out the remaining shareholders of NLB Komercijalna Banka, Beograd and thereby became a 100 per cent. owner of NLB Komercijalna Banka, Beograd.

In September 2022, the leasing company NLB Liz&Go, Skopje was established which was renamed to NLB Lease&Go, Skopje in December 2022.

In November 2022, NLB Group acquired the leasing company Zastava Istrabenz Lizing, Serbia which was renamed to NLB Lease&Go Leasing, Beograd on 17 January 2023.

COMPETITION FACING THE GROUP

The NLB Group is a banking and financial services group, headquartered in Ljubljana and with an exclusive focus in the Republic of Slovenia and in South Eastern European ("**SEE**") markets. NLB classifies its competitors in the Republic of Slovenia into the following categories: domestic banks, foreign banks, investment banking, brokerage firms and leasing companies. In the financial services market, NLB faces competition from domestic banks and subsidiaries of foreign banks such as OTP Group (which acquired the second largest bank in Slovenia, Nova KBM, and SKB Banka, which both now form part of the OTP Group), UniCredit Banka Slovenija, Addiko Bank (formerly Hypo Alpe-Adria Bank), Gorenjska banka and major regional banks such as Banka Intesa Sanpaolo (formerly Banka Koper).

Since the Republic of Slovenia entered the EU, the presence of foreign banks in the region has increased considerably in both corporate and retail banking. However, there has been an ongoing consolidation of Slovenian banks in the last two years. Further consolidation may change NLB's market position. In specialised services, such as investment banking, NLB's competitors are specialised companies (in particular, stock brokerage companies).

Competition in SEE

Serbia

The Serbian banking market remains highly competitive with 21 banks operating in the market as of 31 December 2022. These consist of 2 state-owned banks, 2 privately-owned banks and 17 banks under foreign ownership. There are several ongoing integrations currently occurring in the market, Raiffeisen bank is planning to merge with RBA Banka (formerly Credit Agricole) during 2023, and AIK banka is planning to merge with Naša AIK banka (formerly Sberbank Serbia) also during 2023. In addition, in March 2023 AIK banka signed an agreement for the acquisition of a 100 per cent. of stake in Eurobank Direktna Banka. This acquisition will put AIK banka to number 4 position on the Serbian market in terms of assets. Consequently, NLB Komercijalna banka will hold number 6 position on the Serbian market in terms of assets after these mergers. The largest banks in Serbia are Banca Intesa, OTP, Raiffeisen, AIK, UniCredit Serbia, Erste, and Banka Poštanska Štedionica. Despite high competition in the region, the NLB Group sees significant potential in the Serbian market and continues with ambitious growth plans, and targets to increase strongly market share in coming period and regain top 5 position.

North Macedonia

There are 13 banks operating in North Macedonia. The banking sector in the Republic of North Macedonia is highly concentrated with NLB Banka, Skopje and the two other largest banks in the country, Komercijalna Bank, Skopje and Stopanska Bank Skopje holding a market share (measured by total assets according to the Macedonian central bank and published annual financial statements) of 56.6 per cent. as of 31 December 2022. NLB Banka, Skopje is a systematically important bank with the second largest loan portfolio in retail and the fifth in the corporate segment.

Further consolidation of the market continued through integration of Ohridska Bank AD Skopje to Sparkasse Bank Makedonija AD Skopje placing the integrated bank at fourth position with 12.3 per cent. market share in total assets.

Kosovo

There are 12 banks operating in Kosovo. NLB Banka, Prishtina is the second largest in terms of net assets and net loans, at around 18 per cent. in loans and deposits. The competition in the market is concentrated, with nine banks with foreign ownership which dominate the banking sector (holding in aggregate 86.1 per cent. of total assets as at 31 December 2022 according to data from the Central Bank of Kosovo and the Kosovo Banking Association). The main competition comes from Austria (Raiffeisen Bank), Germany (ProCredit), Albania (Banka Kombëtare Tregtare) and Turkey (TEB Bank, Is Bankasi, Ziraat and BKT). A new local bank, PriBank, was established in 2022. NLB Banka, Prishtina and the two other largest banks in the country, Raiffeisen Bank Kosovo and ProCredit Bank are holding a market share of 54 per cent. in total net loans as of 31 December 2022 (according to data from the Central Bank of Kosovo).

Bosnia and Herzegovina

Bosnia and Herzegovina ("**BiH**") consists of two entities, i.e. the Republic of Srpska and the Federation of BiH, with banking supervision performed by both the Banking Agency of the Republic of Srpska and the Banking Agency of the Federation of BiH. Currently 23 banks are operating on the whole BiH market, of which 15 banks are domiciled in the Federation BiH and 8 in the Republic of Srpska.

There are 15 banks domiciled in the Federation of BiH with an additional 3 banks from the Republic of Srpska also present in the BiH Federation market. As of 31 December 2022 the largest banks are Unicredit Bank, Raiffeisen Bank and Intesa Sanpaolo. NLB Banka, Sarajevo is ranked seventh in the banking sector of the Federation, with a market share of 5.9 per cent per total assets and 6.6 per cent per total loans.

There are 8 banks domiciled in the Republic of Srpska with an additional 7 banks from the Federation of BiH also present on the Republic of Srpska market. NLB Banka, Banja Luka is the second largest bank in the market in terms of total assets as of 31 December 2022 with 20.1 per cent market share. While Nova Bank, which is domestically owned, is the largest bank in the market, several international groups like Unicredit, Addiko, and Raiffeisen are also present. As of 31 December 2022, NLB Banka, Banja Luka and the two other largest banks in the country, Nova Banka and UniCredit are holding a market share of 64 per cent. in total assets and 62 per cent. in net loans.

Montenegro

In the relatively small market of Montenegro, there are 13 banks. NLB Banka, Podgorica merged successfully with Komercijalna Bank, Podgorica in November 2021. The merged bank is the second largest by total assets in the local market. CKB (OTP Group) remains the largest bank, followed by NLB Banka, Podgorica, Erste, Hipotekarna bank and Prva bank. Prior to the merger, NLB Banka, Podgorica's market share of non-banking sector loans in Montenegro was 17 per cent. as of 31 December 2022.

STRATEGY

Despite the challenging and uncertain economic environment, the Group continues to focus on protecting and strengthening its market position in its home region, actively participating in the growth and consolidation of the market, and promoting the ESG agenda. Digitalisation, client centricity and cost efficiency remain some of the key strategic orientations to deliver the Group's mission and vision.

- **Strategic focus**

Be regional champion: The Group aims to further strengthen its role as a systemically important financial institution in the SEE region and strives to be a market leader in all of its core markets. With the completion of the acquisition of Komercijalna Banka, Beograd in 2020, the Group made an important step in this direction. The deal holds potential for the whole region given the complementing product offerings of Komercijalna Banka, Beograd combined with cost- and capability-related business synergies derived from its integration into the Group. With the acquisition of N Banka (formerly Sberbank Slovenia) in March 2022, the Group contributed to the stability of the Slovenian banking system while improving its market share in its home market.

Putting clients first: In retail banking, the Bank continues to strive to get closer to its clients by offering anchor products and digital services (e.g. omnichannel, marketplace) that are personalised and the most accessible to suit its clients' lifestyles. In corporate banking, the Bank is looking to provide more complex cross-border products and services, and find new entry points in order to suit all its clients' financial needs. The whole Group strives to have a prominent role in the region's development. One of the key efforts is improved availability for all clients. The Group has made itself available anywhere and anytime by building a strong customer centre and upgrading its portfolio of digital sales channels. These now offer a growing set of banking products and services, both for retail and corporate clients.

Grow its market position: The Group is working to protect and strengthen its market position as a systemically important bank in its home region. It also works to actively participate in the expected growth and consolidation of the market, while focusing on increasing profitability through a more customer-centric approach and digitalisation.

Exploit opportunities and synergies: Significant strategic business efforts are undertaken to achieve business synergies across the Group, both in terms of costs and operational efficiency. In Slovenia, further synergies are expected after full integration of N Banka in 2023. The Bank is pursuing growth through entering and expanding its presence into selected adjacent businesses (such as leasing and bancassurance) and diversifying its services on a horizontal level. Further to the organic growth capacities, the Bank is simultaneously monitoring additional potential M&A opportunities in banking and adjacent businesses (to consolidate processes in the financial sector in the SEE).

- **Continuing transformation**

The Group has identified a series of projects and initiatives and has also dedicated considerable investment funds for their implementation. The backbone of the strategy is strengthening customer-centricity by establishing customer-based market management, improving the understanding of the clients, reimagining digital client journeys and accelerating innovation to provide lifestyle and value chain services to lock relationships.

The transformation program also focuses some efforts into increased operational efficiency, cost management and the improved utilisation of the Group's capital. Simultaneously, overall operational capabilities are being enhanced by improving human capital, optimising IT, digitalising internal processes and leveraging information capital. To drive transformation, a new change management platform has been set up.

- **Digitalisation**

The Group continues to implement comprehensive and substantial strategic efforts toward digital transformation. The customers' preference for an increased share of digital business interactions has remained even after business operations have normalised after the COVID-19 pandemic. The Group was prepared for such a market trend as it was already one of the leading providers and innovator in its core markets before the outbreak.

At the same time, the Group is striving to simplify and automate processes in order to minimise costs and uses digitalisation as its main tool. The focus on digitalisation is to enable quicker and better customer service, a higher level of internal processes efficiency, and consequently additional cost savings.

The Group will continue to invest substantially in IT infrastructure and its capabilities. The focus will be on improving the speed with which the IT department can deliver results by adopting agile methodology principles, the provision and implementation of the best online experience for customers in the SEE and how to enhance capabilities for processing data, modelling, and the relevance of services to clients.

- **Sustainable development vision**

Sustainability has become a Group-wide initiative. In 2020, the Bank developed the basis for the intensive integration of ESG factors into the Group's business model. Moreover, NLB became the first bank from Slovenia to commit to the UN Principles for Responsible Banking.

On 6 June 2022, NLB officially joined the Net-Zero Banking Alliance (NZBA), an industry-led, UN-convened alliance of banks worldwide, committed to aligning their lending and investment portfolios with net-zero emissions by 2050 or sooner, as set by the most ambitious targets of the Paris Climate Agreement.

In December 2022, NLB obtained its first ESG Rating by Sustainalytics of Low Risk 17.7 (top 15% between Banks).

ESG ratings may vary amongst ESG ratings agencies as the methodologies used to determine ESG ratings may differ. The Issuer's ESG ratings are not necessarily indicative of its current or future operating or financial performance, or any future ability to service the Notes and are only current as of the dates on which they were initially issued. ESG ratings shall not be deemed to be a recommendation to buy, sell or hold the Notes. Currently, the providers of such ESG ratings are not subject to any regulatory or other similar oversight in respect of their determination and award of ESG ratings. Prospective investors must determine for themselves the relevance of any such ESG rating information contained in this Prospectus or elsewhere in making an investment decision.

In 2023, NLB will continue to implement its sustainability agenda. The focus will be the development and implementation of net-zero business strategy and measurement of portfolio emissions. The first targets related to reducing its footprint in carbon-intensive industries will be published by the end of 2023. NLB will disclose all relevant ESG data and further implement the EU Taxonomy Regulation.

- **Other strategic priorities**

The Bank will continue its working from home initiative in the future, offering more flexibility to its workforce and achieving cost benefits at the same time.

Following the lifting of EC State Aid constraints, the Group is now fully engaged in re-establishing some of the key financial services that were subject to restrictions (e.g. leasing and factoring). In December 2021, the Group initiated the needed steps for expanding leasing operations in Serbia and North Macedonia.

The Group is also putting additional efforts into cross-border loan activity. The Group's knowledge of the region and its presence are opening new possibilities for the Bank.

Leasing activities represent a significant part of the NLB Group's business mix. Leasing operations in Slovenia (NLB Lease&Go) are gaining momentum with increased total assets. In North Macedonia, a new leasing company was established (NLB Liz&Go, Skopje) and in Serbia, a purchase of a leasing entity (NLB Lease&Go Leasing, Beograd) was concluded.

KEY FINANCIAL HIGHLIGHTS

For the years ended 31 December 2022 and 31 December 2021, the NLB Group generated a net profit after tax attributable to owners of NLB in the amount of EUR 446.9 million and EUR 236.4 million, respectively, while the total assets amounted to EUR 24,160.2 million and EUR 21,577.5 million, respectively.

The following table shows the financial highlights of the NLB Group (on a consolidated basis) and of NLB (stand-alone) for the years ended 31 December 2021 and 31 December 2022.

	NLB Group		NLB	
	Year ended 31 December			
	2021	2022	2021	2022
	<i>(in millions of Euros)</i>			
Key income statement figures				
Net interest income	409.4	504.9	139.1	177.0
Net non-interest income	257.6	293.6	222.4	189.2
Total costs	(415.4)	(460.3)	(183.6)	(207.9)
Result after income tax	236.4	446.9 ⁽ⁱ⁾	208.4	159.6
Key financial position statement figures				
Total assets	21,577.5	24,160.2	12,699.5	13,939.3
Loans and advances to non-banking sector (gross)	10,903.5	13,397.3	5,250.4	6,157.4
Deposits from customers	17,640.8	20,027.7	9,659.6	10,984.4
Key performance figures				
	<i>(in per cent.)</i>			
Return on equity after tax	11.4	19.9	13.8	10.2
Cost income ratio	62.3	57.6	50.8	56.8

(i) The NLB Group's results after income tax for the year ended 31 December 2022 were impacted by the inclusion of negative goodwill in the amount of EUR 172.8 million from the N Banka acquisition.

The following table shows the contribution to NLB Group's revenues and total assets by region as at and for the years ended 31 December 2021 and 2022. The column 'Revenues' includes interest and similar income, dividend income, and fee and commission income.

	Contribution to NLB Group's revenues by region		Contribution to NLB Group's total assets by region	
	Year ended 31 December		Year ended 31 December	
	2021	2022	2021	2022
	<i>(in millions of Euros)</i>		<i>(in millions of Euros)</i>	
Slovenia	352.1	445.7	11,716.3	13,935.2
SEE ⁽ⁱ⁾	458.6	505.9	9,845.1	10,216.1
Western Europe ⁽ⁱⁱ⁾	-	-	16.1	8.9
Total	810.6	951.6	21,577.5	24,160.2

(i) North Macedonia, Serbia, Montenegro, Croatia, Bosnia and Herzegovina and Kosovo.

(ii) Germany and Switzerland.

ACTIVITIES

The NLB Group is one of the largest Slovenian banking and financial group in the Republic of Slovenia with an exclusive strategic focus on selected markets in SEE³⁰. The NLB Group is principally involved in retail banking and corporate banking, offering a comprehensive range of competitive products and services.

The NLB Group provides universal banking services to retail and corporate clients, as well as asset management and bancassurance products.

³⁰ Source: Based on the market share by total assets (source: Bank of Slovenia).

NLB is a universal bank whose objects are to provide banking and other financial services, as authorised by the Bank of Slovenia, as well as to perform other business operations in accordance with applicable regulations. NLB may perform business operations in the Republic of Slovenia and abroad.

NLB Group's segments are defined in accordance with long-term strategy and divided into two major categories: core and non-core.

As at 31 December 2022, NLB Group's business comprised of the following core and non-core segments:

Core Segments:

- **Retail Banking in Slovenia** includes banking with individuals and micro companies (NLB and N Banka), asset management (NLB Skladi d.o.o., Ljubljana) and a part of NLB Lease&Go, Ljubljana that includes retail clients as well as the contribution to the result from the associated company Bankart.
- **Corporate and Investment Banking in Slovenia** includes banking with key corporate clients, SMEs, and cross-border corporate financing, investment banking and custody, restructuring and workout in NLB and N Banka, and a part of NLB Lease&Go, Ljubljana that includes operations with corporate clients.
- **Strategic Foreign Markets** include the operations of strategic Group banking members in the strategic markets (North Macedonia, BiH, Kosovo, Montenegro, and Serbia) investment company KomBank Invest, Beograd, NLB DigIT, Beograd, to which IT services from NLB Banka, Beograd were transferred in 2022, the newly established leasing company NLB Lease&Go, Skopje and in 2022 the purchased company NLB Lease&Go Leasing, Beograd.
- **Financial Markets in Slovenia** include treasury activities, trading in financial instruments, and long-term funding, while they also present the results of asset and liabilities management (ALM) in both, NLB and N Banka.
- **Other** accounts in NLB and N Banka for categories whose operating results cannot be allocated to specific segments, including negative goodwill from the acquisition of N Banka in March 2022, as well as subsidiaries NLB Cultural Heritage Management Institute and Privatinvest.

Non-Core Segment:

- **Non-Core Members** include the operations of non-core Group members, i.e. REAM and leasing entities in liquidation, NLB Srbija and NLB Crna Gora.

The table below sets out the contribution of each operating segment to the NLB Group's loss/profit before tax, and total net operating income, derived from the NLB Group's consolidated financial statements for the years ended 31 December 2021 and 31 December 2022.

	NLB Group's loss/profit before income tax for the year by activity		NLB Group's total net operating income ⁽ⁱ⁾	
	Year ended 31 December			
	2021	2022	2021	2022
	<i>(in millions of Euros)</i>			
Corporate and Investment banking (Slovenia).....	86.8	52.3	101.5	105.2
Retail banking (Slovenia).....	49.0	46.8	171.0	211.5
Financial markets (Slovenia).....	15.8	33.8	24.1	46.6
Strategic Foreign Markets	113.2	187.1	361.9	427.5
Non-Core Members.....	1.3	(8.7)	7.2	4.7
Other	(4.7)	171.8	6.1	10.0
Total	261.4	483.1	671.8	805.5

⁽ⁱ⁾ Note: The sum of net revenues and costs of the segments is greater than items from the leading income statement of the NLB Group. The difference results from the activities between the segments, since the effects of these activities appear as revenue on one segment and as a cost to the second segment, and therefore are not netted on the segment level.

The table below sets out the contribution of each operating segment to the NLB Group's total assets for the years ended 31 December 2021 and 31 December 2022.

	NLB Group's assets for the year by activity	
	Year ended 31 December	
	2021	2022
	<i>(in millions of Euros)</i>	
Corporate and Investment banking (Slovenia).....	2,334	3,372
Retail banking (Slovenia).....	2,823	3,677
Financial markets (Slovenia).....	6,190	6,514
Strategic Foreign Markets	9,798	10,179
Non-Core Members.....	96	62
Other	337	356
Total	21,577	24,160

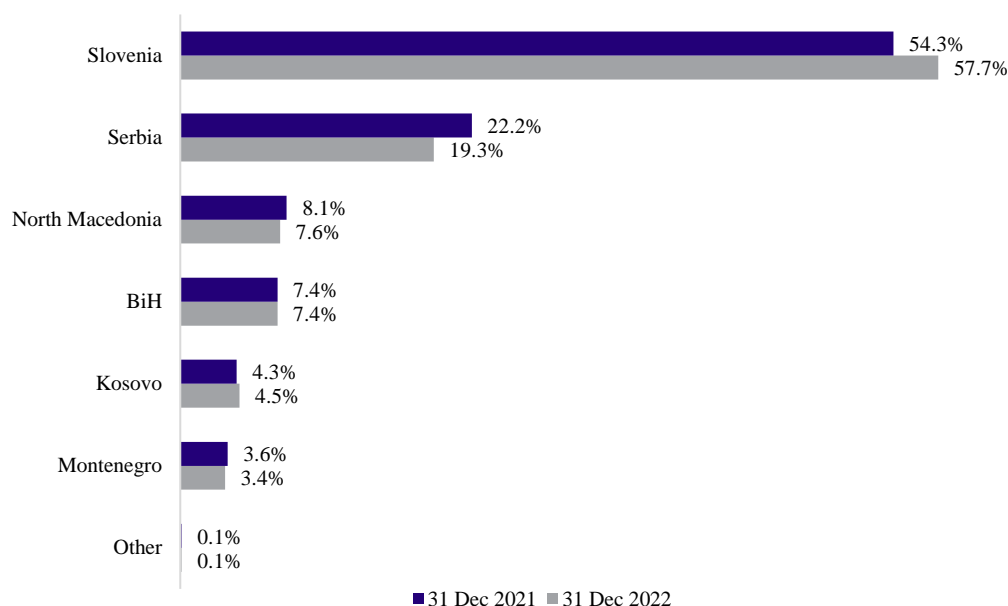
The NLB Group has a banking presence across SEE. The following table sets out the NLB Group member banks by total assets (before intercompany elimination adjustments) and market share (based on data provided by the central banks of individual countries) in local markets as at 31 December 2022 (or 30 September 2022 where indicated).

NLB Group member	Total assets	Market share by total assets in local markets	
		Local market	<i>(in per cent.)³¹</i>
	<i>(in millions of Euros)</i>		
NLB d.d., Ljubljana	13,939	Slovenia	27.6
N Banka, Ljubljana	1,293	Slovenia	2.6
NLB Komercijalna Banka, Beograd.....	4,670	Serbia	10.0
NLB Banka, Skopje	1,848	North Macedonia	16.3
NLB Banka, Banja Luka	995	BiH-Republika Srpska	20.1 ⁽ⁱ⁾
NLB Banka, Podgorica	852	Montenegro	13.3
NLB Banka, Prishtina	1,084	Kosovo	16.7
NLB Banka, Sarajevo.....	838	BiH-Federation	5.9 ⁽ⁱ⁾

⁽ⁱ⁾ Market share as at 30 September 2022.

³¹ Source: Data from the Bank of Slovenia, the National Bank of the Republic of North Macedonia, the Central Bank of Bosnia and Herzegovina, the National Bank of Serbia, the Central Bank of Kosovo and the Central Bank of Montenegro, each of which is the competent institution of its country.

The following figure sets out the composition of the NLB Group's total assets by country as at 31 December 2022⁽ⁱ⁾:



(i) The geographical analysis includes a breakdown of items with respect to the country in which individual NLB Group members are located.

Retail banking in Slovenia

The retail banking segment in the Republic of Slovenia is key to the NLB Group's operations. NLB has a strong and established position in the Slovenian retail banking market, with 26.2 per cent. and 31.9 per cent. market share in retail lending and deposit-taking as at 31 December 2022, respectively³². NLB offers its products and services via multi-channel distribution, including through its physical network of 71 branches as at 31 December 2022 and one mobile branch NLB Bank&Go, as well as through its digital channels and the only 24/7 banking contact centre in the country, providing also chat and video call functionalities. In the years ended 31 December 2022 and 31 December 2021, profit-before-tax generated in this segment reached EUR 46.8 million and EUR 49.0 million, respectively, and segment assets were EUR 3.7 billion and EUR 2.8 billion, respectively.

NLB provides a range of banking products and services to its retail customers in Slovenia, offering current accounts and other deposit accounts (including savings accounts), together with related debit cards and credit cards for access to domestic and international automated teller machines ("ATM") networks, overdraft facilities, mortgage and housing loans, personal loans, payment services and foreign exchange services. The NLB Group also provides other retail financial services in Slovenia, including asset management and life and non-life insurance. Particular attention is being given to offering simple and easy ways to access banking products and services available 24/7.

The number of digital users continued to increase (14 per cent. compared to 31 December 2021). In the period from 31 December 2021 to 31 December 2022, the number of m-bank Klikin and e-bank NLB Klik users remains stable at 16 per cent. (66,018 new users) and 6 per cent. (23,619 new users), respectively. The total volume of payments processed in the e-bank and m-bank in the period from 31 December 2021 to 31 December 2022 increased by 16 per cent.

Launching the sales of different products (consumer and housing loans with simple collateral, Vita and Generali insurance products, deposits, savings and cards) via a video call was an important step towards strengthening the role of the Contact Centre as a 24/7 sales channel. In the period from 31 December 2021

³² Source: Data of the Bank of Slovenia, NLB's calculation.

to 31 December 2022, the Contact Centre further strengthened its role of a proactive customer outbound calling centre and processed 27 per cent. more video calls.

The Bank's ESG-oriented offer includes green housing loans to finance the construction or purchase of a passive house, and finance the purchase of solar panels, heat pumps, and central ventilation, also in cooperation with vendors. Connecting with partners to help the Bank's clients in their transition to energy efficiency resulted in the offer of the NLB green partner loan as an end-to-end solution. In 2022, the Bank sold more than EUR 53 million in ESG-related loans.

Bankassurance

NLB believes that it is the top sales channel among Slovenian banks with a range of life and non-life insurance products in its offer. In the Bank's sales channels bancassurance products of the insurance companies Vita and GENERALI Zavarovalnica are sold.

Products of the insurance company Vita are sold through the Bank's distribution network, including savings and investment insurance products and risk and health insurance products. The non-life insurance products, including car and home insurance, are provided to the clients in cooperation with GENERALI Zavarovalnica.

Asset and fund management

NLB Skladi d.o.o., Ljubljana ("**NLB Skladi**") is the asset and fund management company of the NLB Group, with its products exclusively distributed by NLB. The NLB Group's model for linking banking and asset management services plays a key role within the NLB Group's retail segment. NLB Skladi is a wholly owned subsidiary of NLB and has operated in the asset management sector since 2004.

The company is one of the leading providers of investment fund management services in the Republic of Slovenia. According to the Slovenian Investment Fund Association, its market share was 39.1 per cent. as at 31 December 2022. The company continues to be ranked first in the Republic of Slovenia with 55.2 per cent. of all net inflows in the market in 2022. The company remained the largest asset management company and the largest mutual funds management company in Slovenia (Securities Market Agency and ZDU-GIZ (Slovenia Investment Fund Association)). As at 31 December 2022, total assets under management were EUR 1,960.4 million, of which EUR 1,536.2 million were in mutual funds and EUR 424.2 million in the discretionary portfolio.

In addition to mutual funds, NLB Skladi offers adjustable savings plans, competitive commission rates and costs, management in line with international standards, transparent investment policies and investment services to other members of the NLB network.

Corporate and Investment Banking in Slovenia

The corporate banking segment in the Republic of Slovenia includes banking with key corporate clients, SMEs, investment banking and custody and restructuring and work-out. As at 31 December 2022, the corporate and investment banking segment in total represented over 10,000 business clients. With an 19.8 per cent. and 20.8 per cent. market share in total corporate loans and deposits, respectively, as at 31 December 2022³³, NLB is a leading bank in the Slovenian corporate banking market. NLB offers its products and services by focusing on relationship-based banking via business centres across the country and through its digital channels. NLB actively exploits business opportunities in the SEE (see below – "*Cross-border Financing*") to offer a complete range of services as a leading regional bank. In the years ended 31 December 2022 and 31 December 2021, profit-before-tax generated in this segment reached EUR 52.3 million and EUR 86.8 million, respectively, and as at 31 December 2022 and 31 December 2021 segment assets were EUR 3.4 billion and EUR 2.3 billion, respectively.

The NLB Group provides comprehensive corporate financial services in the Republic of Slovenia and abroad to its corporate customers. Services are accessible to small and medium-sized corporate clients through the business network, while commercial centres at NLB are available to larger corporate clients.

The NLB Group offers its corporate clients current and deposit accounts as well as short-, medium- and long-term secured and unsecured loans, revolving credit facilities, overdraft facilities, export/import

³³ Source: Data of Bank of Slovenia. NLB's calculation.

financing, issuance of guarantees and letters of credit, credit cards, e-banking via NLB Proklik, m-banking via Klikpro, where digital authentication and signing of certain documents is also possible, and certain payment services. Additionally, the NLB Group provides its corporate and institutional clients with a full range of offerings in debt and equity capital markets, M&A, advisory, brokerage, treasury solutions and custodian services.

Sustainability has been at the centre of the Bank's activities, where the Bank also introduced new green products for corporate clients, following the client's needs and with reduced costs. In 2022, the Bank approved more than EUR 105 million in new financing in the ESG area.

Cross-border Financing

Through NLB's Cross-border Financing, which connects all banking members of the NLB Group, NLB approaches and services clients in a more structured and uniform way throughout the region, utilising the extra cross-border lending capability of NLB. This allows the NLB Group to further strengthen its position as the largest banking and financial group headquartered in SEE with an exclusive strategic interest in this region.

Excess liquidity of NLB coupled with limited demand for loans in the Slovenian market and a wish to expand the operation with existing and new clients are the main reasons why cross-border financing is becoming increasingly important. At the end of 2022, the portfolio of approved cross-border transactions in NLB reached EUR 500 million. Adding the participating shares of the Group subsidiaries, the approved transactions amount reached above EUR 700 million.

The focus of cross-border financing was continuous support of the Group's key clients and involvement in the financing of some of the key projects in its home region. On the corporate finance side, this has meant a dominant focus on supporting energy and telecommunication industries, while on the project finance and real estate side, the Group has arranged and co-arranged several key financings, including major residential real estate in BiH, large renewables project in Serbia, and office and residential real estate projects in Serbia. In addition to home region financing, the Bank entered into different EU markets and diversified its cross-border portfolio across the EEA. Deals are primarily made through participation in syndicated international facilities or through participation in Schuldschein loans.

Investment banking

In 2022, the Bank organised six syndicated facilities in the total amount of EUR 961.1 million, where it also acted as the mandated lead arranger, as an agent, and as the leading bank with participation of EUR 306.0 million.

In addition, NLB advised on other corporate finance transactions, including sales of stakes in companies and takeovers, as well as providing valuations of such stakes. NLB also provides syndication services for private equity projects and infrastructure projects.

Within brokerage services, in 2022 NLB executed clients' buy and sell orders in the total amount of EUR 1.09 billion (2021: EUR 902.9 million). While in the area of dealing in financial instruments, NLB executed foreign exchange spot deals in the total amount of EUR 1.38 billion (2021: EUR 946.6 million) and for EUR 433.2 million (2021: EUR 382.5 million) worth of derivatives transactions.

International trade finance transactions

NLB supports its clients with a range of trade finance services offered in international markets through a network of correspondent relationships and international trade financing lines.

The main services the Bank offers its clients, besides trade finance products such as letters of credit and bank guarantees, are confirmations of letters of credit and guarantees, reimbursement undertakings, post-financing and the repurchase of receivables under documentary letters of credit, the issue of guarantees based on the counter guarantees of foreign banks as well as supply chain finance services. The purchase of receivables is also available through digital channels in a safe and fast way.

Custody services

In its own opinion, the Bank is one of the main Slovenian providers of custodian services for Slovenian and international customers, strengthening its position by expanding its client base in both of these business areas, whilst providing custodian services both as ancillary investment services and depositary services for funds. The Bank acts as a gateway into the SEE region, using its own network and partner institutions to offer seamless service to its customers. The Bank's focus as a client-oriented service provider remains strong. As at 31 December 2022, the total value of assets under custody increased to EUR 16.4 billion (compared to EUR 15.9 billion as at 31 December 2021).

Financial markets in Slovenia

The financial markets segment in Slovenia includes activities on international financial markets, including treasury operations and asset and liability management for the Bank and N Banka. Treasury covers all treasury operations with banks and financial institutions (money market deposits, repos, trading with securities, foreign exchange and derivatives). In the changed interest rate environment, continuous focus was on prudent liquidity reserves management.

In the years ended 31 December 2022 and 31 December 2021, profit-before-tax generated in this segment on Group level reached EUR 33.8 million and EUR 15.8 million, respectively, and as at 31 December 2022 and 31 December 2021 segment assets were EUR 6.5 billion and EUR 6.2 billion, respectively. On the other hand, the segment liabilities decreased from EUR 1,232 million as at 31 December 2021 to EUR 1,119 million as at 31 December 2022.

Strategic Foreign Markets

As at 31 December 2022, the core part of the NLB Group in foreign markets consisted of 6 banks, one investment fund company, one IT company, and two leasing companies. The primary focus of banking members is on the retail and small and micro enterprises' segments. As at 31 December 2022, the NLB Group's bank subsidiaries in five out of six foreign markets (North Macedonia, Republika Srpska, Kosovo, Montenegro and Serbia) had market shares exceeding 10 per cent., measured by total assets.³⁴ NLB's core subsidiaries in SEE markets (North Macedonia, Bosnia and Herzegovina, Kosovo, Serbia and Montenegro) had, for the years ended 31 December 2022 and 31 December 2021, an aggregate profit-before-tax of EUR 187.1 million and EUR 113.2 million, respectively, including the results of minority owners. They had segment assets of EUR 10.2 billion and EUR 9.8 billion, respectively and segment liabilities of EUR 8.5 billion and EUR 8.3 billion, respectively.

Following the acquisition of Komercijalna Banka, Beograd at the end of 2020, the merger of NLB Banka, Podgorica and Komercijalna Banka, Podgorica in November 2021, and the merger of Komercijalna Banka, Beograd and NLB Banka, Beograd³⁵ in April 2022, the harmonisation with NLB Group standards is completed. The sale process of Komercijalna Banka, Banja Luka was concluded on 9 December 2021.

The NLB Group's primary activity in strategic foreign markets is banking, with a medium-term emphasis on retail and SME banking.

The banks in the Group's strategic foreign markets offer a full range of financial services to retail and corporate clients. In 2022, the global rising inflation pressures impacted the Group's region of operations, however, the loan demand remained strong, especially in the first half of 2022. Thus, -the NLB Group marked a double-digit growth of gross loans to customers, especially in the retail segment by contributing to the overall economic development of local countries households.

In 2022, the NLB Group accelerated its digital transformation by automating processes and offering various digital solutions to clients, thus further boosting digital penetration by almost doubling the number of digital users.

³⁴ Data of the National Bank of the Republic of North Macedonia, BARS: Banking Agency of Republika Srpska, FBA - Federal Banking Agency, the Central Bank of Kosovo, the Central Bank of Montenegro and the National Bank of Serbia, each of which is the competent institution of its country.

³⁵ Komercijalna Banka, Beograd and NLB Banka, Beograd, merged and from 30 April 2022, the new entity operates under the name NLB Komercijalna banka a.d. Beograd.

The following table shows the key financials and other indicators across the NLB Group in the SEE region as at and for the year ended 31 December 2022 (or 30 September 2022 where indicated)⁽ⁱ⁾.

	NLB Banka, Skopje	NLB Banka, Banja Luka	NLB Banka, Sarajevo	NLB Banka, Prishtina	NLB Banka, Podgorica	NLB Komercijalna Banka, Beograd⁽ⁱⁱ⁾
Result after tax (<i>EUR millions</i>)	37.9	19.3	11.4	32.4	16.6	66.0
Total assets (<i>EUR millions</i>).....	1,848	995	838	1,084	852	4,670
NLB ownership (%).....	86.97%	99.85%	97.35%	82.38%	99.87%	100%
Branches	48	47	35	33	22	180
Market share by total assets (%).....	16.3%	20.1% ⁽ⁱⁱⁱ⁾	5.9% ⁽ⁱⁱⁱ⁾	16.7%	13.3%	10.0%

(i) Data on a stand-alone basis as included in the consolidated financial statements of the Group.

(ii) In April 2022, NLB Banka, Beograd merged with Komercijalna Banka, Beograd.

(iii) Data as at 30 September 2022.

Non-Core Members

The non-core members segment includes the operations of non-core NLB Group members, namely REAM and leasing entities in liquidation, NLB Srbija, and NLB Crna Gora.

For the years ended 31 December 2022 and 31 December 2021, profit/loss-before-tax generated in this segment reached EUR -8.7 million and EUR 1.3 million, respectively, and as at 31 December 2022 and 31 December 2021 segment assets were EUR 61.5 million and EUR 95.9 million, respectively.

The main objective of the non-core members segment is to wind down all non-core portfolios and consequently reduce costs.

LIQUIDITY

As of the date of this Prospectus, the NLB Group has at its disposal sufficient liquidity reserves to cover liabilities that fall or may fall due for payment. Liquidity reserves are required to be available at short notice, following the realisation of a stress scenario (that is, immediately or within one week). Liquidity reserves are unencumbered liquid assets, which include funds on settlement accounts with central banks (funds exceeding the reserve requirement), debt securities and ECB-eligible credit claims. Encumbered liquidity reserves, consisting of financial assets (cash and central bank reserves (without obligatory reserve), ECB eligible loans and high quality debt securities) that are encumbered for the Group's liabilities (as at 31 December 2022 and 31 December 2021 amounted to EUR 123.0 million and EUR 877.6 million for NLB Group, respectively, the decrease being a result of TLTRO secured funding (which was repaid in June 2022); excluding obligatory reserves), used for operational and regulatory purposes, are excluded from the liquidity reserves portfolio.

The liquidity reserves management in the NLB Group is decentralised. Each Group member is responsible for its own portfolio, while financial markets in Slovenia manage the liquid assets of NLB. NLB Group, and the individual subsidiary banks, hold very strong liquidity positions with a consolidated LCR of 220.3% as of 31 December 2022. As at 31 December 2022 and 31 December 2021, the NLB Group had an NSFR of 183.0 per cent. and 185.2 per cent.

Debt securities are classified into trading or banking book securities depending on the purpose of their acquisition and on the intended manner of their disposal. Securities placed in the banking book serve as an instrument for the placement of excess liquidity, as explained below, while the purpose of trading book securities is to generate profits from resale.

The purpose of banking book securities is to provide liquidity, to stabilise the interest margin and to help manage interest rate risk.

The following table shows the unencumbered liquidity reserves for the NLB Group and NLB as at 31 December 2021 and 31 December 2022.

	NLB Group		NLB	
	As at 31 December			
	2021	2022	2021	2022
	<i>(in millions of Euros)</i>			
Unencumbered liquidity reserves				
Cash and central bank reserves.....	3,567.9	3,918.0	3,068.1	3,180.5
Trading book securities	0.0	0.2	0.0	0.2
Banking book securities	4,615.4	4,665.9	2,480.0	2,831.7
ECB eligible credit claims.....	80.0	624.3	80.0	624.3
Total	8,263.3	9,208.4	5,628.1	6,636.7

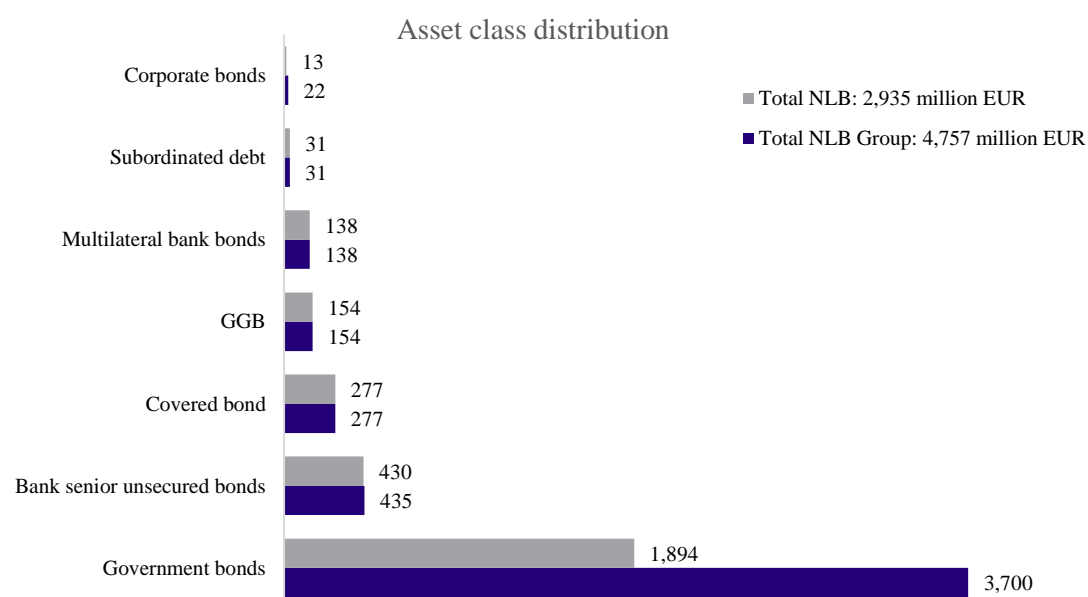
As at 31 December 2022 and 31 December 2021, unencumbered liquidity reserves made up 39.0 per cent. and 38.3 per cent. of the NLB Group's total assets, respectively. The liquidity coverage ratio of the NLB Group, as defined by Basel Committee on Banking Supervision, stood at 220.3 per cent. and 252.6 per cent., respectively.

As at 31 December 2022 and 31 December 2021, the NLB Group had a net loan to deposit ratio ("**LTD**") of 65.3 per cent. and 60.0 per cent., meeting liquidity targets high above the regulatory requirements, and confirming the low liquidity risk approach of the NLB Group. The NLB Group holds a comfortable liquidity position at both the Group and subsidiary bank levels.

As at 31 December 2022 and 31 December 2021, the banking book securities portfolio (market value) represented 49.4 per cent. and 55.9 per cent., respectively of the NLB Group's liquidity reserves; and was dispersed appropriately in terms of issuers, countries and remaining maturity, with the aim of achieving adequate liquidity and interest risk management as well as capital consumption.

As at 31 December 2022, the average duration of securities classified as FVOCI was 2.02 years. 70 per cent. of exposures in FVOCI will mature over the next 3 years. New investments classified as FVOCI are typically placed with a maximum duration of 1 year, therefore the portfolio measured at amortized cost ("**AC**") will gradually grow in the future also on the account of FVOCI. AC portfolio presents 40 per cent. of the total debt securities portfolio and its average duration is 3.76 years. Unrealized losses of the AC portfolio as at 31 December 2022 amounted to EUR 168 million.

The following graph below shows the asset class distribution for 2022 (in EUR million):



FUNDING

Non-banking sector deposits represented the highest proportion of the NLB Group's funding as at 31 December 2022 and 31 December 2021, accounting for 82.9 per cent. and 81.8 per cent. of total liabilities and equity on the respective dates.

As at 31 December 2022 and 31 December 2021, the NLB Group subordinated debt securities issued were 2.1 per cent. and 1.3 per cent. of total liabilities and equity on the respective dates.

The following table shows the split of total liabilities for the NLB Group as at 31 December 2021, and 31 December 2022.

	NLB Group	
	31 December	
	2021	2022
	<i>(in millions of Euros)</i>	
Deposits from customers	17,640.8	20,027.7
- Corporate	4,463.7	5,565.6
- Individuals	12,680.8	13,948.7
- Government	496.4	513.4
Deposits from banks and central banks	71.8	106.4
Borrowings	932.6	281.1
Subordinated debt securities	288.5	508.8
Other debt securities in issue	0.0	307.2
Other liabilities	427.6	506.7
Equity	2,078.7	2,365.6
Non-controlling interests	137.4	56.7
Total liabilities and equity	21,577.5	24,160.2

Deposits

The NLB Group is primarily funded by deposits, with sight deposits prevailing. Approximately 80 per cent. of deposits from individuals are insured by the Deposit Guarantee Scheme. The following table shows deposits from banks and other customers for the NLB Group and NLB as at 31 December 2021 and 31 December 2022.

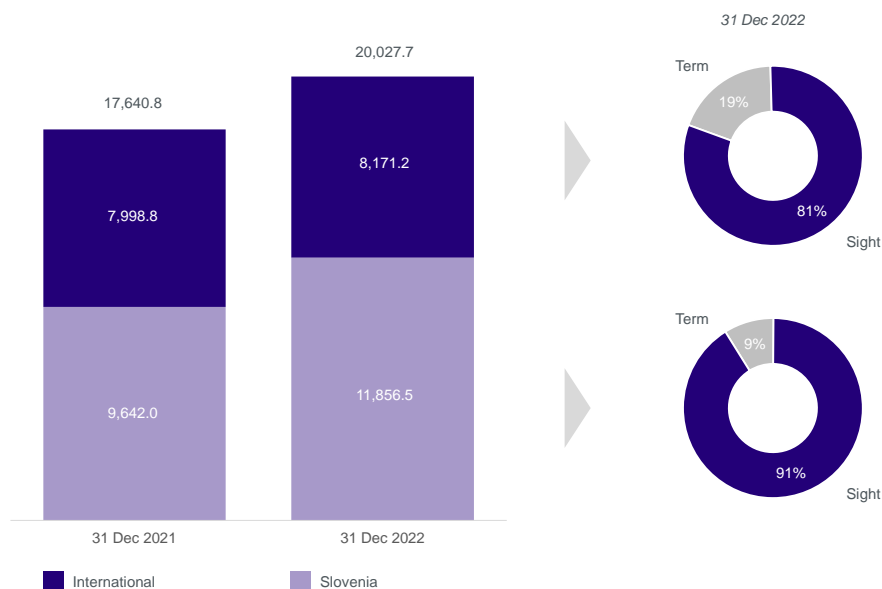
	NLB Group		NLB	
	As at 31 December			
	2021	2022	2021	2022
	<i>(in millions of Euros)</i>			
Deposits on demand				
Banks	56.4	86.9	94.3	193.5
Other customers	15,319.1	17,386.0	8,982.5	10,268.9
- governments.....	401.3	421.8	109.2	151.3
- financial organisations	303.9	306.8	265.9	254.9
- companies.....	3,653.7	4,374.0	1,870.1	2,241.8
- individuals	10,960.2	12,283.4	6,737.3	7,620.9
Other deposits				
Banks	15.4	19.5	15.0	19.1
Other customers	2,321.7	2,641.7	677.1	715.5
- governments.....	95.1	91.7	34.8	42.0
- financial organisations	125.3	237.8	71.6	95.6
- companies.....	380.8	646.9	229.1	282.6
- individuals	1,720.5	1,665.3	341.6	295.3
Total	17,712.6	20,134.1	9,768.9	11,197.1

The Bank's and NLB Group's strategic foreign markets deposit structure from a maturity perspective is still changing in favour of sight deposits.

For the years ended 31 December 2022 and 31 December 2021, interest expenses for the Bank from deposits was EUR 5.1 million and EUR 3.1 million, respectively. For the years ended 31 December 2022

and 31 December 2021, interest expenses from deposits in the banks in the NLB Group's strategic foreign markets was EUR 13.7 million and EUR 22.6 million, respectively.

The following figure shows the split of deposits (in EUR million) of the NLB Group in Slovenia and internationally, i.e. outside of Slovenia, as at 31 December 2022 and 31 December 2021:



The following table shows the average cost of funding for the NLB Group and NLB as at 31 December 2021 and 31 December 2022.

	NLB Group		NLB	
	As at 31 December		As at 31 December	
	2021	2022	2021	2022
Average cost of funding ^{(i) (ii)}	0.21	0.20	0.11	0.21

(in per cent.)

⁽ⁱ⁾ Annualised interest expenses and income from Liabilities (interest income from liabilities due to negative interest rate) / Average balance of interest bearing liabilities.

⁽ⁱⁱ⁾ Unaudited data.

Borrowings from banks / financial institutions

As at 31 December 2022 and 31 December 2021, the NLB Group's borrowings in the form of loans amounted EUR 281.1 million and EUR 932.6 million, respectively (the change reflects the participation in the ECB's TLTRO operation in amount of EUR 750 million, which was repaid in June 2022), while the subordinated debt amounted to EUR 508.8 million and EUR 288.5 million.

The following table shows the volume of borrowings from banks and other customers for the NLB Group and NLB for years ended 31 December 2021 and 31 December 2022.

	NLB Group		NLB	
	Year ended 31 December			
	2021	2022	2021	2022
	<i>(in millions of Euros)</i>			
Loans				
- banks.....	858.5	198.6	873.5	57.3
- governments.....	20.6	21.5	-	-
- financial organisations.....	53.0	60.7	-	-
- companies.....	0.5	0.2	0.4	0.2
Total.....	932.6	281.1	873.9	57.5

Outstanding senior debt securities

As at 31 December 2022, the Issuer had EUR 300 million (nominal amount) of senior debt securities (31 December 2021: EUR 0 million).

On 31 December 2022, the outstanding senior debt securities were the following:

- EUR 300 million of senior preferred notes issued on 19 July 2022, with a maturity on 19 July 2025, if not prepaid earlier (ISIN XS2498964209). The notes carry a fixed coupon interest rate during the first two years of 6.0 per cent. per annum (based on a two-year mid-swap and a fixed margin of 4.835 per cent.); thereafter, the fixed coupon interest rate shall be determined based on the sum of the then applicable reference interest rate (a one-year mid-swap) and the fixed margin as defined at the issuance date of the notes.

Senior preferred notes				NLB Group and NLB			
				As at 31 December 2021		As at 31 December 2022	
Currency	Due date	Interest rate	Carrying amount	Nominal value	Carrying amount	Nominal value	
<i>(in thousands of Euros)</i>							
EUR	19 July 2025	6 per cent. p.a., after 2 years: 1 years MS + 4.835% p.a.	0	0	307,212	300,000	
Total			0	0	307,212	300,000	

Outstanding subordinated liabilities

As at 31 December 2022, the Issuer had EUR 510 million (nominal amount) of subordinated liabilities (31 December 2021: EUR 285 million) and EUR 82 million (nominal amount) of Additional Tier 1 liabilities.

On 31 December 2022, the outstanding subordinated liabilities were the following:

- EUR 45 million of Tier 2 subordinated notes issued on 6 May 2019, with a maturity on 6 May 2029, if not prepaid earlier (NLB27 and ISIN SI0022103855). The notes carry a fixed coupon interest rate during the first five years of 4.2 per cent. per annum (based on a five-year mid-swap and a fixed margin of 4.159 per cent.); thereafter, the fixed coupon interest rate shall be determined based on the sum of the then applicable reference interest rate (a five-year mid-swap) and the fixed margin as defined at the issuance date of the notes. On 28 June 2019, NLB obtained the ECB's approval to count these Tier 2 notes towards its Tier 2 capital.
- EUR 120 million of Tier 2 subordinated notes issued on 19 November 2019, with a maturity on 19 November 2029, if not prepaid earlier (ISIN XS2080776607). The notes carry a fixed coupon interest rate during the first five years of 3.65 per cent. per annum (based on a five-year mid-swap and a fixed margin of 3.833 per cent.); thereafter the fixed coupon interest rate shall be determined based on the sum of the then applicable reference interest rate (a five-year mid-swap) and the fixed

margin as defined at the issuance date of the notes. On 4 March 2020, NLB obtained the ECB's approval to include these subordinated Tier 2 notes in the calculation of Tier 2 capital.

- EUR 120 million of Tier 2 subordinated notes issued on 5 February 2020, with a final maturity on 5 February 2030, if not prepaid earlier (ISIN code XS2113139195). The notes carry a fixed coupon interest rate during the first five years of 3.4 per cent. per annum (based on a five-year mid-swap and a fixed margin of 3.658 per cent.); thereafter, the fixed coupon interest rate shall be determined based on the sum of the then applicable reference interest rate (a five-year mid-swap) and the fixed margin as defined at the issuance date of the notes. On 25 March 2020, NLB obtained the ECB's permission for the instrument's inclusion in the calculation of Tier 2 capital.
- EUR 225 million of Tier 2 subordinated notes issued on 28 November 2022, with a final maturity on 28 November 2032, if not prepaid earlier (ISIN code XS2413677464). The notes carry a fixed coupon interest rate during the first five years of 10.750 per cent. per annum (based on a five-year mid-swap and a fixed margin of 8.298 per cent.); thereafter, the fixed coupon interest rate shall be determined based on the sum of the then applicable reference interest rate (a five-year mid-swap) and the fixed margin as defined at the issuance date of the notes. On 11 January 2023, NLB obtained the ECB's permission for the instrument's inclusion in the calculation of Tier 2 capital as of 31 December 2022.
- EUR 82 million of Additional Tier 1 subordinated notes issued on 23 September 2022, without maturity (perpetual), if not prepaid earlier (ISIN code SI0022104275). The notes carry a fixed coupon interest rate during the first five years of 9.721 per cent. per annum (based on a five-year mid-swap and a fixed margin of 7.20 per cent.); thereafter, the fixed coupon interest rate shall be determined based on the sum of the then applicable reference interest rate (a five-year mid-swap) and the fixed margin as defined at the issuance date of the notes. On 11 November 2022, NLB obtained the ECB's permission for the instrument's inclusion in the calculation of Additional Tier 1 capital.

Subordinated Tier 2 notes			NLB Group and NLB			
			As at 31 December 2021		As at 31 December 2022	
Currency	Due date	Interest rate	Carrying amount	Nominal value	Carrying amount	Nominal value
<i>(in thousands of Euros)</i>						
Subordinated notes						
EUR	6 May 2029	4.2 per cent. p.a., after 5 years: 5 years MS + 4.159% p.a.	45,903	45,000	45,941	45,000
EUR	19 November 2029	3.65 per cent. p.a., after 5 years: 5 years MS + 3.833% p.a.	119,577	120,000	119,677	120,000
EUR	5 February 2030	3.4 per cent. p.a., after 5 years: 5 years MS + 3.658% p.a.	123,039	120,000	123,106	120,000
EUR	28 November 2032	10.75 per cent p.a., after 5 years: 5 years MS + 8.298% p.a.	-	-	220,054	225,000
Total			288,519	285,000	508,778	510,000

Additional Tier 1 notes			NLB Group and NLB			
			As at 31 December 2021		As at 31 December 2022	
Currency	Due date	Interest rate	Carrying amount	Nominal value	Carrying amount	Nominal value
<i>(in thousands of Euros)</i>						
EUR	Perpetual	9.721 per cent. p.a., after 5 years: 5 years MS + 7.200% p.a.	0	0	84,184	82,000
Total			0	0	84,184	82,000

INVESTMENTS

Description of recent material investments

In recent years, the NLB branch network has undergone significant changes due to digitalisation and global changes and trends in the banking industry. In light of the development and wider use of digital channels, the branch network was streamlined and optimized to more modern, open and client and employee friendly branches with focus in transformation from a transactional to an advisory point of contact for the clients. In 2022, the following activities were conducted in this respect:

- a total of 5 branch renovations have been made in 2022 with a total investment of EUR 1.2 million;
- closure of 4 non-profitable locations; and
- introduction of new branch channels (e.g. immediately prior to the second COVID-19 lock-down period in 2020, the Bank introduced the first mobile branch in Slovenia, NLB Bank & Go, which will enable the Bank to get closer to residents in the local environment).

In the process of N Banka's integration, operations of seven of their branch offices were transferred into NLB respective branches as a kiosk-type of office, i.e. bank within the bank.

There is also focus on space and cost optimisation of other business premises including a major adaptation of the Group's back-office building, which is underway. In 2020, a first phase of renovation was completed (investment value of more than EUR 2.5 million in 2020), with the aim of concentrating all NLB's main units in Slovenia in the same business district. The second phase of renovation is planned for the period 2023-2025 when NLB plans to fully renovate the building. The aim is to make it more energy efficient and to provide a modern and friendly working environment for all employees located in Ljubljana.

The NLB Group has also invested in the purchase of licenses and maintenance contracts for several data and digital software and hardware solutions from several global and regional providers of banking software and IT equipment.

In May 2022, NLB DigIT was officially established as an IT service company to act as a regional hub supporting the Group members and delivering digital transformation projects, to which IT services from NLB Banka, Beograd were transferred.

In 2022, NLB Group started to gradually expand its leasing operations in the region of operations by establishing a presence in North Macedonia and Serbia. In North Macedonia, the company NLB LIZ&GO DOO Skopje was established in September 2022, and was afterwards renamed NLB Lease&Go, Skopje. NLB Lease&Go, Ljubljana became the owner of Zastava Istrabenz Lizing in Serbia in November 2022 and later renamed it to NLB Lease&Go Leasing, Beograd.

Description of ongoing material investments

Another key area of investment is IT infrastructure platforms, in particular, the investment in a disk storage SAN system which is standardised on NLB Group level. NLB is also modernising its internal network equipment by implementing state of the art networking equipment which is also standardised across the Group.

Regarding material investments in new platforms to be used at NLB Group level, the Bank continues to invest in digitalisation and process automation. There are several strategic projects under way including the implementation of a new digital banking platform (for new e/m banking solutions in the retail and corporate area) and a new data platform (replacement of existing data warehouse solution with a state-of-the-art data management platform).

With the adoption of its IT security strategy in 2021, the Bank plans to invest in cyber security tools which will enable it to increase and strengthen the resilience in the field of cyber security on the Group level. These tools will enable the Bank to better monitor, alert and prevent potential security breaches and reduce the security related risks.

In the real estate segment apart from the mentioned renovation of HQ offices, NLB aims to focus on further optimisation of premises, as follows:

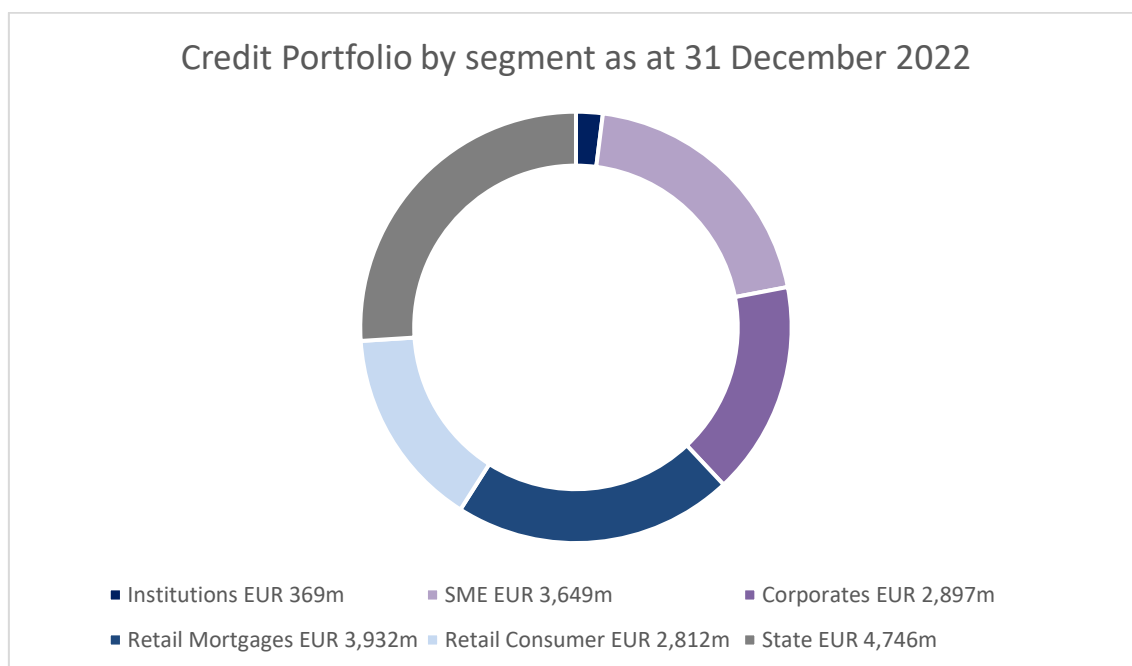
- branch network optimisation (renovation of branches in total estimated amount of EUR 3 million, including N Banka branch network integration and further decrease/relocation of identified branches);
- optimisation of other NLB premises throughout Slovenia (including planned monetization of identified excess space); and
- special focus is given to the environmental perspective, with envisaged investments in installation of solar power generation at NLB facilities (branches), BMS systems e-car chargers (and replacement of existing car fleet with e-cars), as well as measures for decrease of energy consumption, with the goal to reduce NLB Group's carbon footprint in line with the European Net Zero Alliance objectives. In addition to that, in line with overall ESG commitments NLB also pursues its social responsibility role, with one such bigger project planned in the upcoming period, namely the extension of Bankarium Museum on Čopova street (in Ljubljana) with a gallery area.

LOAN PORTFOLIO

Quality of credit portfolio

Although the NLB Group is concentrated in SEE, the NLB Group's credit portfolio of EUR 18.4 billion as at 31 December 2022 is diversified without any large concentration in any specific industry or client segment. The share of the retail portfolio within the whole credit portfolio is substantial with the segment of mortgage loans prevailing. As at 31 December 2022, the portfolio consisted of 15.7 per cent. large corporates, 19.8 per cent. SMEs and micro companies and 36.6 per cent. retail loans. The remainder of the portfolio consists of other liquid assets. Geographically, loans in the Republic of Slovenia accounted for 54.4 per cent. of the total portfolio and 83.4 per cent. were denominated in Euros as at 31 December 2022. In connection with the acquisition of N Banka (formerly Sberbank Slovenia) there were no major changes in the corporate and retail credit portfolio structure. In the assessment of the Issuer, the credit portfolio remains diversified with no large concentration in any specific industry or client segment.

The following figure sets out the NLB Group structure of the credit portfolio (gross loans) by segment as at 31 December 2022 (in millions of Euros). The credit portfolio of the State includes exposures to central banks. The Loan portfolio also includes account balances and required reserves at Central Banks, as well as demand deposits at banks.



The following tables provide the overview of NLB Group corporate loan portfolio by industry as at 31 December 2022 and 31 December 2021.

NLB Group				
31 December 2021		31 December 2022		
Credit portfolio	per cent.	Credit portfolio	per cent.	
<i>(in EUR millions)</i>		<i>(in EUR millions)</i>		
Corporate sector by industry				
Accommodation and food service activities	156.3	3.0	216.7	3.3
Administrative and support service activities	108.1	2.1	79.8	1.2
Agriculture, forestry and fishing	310.7	6.0	326.2	5.0
Arts, entertainment and recreation	22.7	0.4	23.7	0.4
Construction industry	434.6	8.4	569.8	8.7
Education	13.3	0.3	13.9	0.2
Electricity, gas, steam and air conditioning	318.2	6.1	550.5	8.4
Finance	120.2	2.3	224.7	3.4
Human health and social work activities	37.9	0.7	46.8	0.7
Information and communication	244.1	4.7	314.9	4.8
Manufacturing	1,091.1	21.1	1,458.8	22.3
Mining and quarrying	50.4	1.0	54.2	0.8
Professional, scientific and techn. act.	175.4	3.4	187.1	2.9
Public admin., defence, compulsory social	172.4	3.3	188.7	2.9
Real estate activities	251.3	4.9	312.8	4.8
Services	12.0	0.2	16.8	0.3
Transport and storage	573.3	11.1	629.5	9.6
Water supply	43.9	0.8	51.4	0.8
Wholesale and retail trade	1,043.1	20.1	1,278.0	19.5
Other	0.5	0.0	1.3	0.0
Total Corporate sector	5,179.5	100.0	6,545.6	100.0

NLB Group				
31 December 2021		31 December 2022		
Credit portfolio	per cent.	Credit portfolio	per cent.	
<i>(in thousands of Euros)</i>		<i>(in thousands of Euros)</i>		
Main manufacturing activities				
Manufacture of basic metals	153,137	3.0	145,790	2.2
Manufacture of food products	173,967	3.4	224,328	3.4
Manufacture of fabricated metal products, except machinery and equipment	150,420	2.9	190,863	2.9
Manufacture of electrical equipment	94,258	1.8	202,670	3.1
Manufacture of rubber and plastic products	57,243	1.1	73,186	1.1
Manufacture of other non-metallic mineral products...	64,382	1.2	107,060	1.6
Other manufacture activities	397,709	7.7	514,951	7.9
Total manufacturing activities	1,091,117	21.1	1,458,850	22.3

NLB Group				
31 December 2021		31 December 2022		
Credit portfolio	per cent.	Credit portfolio	per cent.	
<i>(in thousands of Euros)</i>		<i>(in thousands of Euros)</i>		
Main wholesale and retail trade activities				
Wholesale trade, except of motor vehicles and motorcycles	577,730	11.2	732,096	11.2
Retail trade, except of motor vehicles and motorcycles	352,053	6.8	421,237	6.4
Wholesale and retail trade and repair of motor vehicles and motorcycles	113,311	2.2	124,638	1.9
Total wholesale and retail trade	1,043,094	20.1	1,277,971	19.5

Approximately half of the total NLB Group corporate and retail loan portfolio has a fixed interest rate and half is linked to a floating interest rate (mostly by reference to EURIBOR). The following table shows the breakdown of the NLB Group loan portfolio by interest type and segment as at 31 December 2022:

NLB Group		
As at 31 December 2022		
	Fixed	Floating
	(%)	
Corporate (incl. SME).....	36.5	63.5
Consumer.....	59.7	40.3
Housing.....	64.2	35.8

As at 31 December 2022, the NLB Group loan portfolio contained EUR 6.7 billion in retail loans, comprising approximately 58.3 per cent. retail mortgage loans and 41.7 per cent. retail consumer loans.

The NLB Group applies a conservative, disciplined and sustainable credit policy and regularly monitors effectiveness of its risk management processes to identify, monitor and control or mitigate material risks, including loan approval processes, proactive handling of problematic customers, changes in credit processes and early warning systems for detecting increased credit risk. A prudent credit approach and the improved economic environment in the NLB Group's core countries of operation have resulted in cumulatively low new formation of NPL and a sustainable, relatively low cost of risk.

In March 2022, the Bank acquired N Banka, their NPE were included in the Group portfolio based on fair value. In 2022, NPL formation amounted to EUR 127 million or 0.7 per cent. of the total portfolio. Nevertheless, the total amount of NPL decreased during 2022.

The reduction of NPL on the NLB Group level remains a key focus. The Group has defined a NPL strategy where by it uses different workout approaches for the management of the non-performing portfolio. The NLB Group's approach to NPL management puts an emphasis on restructuring and use of other active NPL management tools, such as foreclosure of collateral, the sale of claims and pledged assets. In 2021, the multi-year declining trend of the non-performing credit portfolio stock continued, mostly due to repayments, collection, sale of claims, and cured clients. As at 31 December 2021 the existing non-performing credit portfolio stock in the NLB Group was EUR 367.4 million and decreased during the year 2022 to EUR 328.3 million as at 31 December 2022 (the reduction exceeded the set targets). The combined result of contraction in non-performing credit portfolio stock and credit growth of a higher quality portfolio led to the lower share of NPL from 2.4 per cent. as at 31 December 2021 to 1.8 per cent. as at 31 December 2022, while the internationally more comparable non-performing exposure ("NPE") per cent. based on EBA methodology decreased from 1.7 per cent. to 1.3 per cent. The Group's indicator gross NPL ratio, defined by the EBA, is equal to 2.4 per cent. as at 31 December 2022 and is below the regulatory defined threshold for establishment of NPL strategy framework.

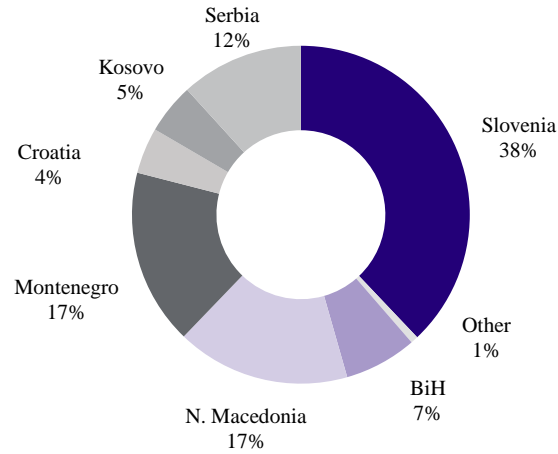
Due to the experience gained in the last few years dealing with clients with financial difficulties, resulting primarily from legacy portfolios, the NLB Group has developed a knowledge base both in the prevention of financial difficulties for clients, (including to restructure viable clients in case of need) and to efficiently work out exposures with no realistic recovery prospects. This extensive knowledge base is available throughout the NLB Group and risk units as well as restructuring and workout teams are properly staffed and have the capacity to deal, if needed, with considerably increased volumes in a professional and efficient manner.

An important strength of the NLB Group is its high non-performing loan coverage ratio. As at 31 December 2021 and 31 December 2022, the NPL Coverage Ratio 1 remained high at 86.1 per cent. and 98.9 per cent., respectively, and NPL Coverage Ratio 2 was 57.9 per cent. and 57.1 per cent., respectively (which is well above the EU average as published by the EBA (43.4 per cent. for December 2022)). As such, this enables a further reduction in NPL without significantly influencing the cost of risk in the coming years. Moreover, it proves that past reductions in NPL were on average carried out without a negative impact to the profit and loss account.

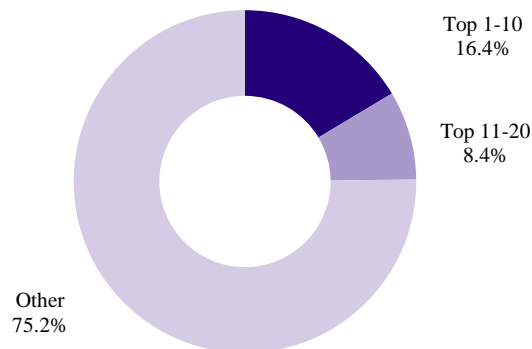
The NLB Group strives to ensure the best possible collateral for long-term loans, namely mortgages in most cases. Thus, the real-estate mortgage is the most frequent form of loan collateral for corporate and retail clients. In corporate loans, it is followed by government and corporate guarantees. In retail loans, other most frequent types of loan collateral are loan insurances by insurance companies and guarantors.

Commercial Real Estate ("**CRE**") exposure as at 31 December 2022 amounted to EUR 2.3 billion. This category includes all exposures where CRE collateral is available regardless the LTV ratio or financing purpose.

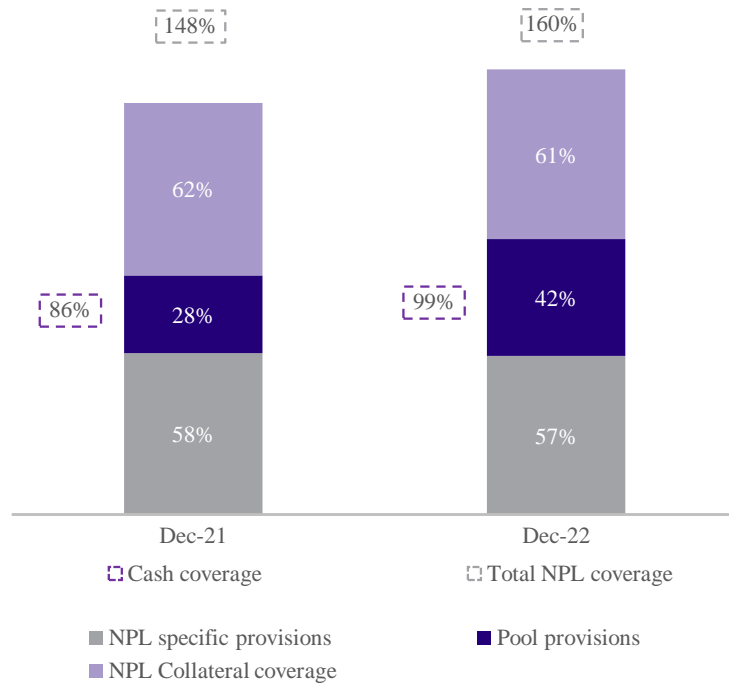
The following figure shows NPL (in terms of volume) by geographical location of the NLB Group as at 31 December 2022:



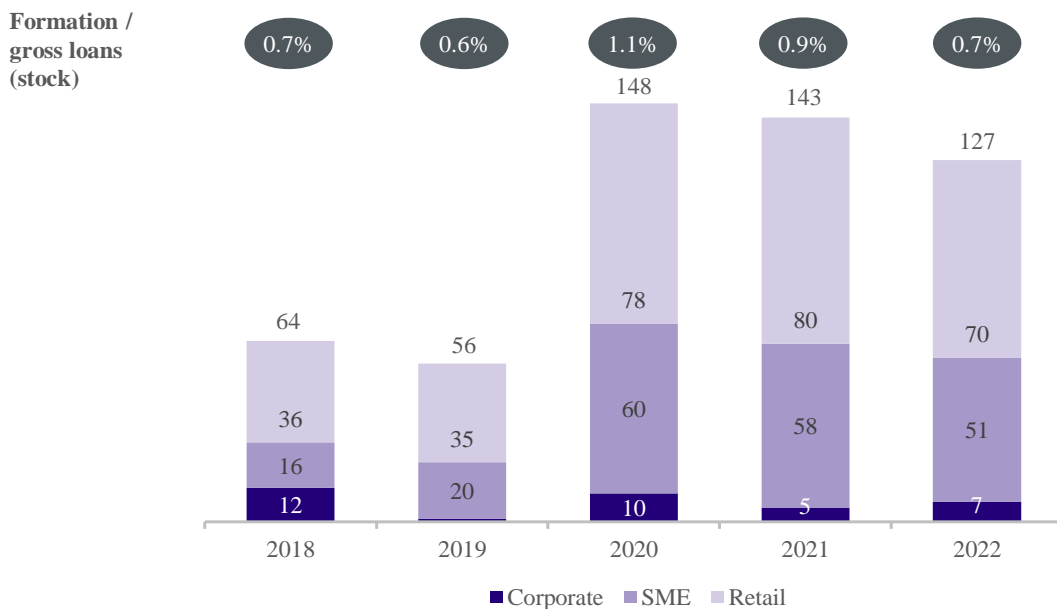
The following figure shows the top 20 NPL (in terms of volume) of the NLB Group as at 31 December 2022:



The following figure shows NPL cash and collateral coverage (cash coverage calculated including both individual and pool provisions) of the NLB Group (in terms of shares) as at 31 December 2022 and 31 December 2021:



The following figure shows the NLB Group's gross NPL formation by segment since 2018 (in EUR million):



As at 31 December 2021 and 31 December 2022 the gross NPL formation as a percentage of gross loans was 0.9 per cent. and 0.7 per cent.³⁶, respectively.

³⁶ Cumulative new NPLs formation in selected period divided by gross loans stock.

The following table analyses the maximum exposure to credit risk of the NLB Group and NLB as at 31 December 2021 and 31 December 2022.

	NLB Group		NLB	
	As at 31 December			
	2021	2022	2021	2022
	<i>(in millions of Euros)</i>			
Cash, cash balances at central banks, and other demand deposits at banks.....	5,005.1	5,271.4	3,250.4	3,339.0
Financial assets held for trading.....	7.7	21.6	7.7	21.7
Non-trading financial assets mandatorily at fair value through profit or loss.....	4.3	3.1	7.9	7.9
Financial assets measured at fair value through other comprehensive income.....	3,395.3	2,838.8	1,541.0	1,291.3
Financial assets measured at amortised cost				
Debt securities.....	1,717.6	1,917.6	1,436.4	1,597.4
Loans to government.....	281.0	303.4	143.9	124.7
Loans to banks.....	140.7	223.0	199.3	350.1
Loans to financial organisations.....	141.7	116.1	226.1	286.5
Loans to individuals.....	5,519.3	6,621.7	2,656.9	3,036.5
Loans to other customers.....	4,645.1	6,031.8	2,118.2	2,606.7
Other financial assets.....	122.2	177.8	92.4	114.4
Derivatives – hedge accounting.....	0.6	59.4	0.6	59.4
Total net financial assets.....	20,980.5	23,585.6	11,680.9	12,836.1
Guarantees.....	1,236.7	1,511.3	727.1	789.6
Financial guarantees.....	533.6	648.5	289.9	326.8
Non-financial guarantees.....	703.1	862.8	437.2	462.8
Loan commitments.....	1,879.0	2,388.5	1,259.5	1,635.5
Other potential liabilities.....	48.8	53.7	3.0	22.9
Total contingent liabilities.....	3,164.5	3,953.5	1,989.6	2,448.0
Total maximum exposure to credit risk.....	24,145.0	27,539.1	13,670.5	15,284.1

Total maximum exposure to credit risk shown above presents the NLB Group's exposure to credit risk, separating out the risks arising from different types of financial assets and conditional obligations. The exposures stated in the above table values balance sheet items at their net book value as reported in the relevant statement of financial position and values off-balance sheet items at their nominal value.

The most important clients for NLB and the NLB Group are large corporate customers, SMEs and individuals.

The following table sets out net loans and advances by geographical location of the borrower for the NLB Group and NLB as at 31 December 2021 and 31 December 2022.

Country	NLB Group		NLB	
	As at 31 December			
	2021	2022	2021	2022
	<i>(in millions of Euros)</i>			
Republic of Slovenia.....	4,862.0	6,704.6	4,856.3	5,824.5
Other European Union members.....	249.8	274.8	156.4	180.8
Other countries.....	5,738.3	6,494.4	432.0	522.0
Total.....	10,850.0	13,473.8	5,444.7	6,527.3

The most important geographic market for NLB and the NLB Group is Slovenia, with other (principally SEE) countries also being important for the NLB Group.

The NLB Group's loan portfolio is diverse. There is no large concentration in any specific industry or client segment. The share of the retail portfolio in the whole credit portfolio is quite substantial, with mortgage loans as the still prevailing segment.

The following table shows gross loans for the Bank as at 31 December 2021 and 31 December 2022.

As at 31 December		
	2021	2022
<i>(in billions of Euros)</i>		
Loans to government.....	0.1	0.1
Loans to corporates	2.4	2.9
Loans to individuals	2.7	3.1
Total	5.3	6.2

The Bank's loan volume is increasing, with increases recorded in individual loans, due to newly approved housing loans, as well as in corporate loans, due to higher demand for and utilisations of working capital facilities as a result of unpredictable international market environment and with emerging of energy crisis arrangement of new syndication financing to the respective energy sector. Due to higher volumes, increase of key ECB and reference interest rates, and repricing of new loan production as a response to the rising inflation environment, higher interest income was recorded.

The following table shows gross loans for the NLB Group banking subsidiaries as at 31 December 2021 and 31 December 2022.

As at 31 December		
	2021	2022
<i>(in billions of Euros)</i>		
Loans to government.....	0.1	0.2
Loans to corporates	2.6	2.9
Loans to individuals	2.9	3.2
Total	5.6	6.3

The following table shows loan interest rates for the Bank as at 31 December 2021 and 31 December 2022.

As at 31 December		
	2021	2022
<i>(per cent.)</i>		
Loans to corporates	1.91	2.18
Loans to individuals	3.84	3.84

The following table shows loan interest rates for the NLB Group's banking subsidiaries as at 31 December 2021 and 31 December 2022.

As at 31 December		
	2021	2022
<i>(per cent.)</i>		
Loans to corporates	3.96	3.84
Loans to individuals	5.83	5.66

For the year ended 31 December 2022 and 31 December 2021, interest income from loans for the Bank was EUR 174.5 million and EUR 144.5 million, respectively. For the year ended 31 December 2022 and 2021, the interest income from loans in the NLB Group banking subsidiaries was EUR 285.5 million and EUR 265.8 million, respectively.

In the light of the war in Ukraine, increasing energy prices, inflationary pressures, and a forecast of a decrease in economic growth, the NLB Group has thoroughly analysed the potential impact on the credit portfolio. Increasing prices of raw materials, commodities, and energy may represent an important factor for certain corporate clients. Additional effects can be related to a potential gas shortage for certain corporate clients with high dependency on the production cycle mainly from steel, aluminium, glass, mineral, stone, chemicals, and the paper industry. The NLB Group is closely monitoring the circumstances in the most affected industries (energy, transport, automotive, construction, and food production) and is in close communication with key clients to identify any changes in business circumstances. The NLB Group performed stress-testing by applying adverse and severe scenarios, and the potential estimated losses are perceived as sustainable. In contrast, the inflationary pressure and prices of energy sources may limit the

credit capabilities in the retail segment. To enable early identification of a significant increase in credit risk ("**SICR**"), the NLB Group strengthened the early warning system for the retail segment in the third quarter of 2022.

The NLB Group carefully monitors the most affected client segments with the intention of detecting any significant increase in credit risk at a very early stage. At the beginning of the war in Ukraine, the NLB Group had limited exposure to Russian government bonds in the notional amount of USD 22.0 million. In May 2022, Russian government bonds in the notional amount of USD 14.0 million were fully repaid. Therefore, on 31 December 2022, the NLB Group had very limited exposure to Russian government bonds with the notional amount of USD 8.0 million, maturing in September 2023. In February 2023, these bonds were sold.

Impairment methodology

The NLB Group assesses specific and collective loan impairments at the end of each month for all exposures valued at amortised cost based on IFRS 9, a method which came into force as of 1 January 2018. IFRS 9 requires a shift from an incurred loss model to an expected loss model that provides an unbiased and probability-weighted estimate of credit losses by evaluating a range of possible outcomes incorporating forecasts of future economic conditions. The expected loss model requires the NLB Group to recognise not only credit losses that have already occurred, but also losses that are expected to occur in the future. An allowance for ECL is required for all loans and other debt financial assets not held at FVTPL (fair value through profit and loss), together with loan commitments and financial guarantee contracts.

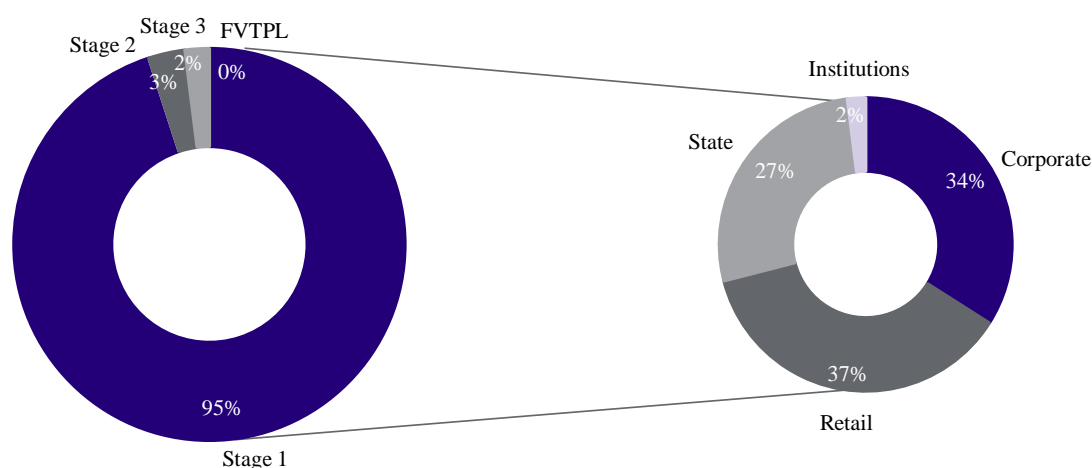
The allowance is based on the ECL associated with the probability of default in the next 12 months unless there has been a significant increase in credit risk since the initial recognition, in which case, the allowance is based on the probability of default over the life of the financial asset ("**LECL**"). When determining whether the risk of default increased significantly since the initial recognition, the NLB Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the NLB Group's historical data, experience, expert credit assessment and incorporation of forward-looking information.

The NLB Group has prepared a methodology for ECL defining the criteria for classification into stages, transition criteria between stages, calculating risk indicators and validating models. The NLB Group classifies financial instruments into Stage 1, Stage 2 and Stage 3, based on the applied ECL allowance methodology as described below:

- Stage 1 – performing portfolio: no significant increase of credit risk since the initial recognition, NLB Group recognises an allowance based on 12-month period;
- Stage 2 – underperforming portfolio: significant increase in credit risk since the initial recognition, NLB Group recognises an allowance for lifetime period; and
- Stage 3 – impaired portfolio: NLB Group recognises lifetime allowances for these defaulted financial assets. The bank uses a unified definition of past due and default exposures that is aligned with Article 178 of Regulation EU 575/2013. Defaulted clients are rated based on the bank's internal rating system; and include clients with material delays over 90 days, as well as clients that were assessed as unlikely to pay. Retail clients are rated on their facility level, however the rating can be reduced based on the rating of other credit facilities of the same clients.

The majority of the NLB Group's loan portfolio as at 31 December 2022 is classified in Stage 1 (94.9 per cent.), then 3.4 per cent. in Stage 2, and 1.8 per cent. in Stage 3. Loans in Stages from 1 to 3 are booked at amortised cost, while the remaining minor part (0.002 per cent.) represents fair value loans through P&L (FVTPL).

The following figure sets out the NLB Group loan portfolio by stages as at 31 December 2022:



The following figure sets out the NLB Group loan portfolio by stages as at 31 December 2022 (in EUR million):

	Credit portfolio								
	Stage1			Stage2			Stage3 & FVTPL		
	Credit portfolio	Share of Total	YTD change	Credit portfolio	Share of Total	YTD change	Credit portfolio	Share of Total	YTD change
Total NLB Group	17,457.5	94.9%	2,819.6	618.3	3.4%	85.9	328.1	1.8%	-43.4
o/w Corporate ...	5,920.1	90.4%	1,394.5	425.7	6.5%	13.5	199.9	3.1%	-41.9
o/w Retail.....	6,423.0	95.2%	1,051.9	192.6	2.9%	72.4	128.0	1.9%	-1.7
o/w State	4,745.6	100.0%	543.2	-	-	-	0.1	0.0%	0.1
o/w Institutions .	368.9	100.0%	-170.0	-	-	-	0.1	0.0%	0.1

	Provisions and FV changes for credit portfolio						
	Stage1		Stage2		Stage3 & FVTPL		Coverage with provisions and FV changes
	Provision Volume	Provision Coverage	Provision Volume	Provision Coverage	Provisions & FV changes		
Total NLB Group	92.5	0.5%	45.0	7.3%	187.4	57.1%	
o/w Corporate ...	59.3	1.0%	31.1	7.3%	110.6	55.3%	
o/w Retail.....	31.3	0.5%	13.9	7.2%	76.6	59.8%	
o/w State	1.8	0.0%	-	-	0.1	99.1%	
o/w Institutions .	0.1	0.0%	-	-	0.1	96.3%	

The portfolio quality in 2021 and 2022 was very stable with increasing Stage 1 exposures and a relatively low percentage of NPLs. The percentage of the Stage 1 loan portfolio remains almost at the same level as at the end of the financial year 2021, i.e., at 95.2 per cent. in the retail segment, while in the corporate segment, despite the adverse economic conditions, improved to the level of 90.4 per cent., which is a result of cautious lending policy and successful closure of NPL. The volume of Stage 2 exposures increased in the retail segment as a result of the changed macroeconomic conditions and improved Early Warning System ("EWS") in the subsidiary banks, nevertheless the increase remains relatively low compared to the entire portfolio volume.

A significant increase in credit risk is assumed:

- when a credit rating significantly deteriorates at the reporting date, in comparison to the credit rating at initial recognition;
- when a financial asset has material delays regarding repayment over 30 days (days-past due are also included in the credit rating assessment);
- if the NLB Group grants forbearance to the borrower; or

- if the facility is placed on the watch list ("**WL**").

The WL is an internal list of performing clients that have been identified (at an early stage) as experiencing financial difficulty. The WL is divided into:

- **WL1:** where the seriousness of a client's financial deterioration is relatively small or temporary and where it can be expected that such client should eliminate the anomalies in a relatively short period of time; and
- **WL2:** where the seriousness of a client's financial deterioration is large and is the result of structural or strategic problems in such client's operations and profitability.

The process of identifying clients experiencing financial difficulty is aimed at the rapid detection of potential problems with performing customers on the basis of early warning indicators (financial, non-financial) of increased credit risk. The EWS has been put in place at the bank for this purpose. EWS identifies any anomalies for performing clients on daily, monthly and other bases and makes proposals for inclusion such clients in the WL.

ECL for Stage 1 financial assets is calculated based on twelve-month probabilities of default ("**PD**") or shorter period PDs, if the maturity of the financial asset is shorter than one year. The twelve-month PD already includes the macroeconomic impact effect. Allowance in Stage 1 is designed to reflect ECL that had been incurred in the performing portfolio, but have not been identified.

LECL for Stage 2 financial assets is calculated on the basis of lifetime PDs ("**LPD**") because their credit risk has increased significantly since their initial recognition. This calculation is also based on forward-looking assessments that takes into account a number of economic scenarios in order to recognise the probability of losses associated with a range of predicted macro-economic forecasts.

For financial instruments in Stage 3, the same treatment is applied as for instruments considered to be credit impaired. Exposures below the materiality threshold give rise to a collective allowance calculated using PD 100 per cent. Financial instruments will be transferred out of Stage 3 if they no longer meet the criteria for being credit-impaired after a probation period. Special treatment applies for purchased or originated credit-impaired financial instruments, where only the cumulative changes in the lifetime expected losses since initial recognition are recognised as a loss allowance.

RISK MANAGEMENT

One of the NLB Group's key strategies for supporting a sustainable and profitable business is to pursue, and incrementally improve upon, a risk management framework that holistically and proactively monitors all relevant risk categories of the NLB Group. Such a robust risk management framework is comprehensively integrated into decision making, steering and mitigation processes within the Group. The NLB Group places high importance on risk culture and awareness of all relevant risks within the entire Group.

The NLB Group's risk management policy is consistently applied throughout the NLB Group's organisational structure and aims to ensure the prudent and efficient use of the NLB Group's capital and compliance with all legal, regulatory and best practice requirements. Governance and risk management tools enable adequate oversight of the Group's risk profile. Moreover, they support business operations and enable efficient risk management by incorporating escalation procedures into NLB Group's operations.

The NLB Group's risk management framework supports business decision-making on strategic and operational levels, comprehensive steering, and proactive risk management by incorporating:

- risk appetite statements and risk strategy orientations;
- regular reviews of strategic business goals, budgeting, and the capital planning process;
- the internal capital adequacy assessment process (ICAAP) and the internal liquidity adequacy assessment process (ILAAP);
- recovery plan activities;

- other internal stress-testing capabilities and ongoing risk analysis; and
- regulatory and internal management reporting.

The NLB Group management is focussed on a prudent risk profile, optimal capital usage and profitable operations in the long-term. The key risk management category for the NLB Group is the management of credit risk, which the NLB Group addresses through a focus on taking moderate risks and aiming for an optimal return relative to the risks assumed. With regard to liquidity risk, tolerance is low and the Group's risk management policies are geared towards ensuring an adequate liquidity position on an ongoing basis. The Group's limited exposure to credit spread risk, arising from the valuation risk of debt securities portfolio used as liquidity reserves, is at a moderate level. The Group takes the view that such operational risk should not significantly impact its operations. The Group's risk appetite for operational risk is low to moderate, with a focus on mitigating important risks and using key risk indicators as an early warning system. The Group's tolerance for market risks is guided by the principle that such risks must not significantly impact its operations. The tolerance for other risk types is low, with a focus on minimising their potential impact on the NLB Group's operations.

Risk management focuses on managing and mitigating risks in line with the Group's risk appetite and risk strategy, representing the foundation of the Group's risk management framework. Within this framework the Group monitors a range of risk metrics in order to ensure the Group's risk profile is in line with its risk appetite. Risk limits are monitored and potential deviations from limits and target values are reported regularly to the relevant committees and/or the Management Board of NLB. A comprehensive risk report is reviewed quarterly by the Management Board, the Risk Committee of the Supervisory Board and the Supervisory Board. Additionally, the NLB Group has set up early warning systems in different risk areas with the intention of strengthening the existing internal controls and ensuring timely responses when necessary.

In its operations, the NLB Group is above all exposed to credit risk, the risk of losses due to the failure of a debtor to settle its liabilities to the NLB Group. For this reason, the NLB Group proactively and comprehensively monitors and assesses credit risk and follows IFRS, relevant regulations as well as ECB and EBA guidelines. In addition, credit risk management is governed in detail by the NLB Group's internal methodologies and procedures, particularly those contained in its risk appetite, risk strategy and credit policy. The Group manages credit risk at two levels; at the level of the individual customer or group of customers and at the level of the quality of the credit portfolio.

For the purposes of an efficient risk mitigation process, the NLB Group applies a single set of standards to retail and corporate loan collateral, which is a secondary source of repayment, with the aim of efficient credit risk management and optimal capital consumption. The NLB Group has a system for monitoring and reporting collateral at fair market value in accordance with the international valuation standards. When hedging market risks, the NLB Group follows the principle of natural hedging or by using derivatives in line with hedge accounting principles.

Each of the banking subsidiaries within the NLB Group has adapted a corresponding approach to its internal risk management policies, which are aligned with key NLB Group risk management guidelines and tailored for the requirements arising from local regulations.

CAPITAL REQUIREMENTS

The European Union's legal framework for banks which applies to the NLB Group is based on the Basel III guidelines. In this regard, the Issuer is required to satisfy applicable minimum capital requirements pursuant to the CRR (the "**Pillar 1 Requirement**") at all times. This includes a CET 1 capital ratio of at least 4.5 per cent., a Tier 1 capital ratio of at least 6 per cent. and a total capital ratio of at least 8 per cent. These requirements apply on a consolidated basis.

In addition to this Pillar 1 Requirement, the Bank must at all times meet the capital requirements that are imposed by the ECB following the supervisory review and evaluation process (the "**Pillar 2 Requirement**", and together with the Pillar 1 Requirement, the ("**TSCR**")).

Furthermore, the Issuer is required to satisfy at all times a Combined Buffer Requirement within the meaning of Article 229 of (*Zakon o bančništvu (ZBan-3)*) – ("**ZBan-3**"), in the form of CET 1 capital. For the Issuer, the Combined Buffer Requirement consists of the sum of: (i) a capital conservation buffer; (ii)

a countercyclical buffer; and (iii) an O-SII Buffer, in each case, on a consolidated basis. The TSCR and the Combined Buffer Requirement make up the Bank's overall capital requirement ("**OCR**"), which operates as its maximum distributable amount threshold.

As of 1 March 2022, NLB is required to maintain, on a consolidated basis, an OCR of at least 14.10 per cent. (consisting of 9.46 per cent. CET 1 capital; 11.45 per cent. Tier 1 capital), consisting of a 10.60 per cent. of total SREP capital requirement (consisting of 5.96 per cent. CET 1 capital; 7.95 per cent. Tier 1 capital) and a 3.5 per cent. Combined Buffer Requirement (consisting of a 2.5 per cent. capital conservation buffer, 1.0 per cent. other systemically important buffer and 0 per cent. countercyclical buffer, to be made up of CET 1 capital only) based on an ECB decision as of 2 February 2022.

The Issuer must also follow Pillar 2 guidance, a capital recommendation over and above the OCR, set by the ECB through the SREP. Pillar 2 guidance amounts to 1.0 per cent. of CET 1 capital.

On 24 November 2021, the Bank of Slovenia issued a decision under which it requests that the Bank maintains the O-SII Buffer in the amount of 1.25 per cent. (representing an increase from the previously applicable 1 per cent.) as of 1 January 2023.

On 6 May 2022, the Bank of Slovenia issued a decision under which it introduces a systemic risk buffer with the aim of mitigating and preventing excessive credit growth and excessive leverage and limiting the concentration of direct and indirect exposure. The decision determines the requirement to maintain a systemic risk buffer for sectoral exposures in the Republic of Slovenia with following weights, 1.0 per cent. of all retail exposures to natural persons secured by residential real estate and 0.5 per cent. for all other retail exposures. This requirement must be fulfilled from 1 January 2023 onwards.

On 14 December 2022, the European Central Bank, Banking Supervision issued an SREP 2022 Decision for NLB to comply with on a consolidated basis. The total SREP capital requirement (TSCR) is 10.40 per cent. valid from 1 January 2023. The Pillar 2 Requirement decreased by 0.2 per cent. compared to the previous decision due to a better overall SREP assessment.

Additionally, in December 2022, the Bank of Slovenia announced that due to growing uncertainties in the economic environment and systemic risks, the countercyclical buffer for exposures in the Republic of Slovenia is rising from 0.0 per cent. to the level of 0.5 per cent. of the total risk exposure amount, valid from December 2023 onwards.

The capital of the Bank and the NLB Group meets all the current and announced regulatory capital requirements, including capital buffers and other currently known requirements, as well as the Pillar 2 guidance.

To strengthen and optimise the Group's capital structure, the Bank issued and entered into the following Tier 2 and AT1 instruments in 2019, 2020 and 2022:

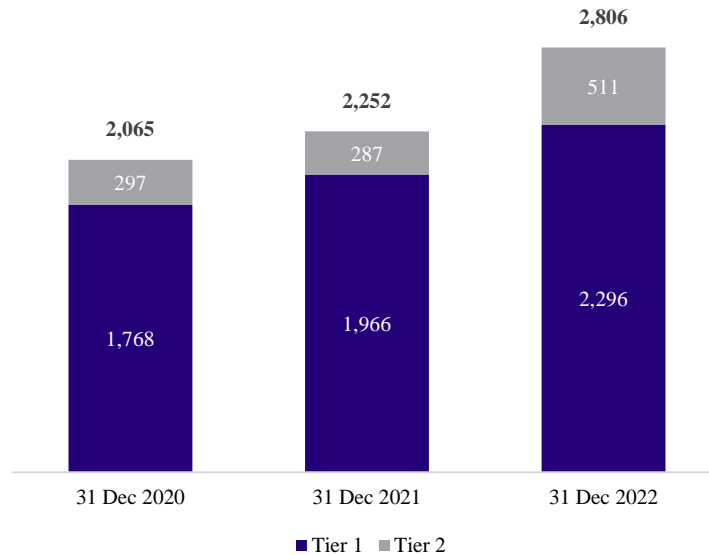
- 10NC5 subordinated Tier 2 notes in the aggregate nominal amount of EUR 45 million on 6 May 2019 (recognised in the capital of the Issuer from 30 June 2019);
- 10NC5 subordinated Tier 2 notes in the aggregate nominal amount of EUR 120 million on 19 November 2019 (recognised in the capital of the Issuer from 31 March 2020);
- 10NC5 subordinated Tier 2 notes in the aggregate nominal amount of EUR 120 million on 5 February 2020 (recognised in the capital of the Issuer from 31 March 2020);
- Additional Tier 1 notes in the aggregate nominal amount of EUR 82 million on 23 September 2022 (recognised in the capital of the Issuer from 11 November 2022); and
- 10NC5 subordinated Tier 2 notes in the aggregate nominal amount of EUR 225 million on 28 November 2022 (EUR 222.921 million recognised in the capital of the Issuer from 31 December 2022).

As at 31 December 2022, the Total Capital Ratio for the NLB Group stood at 19.2 per cent. (1.4 percentage points higher than at the end of 2021) and for NLB at 25.6 per cent. (1.0 percentage points higher than at the end of 2021). The CET 1 capital ratio stood at 15.1 per cent. (0.4 percentage points lower than at the end of 2021). The higher total capital adequacy compared to the end of 2021 derives from higher capital

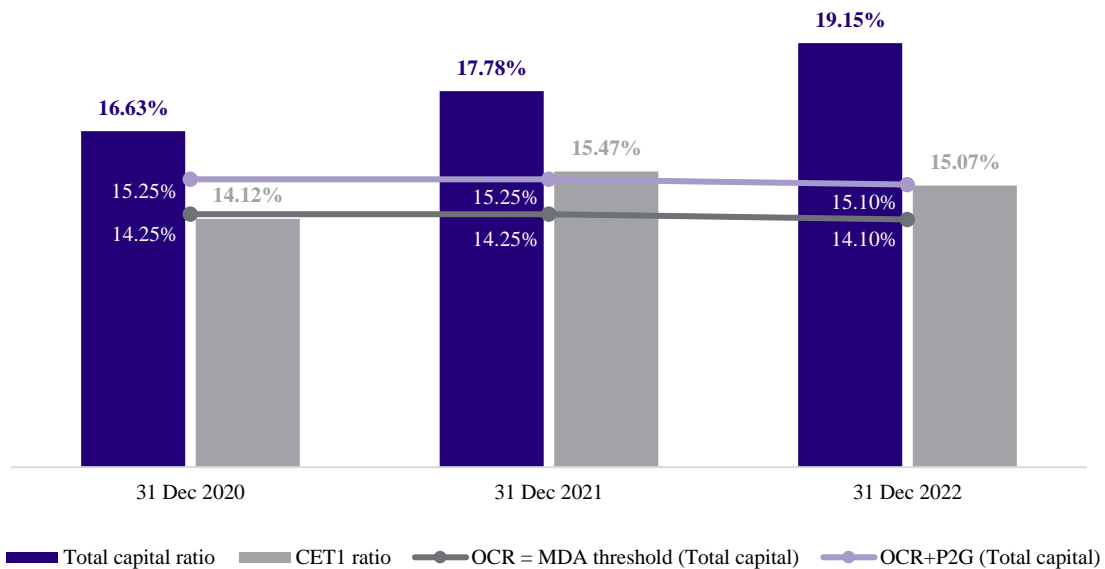
(EUR 553.9 million for the NLB Group) which offset increased RWAs. The main effect was inclusion of negative goodwill in retained earnings in the amount of EUR 172.8 million, partial inclusion of 2022 profit in the amount of EUR 161.5 million, additional Tier 1 notes issued in September (EUR 82 million), and subordinated Tier 2 notes issued in November (EUR 222.9 million³⁷).

The capital calculation does not include a part of the 2022 result in the amount of EUR 110 million, which is envisaged to be paid as the dividend distribution in 2023.

The following figure shows NLB Group Capital (in EUR million).



The following figure shows NLB Group capital ratios and regulatory thresholds (in %).



³⁷ Tier 2 notes were issued in the amount of EUR 225 million, amount included in the capital was EUR 222.9 million (due to issuance below par).

The following table shows the capital ratios of the NLB Group and NLB as at 31 December 2021 and 31 December 2022.

	in EUR thousands			
	NLB Group		NLB	
	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022
Paid up capital instruments.....	200,000	200,000	200,000	200,000
Share premium.....	871,378	871,378	871,378	871,378
Retained earnings – from previous years.....	767,152	908,965	249,845	355,861
Profit eligible – from current year.....	135,968	334,297	39,613	49,602
Accumulated other comprehensive income.....	(10,091)	(98,470)	8,768	(50,527)
Other reserves.....	13,522	13,522	13,522	13,522
Minority interest.....	27,905	26,806	-	-
Prudential filters: Additional Valuation Adjustments (AVA).....	(3,498)	(2,981)	(1,606)	(1,385)
(-) Goodwill.....	(3,529)	(3,529)	-	-
(-) Other intangible assets.....	(39,116)	(41,351)	(18,829)	(23,675)
(-) Insufficient coverage for non-performing exposures.....	(90)	(418)	(10)	(80)
COMMON EQUITY TIER 1 CAPITAL (CET 1)	1,959,601	2,208,219	1,362,681	1,414,696
Capital instruments eligible as AT1 Capital.....	-	82,000	-	82,000
Minority interest.....	5,950	5,481	-	-
Additional Tier 1 capital	5,950	87,481	-	82,000
TIER 1 CAPITAL	1,965,551	2,295,700	1,362,681	1,496,696
Capital instruments and subordinated loans eligible as Tier 2 capital.....	284,595	507,516	284,595	507,516
Minority interest.....	2,344	3,159	-	-
TIER 2 CAPITAL	286,939	510,675	284,595	507,516
TOTAL CAPITAL	2,252,490	2,806,375	1,647,276	2,004,212
RWA for credit risk.....	10,205,172	11,797,851	5,411,433	6,356,959
RWA for market risks.....	1,206,363	1,359,476	698,463	776,963
RWA for credit valuation adjustment risk.....	11,850	85,600	11,850	86,138
RWA for operational risk.....	1,244,023	1,410,132	586,781	612,654
TOTAL RISK EXPOSURE AMOUNT (RWA)	12,667,408	14,653,059	6,708,527	7,832,714
Common Equity Tier 1 Ratio.....	15.5%	15.1%	20.3%	18.1%
Tier 1 Ratio.....	15.5%	15.7%	20.3%	19.1%
Total Capital Ratio.....	17.8%	19.2%	24.6%	25.6%

The dividend pay-out in 2022 was split into two tranches. The first instalment in the amount of EUR 50.0 million was paid in June 2022 and the second instalment in the amount of EUR 50.0 million was paid in December 2022, totalling EUR 100.0 million in 2022.

In accordance with the ZRPPB-1, the NLB Group is required to meet a MREL requirement set by the Bank of Slovenia on the basis of a determination of the SRB. On 24 May 2023, NLB received a decision of the Bank of Slovenia relating to the MREL requirement which superseded its previous decision dated 22 December 2021. According to the new decision, NLB must comply with the MREL requirement on a consolidated basis at resolution group level (i.e. NLB Resolution Group, consisting of NLB, N Banka and other members of the Group excluding banks) which amounts to 30.99 per cent. of TREA (excluding Combined Buffer Requirement) and 10.39 per cent. of the Leverage Ratio Exposure (LRE) and has to be complied as of 1 January 2024. NLB has to ensure a linear build-up of own funds and eligible liabilities towards the MREL requirement and its compliance with 25.19 per cent. of TREA (excluding Combined Buffer Requirement) and 8.03 per cent. of the LRE on 1 January 2022. MREL requirement forms part of NLB Group's risk appetite, whereby its fulfilment is regularly analysed and monitored. NLB complies with currently applicable interim targets. On 31 December 2022, NLB's MREL ratio amounted to 36.32 per cent. of TREA and 17.35 per cent. of LRE (the MREL buffer was strengthened in July 2022 with the issuance of EUR 300 million Senior Preferred notes, in September 2022 with the issuance of EUR 82 million of Additional Tier 1 notes and in November 2022 with the issuance of EUR 225 million subordinated Tier 2 notes). On 31 March 2023, NLB's MREL ratio amounted to 35.43 per cent. of TREA and 17.09 per cent. of LRE.

CORPORATE GOVERNANCE OF NLB

In accordance with applicable legislation, NLB employs a two-tier system of corporate governance, pursuant to which NLB is managed by its Management Board and its operations are supervised by its Supervisory Board.

The Supervisory Board is responsible for the appointment of the President of the Management Board, the Chief Executive Officer ("CEO") and other members of the Management Board. The Supervisory Board is also responsible for the overall supervision of NLB's and the NLB Group's operations in line with EU and Slovenian banking law and other applicable regulations. The Management Board represents the Bank and manages NLB's business operations.

Management Board

NLB's Management Board leads, represents and acts on behalf of the Bank, independently and at its own discretion, as provided for by law and the Bank's Articles of Association. The Management Board of the Bank is comprised of three to seven members, one of whom is appointed President of the Management Board of the Bank. The President of the Management Board may appoint one of the members of the Management Board as his/her Deputy subject to a prior approval by the Supervisory Board. The number of Management Board members is determined by a resolution of the Bank's Supervisory Board.

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

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

As of the date of this Prospectus, the Management Board of the Bank consists of Blaž Brodnjak as President, CEO ("CEO"), Archibald Kremser as Chief Financial Officer ("CFO"), Andreas Burkhardt as Chief Risk Officer ("CRO"), as well as Hedvika Usenik as Chief Marketing Officer ("CMO") (responsible for Retail Banking and Private Banking), Antonio Argir (responsible for Group governance, payments and innovations) and Andrej Lasič as CMO (responsible for Corporate and Investment Banking), as new members of the Management Board, from 28 April 2022, when ECB issued a decision on the suitability of mentioned three members.

The terms of office of Blaž Brodnjak, Archibald Kremser and Andreas Burkhardt will expire on 6 July 2026. The five years term of office of the three newly elected members of the Management Board will expire on 28 April 2027.

The table below sets out the members of the Management Board of NLB as of the date of this Prospectus.

Name, surname and position	Immediate responsibility	Principal activities performed outside NLB
Blaž Brodnjak (CEO)	<ul style="list-style-type: none"> • Communication 	President of the Supervisory Board:
Term of office: 2012–2016, 2016–2021, renewed term 2021–2026, CEO since 2016	<ul style="list-style-type: none"> • Strategy and Business Development • Legal and Secretariat • Human Resources and Organisation Development • Internal Audit • Compliance and Integrity 	NLB Banka, Skopje
		Chairman of the Board of Directors:
		NLB Banka, Prishtina
		Member of the Board of Directors:
		NLB Komercijalna Banka, Beograd
		President of the Association of Banks in Slovenia

<u>Name, surname and position</u>	<u>Immediate responsibility</u>	<u>Principal activities performed outside NLB</u>
<p>Andreas Burkhardt (CRO)</p> <p>Term of office: 2013–2016, 2016–2021, renewed term 2021–2026</p>	<ul style="list-style-type: none"> • Global Risk • Credit Risk – Corporate • Credit Risk – Retail • Evaluation and Control • Restructuring • Workout and Legal Support • Financial Instruments Processing • Corporate Customer Delivery • Retail Banking Processing 	<p>President of the Board of Governors:</p> <p>AmCham Slovenia</p> <p>Member of the Executive Committee:</p> <p>Handball Federation of Slovenia</p> <p>Member of the Board of Directors:</p> <p>Cedevita Olimpija</p> <p>President of Supervisory Board:</p> <p>NLB Lease&Go, Ljubljana</p> <p>NLB Banka, Banja Luka</p> <p>NLB Banka, Sarajevo</p>

Name, surname and position	Immediate responsibility	Principal activities performed outside NLB
Archibald Kremser (CFO) Term of office: 2013–2016, 2016–2021, renewed term 2021–2026	<ul style="list-style-type: none"> • Financial Accounting and Administration • Controlling • Financial Markets • Group Real Estate Management • IT Delivery • IT Infrastructure • Data Management • IT Governance • IT Security • Procurement 	President of the Board of Directors: NLB Komercijalna Banka, Beograd President of the Supervisory Board: NLB Banka, Podgorica
Antonio Argir Member of the Management Board (since 28 April 2022), Term of office: 2022–2027	<ul style="list-style-type: none"> • Group Steering • Cash Processing • Payments Processing • Card Operations, ATM business and payment services 	Vice President: Economic Chamber of North Macedonia Member of the Supervisory Board: NLB Lease&Go, Ljubljana
Andrej Lasič (CMO) Member of the Management Board (since 28 April 2022), Term of office: 2022–2027	<ul style="list-style-type: none"> • Capital Structure Advisory and Cross Border Financing • Large Corporates • Small and Mid-Corporates • Trade Finance Services • Investment Banking and Custody 	President of the Supervisory Board: N Banka, Ljubljana Member of the Supervisory Board: NLB Banka, Sarajevo
Hedvika Usenik (CMO) Member of the Management Board (since 28 April 2022), Term of office: 2022–2027	<ul style="list-style-type: none"> • Private Banking • Call Centre 24/7 • Distribution Network • Sales Development and Management 	President of the Supervisory Board: NLB Skladi Member of the Supervisory Board: NLB Banka, Banja Luka

In their capacity as members of the Management Board, the members of the Management Board are all domiciled at the Issuer's registered office, being at Trg Republike 2, 1000 Ljubljana, Republic of Slovenia.

The key collective decision-making and advisory bodies of the Management Board are:

- the Corporate Credit Committee;
- the Group Assets and Liabilities Committee;
- the Operational Risk Committee;
- the Risk Committee;
- the Group Real Estate Management Committee;
- the Sales Committee; and
- the Change the Bank Committee.

The Management Board also appointed the following working bodies that operate at a lower level:

- the Committee for New and Existing Products;
- the Group Real Estate Management Sub-Committee;
- the Committee for Business IT Architecture;
- the Data Management Committee;
- the Anti-Money Laundering Committee; and
- the Corporate Customer Acceptability Committee; and
- the Private Individual Credit Committee.

Advisory bodies of the Bank's Management Board

The Watch List Committee

The Watch List Committee is an advisory body which acknowledges the activities related to the clients on the Watch List (for more information, see "*Loan Portfolio - Impairment methodology*" above). As a rule, Committee meetings are convened quarterly. The Committee has seven members. The Chairman of the Committee is the member of the Management Board responsible for the area of risk (CRO).

NLB Group Non-Performing Assets Divestment Committee

The NLB Group Non-Performing Assets Divestment Committee monitors operations of Non-Core Group Members and issues opinions, recommendations and initiatives. The committee discusses the strategies regarding optimal management of the Group members and monitors realisation of their strategic objectives. The committee has seven members and its meetings are convened quarterly. The Chairman of the committee is the Director of Workout and Legal Support.

NLB Group Sustainability Committee

Committee oversees the integration of the ESG factors to the NLB Group business model in a focused and coordinated way across the company and issues opinions, recommendations, initiatives and takes relevant decisions when needed. As a rule, committee meetings are convened quarterly. The Committee has twenty members. The Chairman of the Committee is the President of the Management Board (CEO).

Supervisory Board

The Supervisory Board supervises the management of the Bank and its duty of diligent and prudent conduct in line with powers defined in ZGD-1 and according to provisions of the ZBan-3, other regulations, and internal rules of the Bank (the Articles of Association of NLB and Rules of Procedures of the Supervisory Board of the NLB).

As of the date of this Prospectus, the Supervisory Board of the Bank consists of 10 members, of which 8 members represent the interests of shareholders and 2 members represent the interests of employees. Members of the Supervisory Board of the Bank representing the interests of shareholders are elected and recalled by the Bank's General Meeting from persons proposed by shareholders or the Supervisory Board of the Bank. Members of the Supervisory Board of the Bank representing the interests of employees are elected and recalled by the Workers' Council of the Bank. All Supervisory Board members must be independent experts.

The table below sets out the members of the Supervisory Board of NLB as of the date of this Prospectus.

Name, surname and position	Immediate responsibility	Principal activities performed outside NLB
• Members of the Supervisory Board, representatives of capital		
Primož Karpe, Chairman Term of office: 2016-2020, renewed term 2020-2024	<ul style="list-style-type: none"> • Nomination Committee (Chairman) • Audit Committee (Member) • Operations and IT Committee (Member) 	<ul style="list-style-type: none"> • Angler d.o.o. – Director • Aroma Global 3 Ltd. – Chairman of the Supervisory Board
Andreas Klingen, Deputy Chair Term of office: 2015-2019, renewed term 2019-2023	<ul style="list-style-type: none"> • Nomination Committee (Deputy Chairman) • Risk Committee (Chairman) • Operations and IT Committee (Member) 	<ul style="list-style-type: none"> • Kyrgyz Investment and Credit Bank CISC – Member of the Board of Directors • Nepi Rockcastle N.V. – Lead Independent Non-Executive Director
David Eric Simon, Member Term of office: 2016-2020, renewed term 2020-2024	<ul style="list-style-type: none"> • Audit Committee (Chairman) • Risk Committee (Member) 	<ul style="list-style-type: none"> • Jihlavan a.s. - Chairman of the Supervisory Board • Czech Aerospace industries sro - legal representative • Central Europe Industry Partners a.s. – Sole Member of the Supervisory Board
Shrenik Dhirajlal Davda, Member Term of office: 2019-2023	<ul style="list-style-type: none"> • Remuneration Committee (Member) • Audit Committee (Deputy Chairman) • Risk Committee (Deputy Chairman) 	<ul style="list-style-type: none"> • PJSC Ukgasbank - Independent Member of the Supervisory Board • IPSO, UK - Lay Member of the Board
Mark William Lane Richards, Member Term of office: 2019-2023	<ul style="list-style-type: none"> • Remuneration Committee (Deputy Chairman) • Risk Committee (Member) 	<ul style="list-style-type: none"> • Vencap International pic Ukraine (UK) – Chairman • Berry Palmer & Lyle Ltd. (BPL Global) (Lloyds of London insurance Broker) - Non-Executive Director

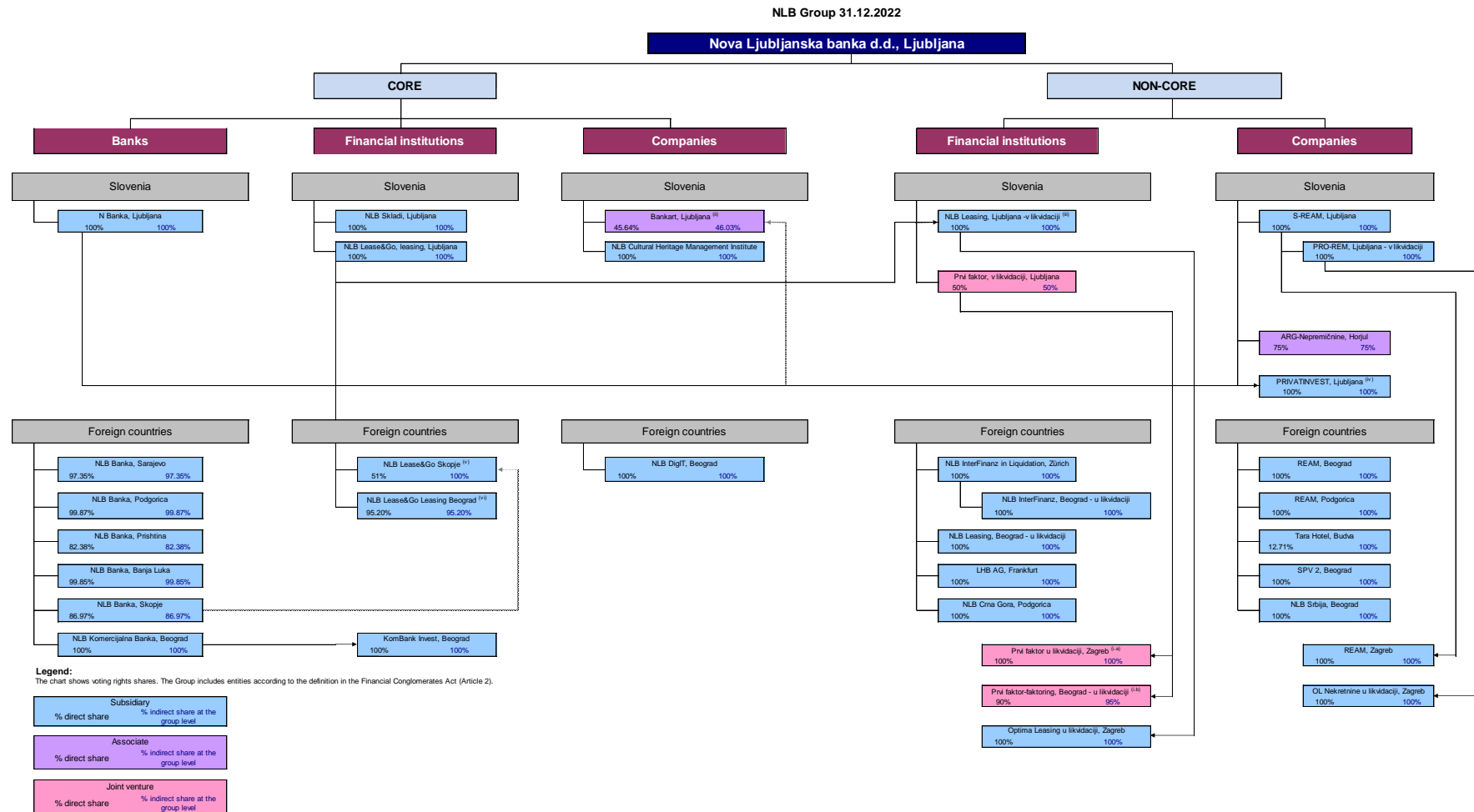
Name, surname and position	Immediate responsibility	Principal activities performed outside NLB
	<ul style="list-style-type: none"> Operations and IT Committee (Chairman) 	<ul style="list-style-type: none"> Sheffield Haworth Ltd - Non-Executive Director
Gregor Rok Kastelic, Member Term of office: 2019-2023	<ul style="list-style-type: none"> Remuneration Committee (Chairman) Audit Committee (Member) Risk Committee (Member) 	<ul style="list-style-type: none"> none
Verica Trstenjak, Member Term of office: 2020-2024	<ul style="list-style-type: none"> Nomination Committee (Member) 	<ul style="list-style-type: none"> none
Islam Osama Zekry, Member Term of office: 2021-2025	<ul style="list-style-type: none"> Risk Committee (Member) Operations and IT Committee (Deputy Chairman) 	<ul style="list-style-type: none"> CIB Housing association, Egypt – President of the Supervisory Board Egyptian AI Council (Ministry of Communication and Information Technology) – Member of the Supervisory Board
<ul style="list-style-type: none"> Members of the Supervisory Board, representatives of employees 		
Sergeja Kočar, Member Term of office: 2020-2024	<ul style="list-style-type: none"> Remuneration Committee (Member) Nomination Committee (Member) 	<ul style="list-style-type: none"> none
Tadeja Žbontar Rems, Member Term of office: 2021-2025	<ul style="list-style-type: none"> Operations and IT Committee (Member) 	<ul style="list-style-type: none"> none

CONFLICTS OF INTEREST

The Issuer is not aware of any actual or potential material conflicts of interest with respect to the duties owed to it by the members of its Management Board or Supervisory Board and their private interests or other duties or activities performed by the members of the Management Board or the Supervisory Board outside the Issuer.

ORGANISATIONAL STRUCTURE

The following diagram presents an overview of the organisational structure of the NLB Group as at 31 December 2022³⁸:



(ia) 100% direct ownership Prvi Faktor, v likvidaciji, Ljubljana

(ib) 90% direct ownership Prvi Faktor, v likvidaciji, Ljubljana, 5% NLB, 5% SID banka d.d.

(ii) -45.64% share NLB d.d., 0.39% share N Banka

(iii) - Abanka merged into Nova KBM which currently has a 29.22% share in Bankart.

This is over the 25% threshold set in the Founding agreement - no shareholder other than NLB can have more than 25% capital share in Bankart.

(iv) 100% direct ownership NLB Lease&Go d.o.o., leasing, Ljubljana

(v) 100% direct ownership N Banka d.d., Ljubljana

(vi) 51% direct ownership NLB Lease&Go, leasing, d.o.o. Ljubljana, 49% NLB Banka AD Skopje

(vii) 95.20% direct ownership NLB Lease&Go, leasing, d.o.o. Ljubljana

Former name of the company: Zastava Istrabenz Lizing, d.o.o., Beograd (change was registered on 17 January 2023)

³⁸ Banks in Slovenia: As of 1 March 2022, NLB became a 100 per cent. owner of Sberbank Slovenia. On 11 April 2022, Sberbank Slovenia was renamed to N Banka. The bank will be integrated within NLB Group. Banks in foreign countries: Komercijalna Banka, Beograd and NLB Banka, Beograd, merged and from 30 April 2022, the bank operates under the new name NLB Komercijalna banka a.d. Beograd. Non-Core: NLB Leasing Ljubljana – in liquidation – Transfer of ownership to NLB Lease&Go, Ljubljana executed in December 2021.

CORPORATE GOVERNANCE OF NLB GROUP

As the parent bank, the Bank implements the corporate governance of the NLB Group members in compliance with EU and Slovenian legislation, local legislation and regulatory requirements applicable to respective NLB Group members, while also considering internal rules and other applicable regulations.

The roles, authorisations, and responsibilities of individual bodies and organisational units, as well as how to coordinate their operations to achieve business goals are stipulated comprehensively in the NLB Group Corporate Governance Policy.

The NLB Group's corporate governance is implemented:

- in accordance with fundamental corporate rules through various bodies of the NLB Group members:
 - by voting at general meetings of the NLB Group members;
 - by exercising supervision through the supervisory bodies of the NLB Group members;
 - with proposals for appointing the management of the NLB Group members;
 - with proposals for appointing representatives of the Bank to the supervisory bodies of the NLB Group members; and
 - through participation of the Bank's representatives in various committees and commissions of the NLB Group members.
- through mechanisms that ensure efficient business monitoring and governance, such as:
 - harmonisation of operations in accordance with the competence line principle;
 - NLB Group Management Board Meetings, NLB Group Leadership meetings, NLB Group ALCO meetings and similar;
 - development activities carried out via cross-functional working groups, group projects, competence centres and centres of excellence; and
 - through additional supervision of NLB Group members carried out by control functions (risk management, audit, compliance, AML, information and physical security) and external supervising authorities (ECB, local regulators and external auditors).

In recent years the corporate governance of the NLB Group has been significantly upgraded and the role of the members of the Management Board of the Bank in management of the Group members strengthened. Two new senior group functions have been established: country manager and stream coordinator. The target composition of supervisory bodies in the NLB Group members has been established, the functioning of the supervisory bodies optimised, and the reporting and standards related to the harmonisation of operations simplified.

INDEPENDENT AUDITORS

Ernst & Young d.o.o. ("**Ernst & Young**"), Dunajska cesta 111, 1000 Ljubljana, Republic of Slovenia, were appointed as NLB's auditor for 2022 by the General Meeting of Shareholders. Ernst & Young d.o.o. is a registered audit firm at the Slovenian Institute of Auditors (*Slovenski inštitut za revizijo*) and audited the Issuer's consolidated and non-consolidated financial statements as at and for the years ended 31 December 2021 and 31 December 2022, incorporated by reference herein. Ernst & Young has been NLB's independent auditor since 2013. The General Meeting of NLB appointed the auditing company KPMG Slovenija, d.o.o. as the auditor of NLB for the financial years 2023-2026.

The replacement of the independent auditors has been made in line with regulatory requirements.

INTERNAL AUDIT

Internal Audit is the independent, objective and advisory control body responsible for a systematic and professional assessment of the effectiveness of risk management procedures, completeness, and functionality of internal control systems and the management of the Group operations on an ongoing basis. Internal Audit provided broad assurance to the Management Board and Supervisory Board on the management of risks in key areas, i.e., cyber security, Linux and Windows server platforms, restructuring – retail, ICAAP process, personal accounts, outsourcing process, liquidity and credit risk management, lending processes (loans to retail – overdraft facilities, credit cards facilities, non-performing loans, leveraged transactions), corporate real estate management, cash management in branches, and others. Internal Audit also performs "Group audits" in which internal auditors of the NLB Group members participate in order to provide assurance at the NLB Group level, as well as to provide additional expertise and assistance. Furthermore, a review of the quality of the internal audit service performance was carried out over a two-year cycle on all banking members of the NLB Group.

Internal Audit reviews key risks in the Group's operations, advises management at all levels and deepens understanding of the Bank's operations. NLB, through its Internal Audit, seeks to adequately monitor key risks which might jeopardise the achievement of its strategy and goals, related control systems and governance processes and consequently helps to strengthen and protect the value of the NLB Group. Internal Audit directly reports on its activities primarily to the Supervisory Board and to the latter's Audit Committee and secondarily to the Management Board. By providing assurances and advice, and with a deep understanding of operations, Internal Audit helps to strengthen and protect the value of the NLB Group. The best practice examples and international guidelines established by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) and Control Objectives for Information Technologies (COBIT) constitute the criteria used by Internal Audit to cover all control objectives and risk management.

Internal Audit and all other internal audit departments in the NLB Group work in accordance with International Standards for the Professional Practice of Internal Auditing, the Banking Act or other relevant laws which regulate the operations of a Group member, the Code of Ethics of an Internal Auditor, and the Code of Internal Auditing Principles. It regularly reports on its activities to the Supervisory Board, Audit Committee and Management Board.

Internal Audit performs its tasks and responsibilities at its own discretion and in compliance with the annual audit plan as approved by the Management Board and confirmed by the Supervisory Board. Internal Audit also introduces uniform rules of operation of internal audit function and regularly monitors the compliance with these rules within the Group.

HUMAN RESOURCE MANAGEMENT

Human resources ("**HR**") drives improvements and innovative practices to enable the best possible employee engagement and strong business results. Investment in employees is as a key change enabler. Acting as a strategic partner to the business, HR has been focusing on organisational and cultural development. In the last year all employees were involved in targeted development, with a focus on management and sales profiles, lean processes, data management and implementing practices to enhance employee efficiency and engagement. The NLB Group believes that investment in its employees is crucial for the successful introduction of business changes.

In the past few years, NLB Group has made substantial progress improving its HR management function by performance management, promotion schemes, remuneration schemes, alterations to organisational culture and target development for key employee groups. Changing organisational culture remained the top HR priority and innovative practices are constantly being implemented.

In recent years, NLB Group undertook efforts to gradually optimise and right-size its staffing level in line with the current organisational structure. Between 2015 and 2020, the Group reduced the number of employees by 13.5 per cent. to 5,807. However, due to the acquisition of Komercijalna Banka, Beograd and its subsidiaries in December 2020, the number of staff as at 31 December 2020 rose to 8,792 but has downsized throughout the year to reach 8,185 as at 31 December 2021. Following the takeover of N Banka (formerly Sberbank Slovenia) in March 2022, the number of employees rose to 8,475, but reduced to 8,228 by the end of 2022. With this comprehensive HR strategy, NLB Group's business needs are profoundly analysed and workforce planning schemes formed. Accordingly, talent career activities are carried out throughout the NLB Group, aiming to support future business needs.

The following table shows the number of employees in the NLB Group and NLB as at 31 December 2021 and 31 December 2022.

	NLB Group		NLB	
	As at 31 December			
	2021	2022	2021	2022
Employees.....	8,185	8,228	2,510	2,418
Total	8,185	8,228	2,510	2,418

INFORMATION TECHNOLOGY

The Group continues to provide its clients with sustainable and efficient services supported through highly reliable and secure technology platforms. The Bank is pursuing a technology transformation programme. In line with the refreshed IT strategy introduced in 2020, the IT team began delivering on outlined roadmaps and started the programme of consolidating core banking systems. The Group is aiming to centralise and unify governance, applications, and infrastructure. The Bank also continued to rollout an effective online collaboration solution throughout the Group and enabled a majority of employees to work from home without interruption to operations. Due to the general cyber security risks increase, special focus, extra resources, and investments were made to raise the overall level of cyber security resilience.

IT infrastructure and reliability

IT performance is monitored through a set of relevant indicators that are linked to the Balanced Scorecard (BSC) system. The indicators show a high performance of IT operations and successful risk management in this area. The availability of the information system in the Bank is at very high level of 99.96 per cent. in 2022 (99.98 per cent. in 2021) and the share of unplanned interruptions is very low, 0.04 per cent. in 2022 (0.02 per cent. in 2021). In 2022, the number of days without system/service interruptions was at 81.1 per cent. (in 2021: 83.6 per cent.). Harmonised Service Level Agreements (SLA) are in place with users of the information system, which the Bank managed to fulfil in a very high proportion. High IT operational performance was also recorded in the Group members (between 99.87 per cent. and 99.99 per cent.).

Main IT initiatives

The main focus of the IT transformation was placed on organisation, group perspective, processes, people and technology. IT supported a more agile way of delivery, to better partner with the business and be more efficient and effective. It also hired new experts in strategic positions. Specifically, a Group IT domain concept was introduced, which promotes shared teams and IT solutions across the Group. The Group's competence centre in Serbia was transferred from the Bank to the separated IT service company called 'NLB DigIt.' After the N Banka acquisition, the IT team focused also on onboarding N Banka IT to the Group and preparing an integration plan and strategy.

IT followed the core banking system strategy and successfully started the consolidation of core banking systems. Due to the N Banka integration in Slovenia, the programme course was adjusted and the N Banka consolidation strategy is now in line with the target core banking system.

Enterprise and application architecture is focused on two key areas. The first is the focus on the Group solution, and the majority of new solution selections are performed as a Group standard with related Group roadmaps. New Group solutions were selected in the areas of a digital web portal and Customer Relationship Management. The second is the setup of a standardised enterprise architecture management system for which a market standard tool was procured to enable simpler application portfolio management, managing of risk related to software obsolescence, and IT risk and support in defining transformation paths.

Group-wide capabilities were significantly extended and the Group competence centre in Belgrade, Serbia was transferred to a separate IT service company called 'NLB DigIt.' In the last two years, this team has grown from 15 to 80 employees.

The Bank achieved several new milestones in the implementation of a Group-wide data management platform which encompasses an enterprise data warehouse, advanced analytics, risk management analytics, profitability, data governance and consolidated Group regulatory reporting.

In the coming years, the Bank is expected to continue to invest in newly adopted technologies to support the business strategy, especially in the areas of digital, data, and customer relationship management (CRM), consolidating the Group's infrastructure, simplifying core systems and to achieving superior client experience in terms of quality, innovation, reliability, and security.

Cyber security

The Group places a special focus on cyber security, and consequently assuring confidentiality, integrity, and the availability of data, information, and IT systems that support banking services and products for customers. Cyber security in the Group is constantly tested and upgraded by security assessments, independent reviews and penetration testing. Cyber security is regularly discussed at the Bank's Group Information Security Steering Committee, Operational Risk Committee and Management Board meetings. During 2022, the Group increased its capacity in terms of human resources by hiring specialists in different domains and additional improvements were made in vulnerability management where all Group members have a unified solution and configuration. The team has the ability to perform on-demand scans and can stay abreast of global trends and the most recently published vulnerabilities. This provides a more proactive approach to the whole vulnerability remediation process in the Group. A cloud web application firewall was introduced to the NLB Group, and the migration process was initiated in all NLB Group members. The goal is to have all publicly available applications under the same security tool and monitoring. The NLB Group believes that the biggest achievement in its cyber security team comes from the fact that almost all banking members in 2022 had individual on-demand requests for different penetration testing services.

All employees in the Group are also being continually educated about the importance of information/cyber security, as well as social engineering techniques. The Group banks are providing employees and customers with security notifications, especially for the occurrence of threats in the (global) environment with potential impact on the Bank's IT systems, services, products and customers. The Bank is also testing the awareness of its employees with social engineering attack simulations. Threat intelligence data is shared by the Group team to all Group members with information on the latest threats and recommendations on mitigation measures. In addition to a regular phishing simulation, the Group's cyber security team has implemented their own phishing platform and successfully conducted simulation in NLB Sarajevo as a pilot for all other members.

COMPLIANCE

NLB's compliance and integrity programme is managed by the Compliance and Integrity organisational unit in NLB ("**Compliance and Integrity**"), through a four-pillar structure: (i) regulatory compliance and prevention; (ii) internal investigations and physical and technical security; (iii) AML and CTF protocols and (iv) information security.

The Compliance and Integrity addresses, the following risk areas:

- fraud prevention and investigation;
- AML and CTF;
- privacy data protection and information security;
- regulatory compliance;
- corruption prevention;
- conflict of interests, gifts and hospitality management;
- assuring fit and proper members of the management bodies and key function holders (through participation in fit and proper assessment procedures), with the stress on "proper" component;
- identification, enterprise wide assessment and management of compliance and integrity risks at the NLB and NLB Group level;
- oversight, monitoring, steering and managing the compliance function in the NLB Group and the NLB Group compliance programme (established by standards for compliance and integrity for the NLB Group and implementation of monitoring by off-site data analysis and on-site visits);

- business ethics and corporate integrity; and
- physical / technical security.

Compliance and Integrity performs the compliance function in NLB with respect to the activities for identification and monitoring of compliance risks, regular compliance monitoring and independent internal investigations in cases of suspected compliance or ethics breaches. In close cooperation with different organisational units, Compliance and Integrity also helps in assessing and managing compliance risks in different areas of operations in NLB. Compliance and Integrity reports quarterly to the Supervisory Board and the Management Board. It also reports on individual compliance issues at the request of the Supervisory Board or the Management Board or when such reports may be otherwise needed. It also advises the Management Board and NLB senior management with regard to compliance, including the development of regulations and standards applicable to NLB. It also responds to queries from other employees regarding compliance and ethics.

The main activities of Compliance and Integrity are:

- conducting compliance checks at various areas covered by Compliance and Integrity (compliance reviews), identifying shortcomings in this regard, suggesting mitigation measures to be undertaken and monitoring of improvement;
- managing the system/channels for reporting suspected harmful behaviour and conducting internal investigations of reported and detected cases;
- providing advisory services on compliance-related issues and regular analysis of compliance trends or observed problems and weaknesses in NLB;
- identifying and assessing compliance and integrity risks in the process of (new) product and service developments, projects and other material changes in the NLB Group's business;
- providing compliance communication, training, workshops and targeted surveys for all NLB employees, together with its Board members;
- overseeing the regulatory compliance management system (monitoring, reporting and adopting changes required in NLB's legal environment);
- managing and monitoring all communication with regulators and monitoring the implementation status of regulators' recommendations and measures; and
- ensuring implementation of harmonised policies and procedures for compliance and integrity throughout the NLB Group, following the principle of proportionality and a risk-minimisation based approach.

The Bank complies with national regulations on AML and CTF, including the Guidelines of the Bank of Slovenia. The Republic of Slovenia is a member of the EU, and thus is subject to the standards of the FATF and the European legislation based on them. For the Group, it is important to effectively mitigate the risk of money laundering and terrorism financing. As such, the rules, procedures and technology in the area of AML and CTF are the subject of strict and unified policies and standards. The same approach is applied for sanctions and embargo screening. The Group's AML team upgraded and introduced further enhancements of Group AML governance in line with directions set by the Bank of Slovenia. The headquarters exercises constant onsite and off-site monitoring of the implementation and execution of standards throughout the Group.

The Bank monitors AML and CTF indicators and, whenever necessary, transactions are reported to the relevant competent national authority pursuant to AML and CTF legislation. Furthermore, business relationships are terminated where certain criteria is met in relation to AML and CTF legislation. The Bank has adopted additional measures to prevent the onboarding of clients with new types of AML and CTF indicators. Following the 2018 and 2020 increase in the AML and CTF team's caseload, the Bank dedicated additional resources to the team.

NLB Komercijalna Banka, Beograd, NLB Banka, Podgorica and NLB, Ljubljana are currently undergoing, or have undergone, an ordinary course supervisory review by the Central Bank of Serbia, Central Bank of Montenegro and Slovenian Central Bank, respectively, in each case in relation to the areas of AML, CTF and financial sanctions. The Central Bank of Serbia has completed its supervisory review and has issued a final decision indicating certain corrective measures in the area of anti-money laundering, including issuing a small fine to NLB Komercijalna Banka, Beograd. The processes in respect of NLB Banka, Podgorica and NLB, Ljubljana are ongoing and final decision has not yet been issued.

An internal periodical survey on ethics and compliance was conducted in 2020 to understand the pulse and perception of these topics among employees. In combination with the assessment of compliance risks (so-called Enterprise Compliance Risk Assessment), the management team of the Bank and Compliance and Integrity teams in particular can plan its activities, all with the aim to reduce or mitigate the compliance and integrity risks. As part of the compliance programme, Compliance and Integrity is also involved, *inter alia*, in risk assessments regarding new and changed products, fit and proper assessments for key function holders, outsourcing and other changes materially affecting the Bank's business.

As a standard Compliance function, several workshops and compulsory e-education on ethics, the prevention of corruption, conflicts of interest, protection of personal data, AML and CTF, Information Security, Physical/Technical Security and other relevant topics related to everyday work were prepared. For all employees, annual e-trainings are mandatory on subjects such as prevention of insider trading and market manipulation, ethics, anti-corruption, mitigation of conflict of interests, personal data protection, information security and similar themes. The Group seeks to promote a corporate culture that facilitates compliance and by continuously raising awareness of, for example, through communication via its monthly compliance newsletter, detailing not only important regulatory changes but also current information and case studies on different compliance and ethics topics.

Other changes due to listing of shares and GDRs on the Ljubljana and London Stock Exchanges

Certain additional requirements apply as a result of the fact that the Bank's shares are listed on the Prime Market of the Ljubljana Stock Exchange, such as financial reporting requirements in accordance with IFRS, the publication of information in English, the publication of quarterly statements, the publication of a statement of compliance with the Slovenian Corporate Governance Code for Public Companies and the publication of a financial calendar. The fact that the GDRs are admitted to listing on the Official List of the FCA and to trading on the Main Market for listed securities of the London Stock Exchange gives rise to the application of provisions of the FCA's Listing Rules and Disclosure Guidance and Transparency Rules relating to methods of publication of regulated information which apply to issuers of securities listed in the UK regardless of their home EEA Member State.

Related to the rules on transparency, the requirements in relation to the disclosure of periodic and ongoing information regarding issuers whose securities are admitted to trading on a regulated market situated or operating within the EU (i.e. Public Companies) are set out in Directive 2004/109/EC (as amended, the "**Transparency Directive**") and the national legislation implementing the Transparency Directive. The Bank is required to observe primarily provisions of Slovenian law relating to the disclosure of periodic and ongoing information by the Bank, as well as those transparency rules in the UK that apply to the GDRs that are listed on the London Stock Exchange.

Information security and personal data protection

The information security area, *inter alia*, focused on the implementation of measures for increasing the level of information/cyber security, as well testing the resilience of systems took place (pen-tests). Furthermore, in line with the plan, several internal assessments/compliance checks were made in 2022 on the basis of the ISO/IEC 27001 standard, including assessment of information security at 41 external providers (e.g., data processors and external software providers). Special obligatory e-training for all employees in the area of information security was prepared and was followed by testing of awareness related to social engineering; all as part of prevention measures in this area.

The Bank runs its operations in line with Regulation (EU) 2016/679 (General Data Protection Regulation - "**GDPR**") requirements, including the retention and processing of personal data, dedicated Data Privacy Officer, education, and training of employees. The new Slovenian Personal Data Protection Act (ZVOP-2) was adopted in 2022 and is in the process of implementation in the Bank's operations.

MATERIAL CONTRACTS

There are no material contracts that have not been entered into in the ordinary course of the Issuer's business, which could result in any group member being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to noteholders in respect of the notes being issued.

RECENT DEVELOPMENTS

On 7 February 2023, Moody's upgraded NLB's long term credit rating to A3 from Baa1 (unsolicited rating).

On 24 May 2023, NLB received a decision of the Bank of Slovenia relating to the MREL requirement. As of 1 January 2024, NLB must comply with the MREL requirement on a consolidated basis at the resolution group level (the "**NLB Resolution Group**", consisting of the Issuer and N Banka and other members of the Group, excluding banks) which amounts to 30.99 per cent. of Total Risk Exposure Amount ("**TREA**") (excluding Combined Buffer Requirement) and 10.39 per cent. of the Leverage Ratio Exposure ("**LRE**").

LEGAL AND ADMINISTRATIVE PROCEEDINGS

General

As at 15 May 2023, NLB was involved in 18 legal disputes with monetary claims against NLB exceeding EUR 1 million per case (excluding accrued interest). The total amount of these claims, excluding accrued interest, was EUR 221.1 million. As at 15 May 2023, the NLB Group was involved in 42 legal disputes with monetary claims against NLB Group members exceeding EUR 1 million per case, excluding accrued interest, in the aggregate principal amount of EUR 462.6 million. NLB has not established any provisions in its financial statements for some of these proceedings in which it is involved based on an assessment of the possible outcome of the proceedings. At the NLB Group level provisions with respect to claims exceeding EUR 1 million per case amount to EUR 9 million, as at 15 May 2023.

Claims relating to liabilities in respect of transferred deposits

NLB is currently involved in proceedings whereby the plaintiffs claim that NLB is responsible for the liabilities relating to the foreign currency deposits held with Ljubljanska banka, Zagreb Branch. Ljubljanska banka, Zagreb Branch is the Croatian branch of Ljubljanska banka, which in turn is an entity from which NLB received certain assets and liabilities when NLB was established in 1994 (as discussed below).

Two Croatian banks, Privredna banka Zagreb and Zagrebačka banka, filed claims against Ljubljanska banka and NLB, as the alleged co-debtor, in the Croatian courts in relation to transferred deposits. The proceedings were filed during the period from 1994 to 1996. The aggregate principal amount of the claims against NLB is, as at 15 May 2023, equivalent to approximately EUR 173.2 million (calculated at the exchange rates applicable on 15 May 2023), excluding any default interest. Due to the fact that the proceedings have been pending for a significant period of time, the default interest exceeds the principal amount of the transferred deposits.

NLB denies all liability in respect of the transferred deposits for a number of reasons, including, amongst others, that NLB has never assumed the obligations of Ljubljanska banka, Zagreb Branch under the transferred deposits, that the proceedings in the courts of Croatia are in violation of an agreement on succession between the successor states of the SFRY made in Vienna on 29 June 2001 and that it also violates a memorandum of understanding between the governments of Slovenia and Croatia concluded in March 2013 (the "**Memorandum of Understanding**"), pursuant to which the Republic of Croatia assumed an obligation to ensure the stay of all the proceedings commenced by the Privredna banka Zagreb and Zagrebačka banka in relation to the transferred deposit until the issue was finally resolved between the two countries.

Despite the Memorandum of Understanding, the courts of Croatia ruled with final decisions in six claims in favour of the plaintiff. In four of those cases, NLB filed a constitutional suit with the Constitutional Court of the Republic of Croatia and in two an extraordinary legal measures with the Supreme Court of the Republic of Croatia. In three cases, the Constitutional Court of the Republic of Croatia rejected the constitutional suit of NLB. In one case a claim against NLB, filed by the PBZ, was rejected, including a dismissal by the Supreme Court of the Republic of Croatia.

In the other eight cases, with respect to which court procedures described above are pending, final court decisions have not yet been issued.

NLB Shareholders' Meetings have provided the Management Board of NLB with instructions how to act in the event of existing or potential new final decisions by Croatian courts against Ljubljanska banka, Zagreb Branch and NLB regarding the transferred foreign currency deposits, and especially not to voluntarily settle the adjudicated amounts, and also gave some additional instructions on the usage of legal remedies and regarding the management of the property from that perspective.

On 19 July 2018, the National Assembly passed the ZVKNNLB, which entered into force on 14 August 2018. In accordance with the ZVKNNLB, the Fund shall compensate NLB for the sums recovered from NLB by enforcement of final judgments delivered by Croatian courts with regard to the transferred deposits (that is the principal amount, accrued interest, expenses of court, legal fees and other expenses of the plaintiff and expenses related to enforcement with the accrued interest). The Fund shall compensate NLB for the negative financial implications within 30 days after having received notice from NLB that the enforcement has taken place and after the relevant evidence has been presented. If the payment due exceeds the value of the Fund's special-purpose budget or if it could jeopardise the payment of the Fund's other liabilities and obligations payable from the Fund's special-purpose budget, the due date shall be extended by as long as deemed necessary for the Republic of Slovenia to provide an increase of the Fund's special-purpose budget, but by no more than 60 days. Should the Fund fail to settle its obligations in 30 days for the reasons stated in the immediately preceding sentence, the Republic of Slovenia as its founder shall be liable, in addition to the Fund being liable, for the obligations of the Fund and shall to this end increase the special-purpose budget of the Fund so that the Fund can settle its obligation to NLB in the extended time period. The Fund shall compensate NLB only for the amounts recovered from NLB by enforcement and shall not compensate NLB for its own costs or for the difference between the book value of its assets sold in enforcement proceedings and the price obtained for such assets in enforcement proceedings.

The Fund is also not obliged to compensate NLB for any payments made by NLB voluntarily, provided that a payment made by NLB on the basis of a request or decision of a competent regulator is not considered voluntary.

In accordance with the ZVKNNLB and pursuant to an agreement between NLB and the Fund relating to the implementation of the ZVKNNLB (the "**Agreement with the Fund**"), NLB has to contest the claims made against it in court proceedings in relation to the transferred deposits and use all reasonable legal remedies against court decisions that are disadvantageous for NLB, including those which were already enforced against it and take other lawful steps which may prevent or minimise the risk of enforcement of such court decisions.

In accordance with the ZVKNNLB, NLB shall regularly consult the High Representative of the Republic of Slovenia for Succession Issues (*Visoki predstavnik Republike Slovenije za nasledstvo*) regarding the legal procedures and legal remedies and regarding the contesting of judicial decisions and shall, in particular, obtain his opinion before filing new legal remedies. Should NLB breach its obligation to inform and consult with the High Representative of the Republic of Slovenia for Succession or later takes actions that are different from the ones proposed to, and agreed by, the High Representative of the Republic of Slovenia for Succession Issues, for example by failing to file a legal remedy against a court decision, it shall be obliged to reimburse the Fund within 30 days from receipt of the Fund's request, for all the funds it has received in connection with the enforcement of such court decision, including the default interest accrued since the day NLB received the funds.

In addition, if after the date of the Agreement with the Fund, NLB voluntarily makes a payment in satisfaction of a judicial decision by a court of the Republic of Croatia relating to the transferred deposits, NLB will be obliged to repay to the Fund all sums received from the Fund.

In accordance with the ZVKNNLB and the Agreement with the Fund, NLB requested and received a reimbursement from the Fund of the enforced amount from the first negative final judgment from May 2015 in the amount of EUR 3,461.31.

NLB is considering all options available to protect its interests in the belief that, in accordance with the Constitutional Act and international agreements, the obligations in question are not the obligations of NLB. Provisions for any of these claims have not been recorded because NLB believes that there are no legal

grounds for such claims. Additionally, on the basis of the ZVKNNLB, subject to compliance with certain obligations, NLB is expected to be compensated for the sums recovered from NLB by enforcement of final judgments delivered by Croatian courts, which should provide an effective risk transfer. However, an unfavourable outcome in any of these pending proceedings may have a negative financial impact on NLB (see "*Risk Factors – A failure by NLB to comply with its obligations under ZVKNNLB and the related agreement with the Fund would deprive NLB of the protection granted to it by ZVKNNLB*").

Proceedings relating to the Bank of Slovenia Decision

In relation to the decision of the Slovenian government for the Republic of Slovenia to participate in the capital increases of NLB in 2011 and 2012, the EC initiated a procedure to determine the compatibility of this participation with the EU state aid rules. In accordance with recommendations of the European Council published in June 2013, NLB (along with the majority of other Slovenian banks) underwent the AQR and "bottom up" stress tests. In December 2013, the results of the AQR and stress test exercise revealed a capital shortfall for NLB of EUR 1,904 million. As a result, several measures were taken, aimed at ensuring the capital adequacy of NLB and the NLB Group, including, amongst other measures, termination of all of the Qualified Liabilities by way of the Bail-In pursuant to the Bank of Slovenia Decision (see "*Risk factors – If NLB would be found liable for claims relating to the Bail-In, it may incur substantial financial burdens*").

Although any claims against NLB in relation to the Bail-In are expressly excluded by law, certain Affected Investors nevertheless started lawsuits against NLB in which they are claiming compensation for the losses they incurred as a result of the Bail-In.

The claims made by the plaintiffs are based on various allegations, including misrepresentations made by NLB in the context of the public offering of the subordinated notes, failure to disclose the conflict of interest and failure to contest the Bank of Slovenia Decision, amongst others. Some plaintiffs have not specified the grounds for their claims.

As of 15 May 2023, 131 of these proceedings with claims amounting to nearly EUR 5.6 million are still pending while claims of 10 plaintiffs have been finally rejected by the courts and additional 6 plaintiffs have withdrawn their claims. Out of 10 final rejection cases, two of them have been accepted for review by the Slovenian Supreme Court which is currently pending and may result in the reversal or modification of the final judgment if the court will find that it is based on incorrect application of substantive law or the most severe breaches of procedure. As certain Affected Investors publicly announced claims exceeding such amount and since there is a possibility that NLB has not yet been notified of all the legal proceedings initiated against it in December 2016, this amount may increase in the course of time and such additional claims may be material. Based on allegations made by an attorney representing certain plaintiffs, NLB understands that the amount of these additional claims could exceed EUR 24 million.

No provision for any of these claims have been recorded and any losses recorded as a result of such claims may have a material adverse effect on the NLB Group's business, prospects, financial condition, results of operations or cash flows.

Collective consumer claims

The consumer organisation Zavod Kolektiv 99 filed a collective claim against NLB and an identical claim was also filed against N Banka. NLB received a class action lawsuit on 21 July 2022 and N Banka on 29 July 2022. NLB submitted its answer, and is now waiting for the court to decide whether the preliminary conditions for the class action are fulfilled. A timeframe for the court's decision is not set.

The plaintiff's claims (Zavod Kolektiv 99) include, among other things, a demand that NLB ceases to use the lower interest rate in consumer loan contracts (uses the actual applicable interest rate without restrictions as negative EURIBOR) and compensates the borrowers for the losses incurred due to the application of an interest rate floor (the difference between the interest rate floor and the actual value of the interest rate).

The claims against NLB and N Banka combined are estimated at EUR 47 million.

If adjudicated adversely to NLB, each of these claims could potentially result in NLB's material financial liability but would not affect NLB's ability to comply with its other obligations. If, before or after commencement of the relevant court proceedings, NLB will determine that any part of the above claims has merit, it may also decide to settle the relevant liabilities voluntarily.

Other material proceedings, actual or threatened

The NLB Group members are involved in other legal proceedings involving substantial monetary claims. Some of these proceedings are briefly described below. Based on an assessment of the probable outcome of these proceedings, NLB Group has not established any provisions in its financial statements for the proceedings described below.

In April 2017, a Montenegrin court imposed a temporary injunction preventing NLB Montenegro from disposing of certain real estate properties acquired by NLB Montenegro, as a result of the enforcement of security related to an NPL client. The loan was also guaranteed by the state of Montenegro for an amount of up to EUR 4.5 million. The loan defaulted in 2010 and NLB collected a part of such debt by the activation of the guarantee and repossession of mortgaged property during 2014-2015.

The temporary injunction granted in 2017 is related to an alleged criminal abuse of authority by several individuals, including employees of the government of Montenegro and, among others, a former member of the management board of NLB Montenegro. The mandate of this former member of the management board expired in 2011. Among other things, the criminal proceedings may focus on the validity of the issuance of the guarantee by Montenegro in 2010. On 24 September 2018, NLB was informed that NLB Montenegro received a formal indictment from the Special Prosecutor's Office of Montenegro which was filed with the High Court of Montenegro, in which, in addition to five other persons, this former member of the management board and NLB Montenegro, as a legal entity, were charged on suspicion of a criminal offence for the misuse of their position. NLB Montenegro has the status of an accused legal entity because the prosecution is charging a former member of the management board, who allegedly acted against the law and obtained illegal benefit to the company. The indictment was confirmed and the main trial started with testimonies of the accused persons.

Up until the date of this Prospectus, two of the main accused persons have given statements in which they denied guilt. Due to the difficulties caused by the COVID-19 pandemic and lack of procedural preconditions, the hearings were constantly postponed from March 2020. In the meantime the process started from the beginning due to the newly appointed judicial panel and prosecutor. The last hearing that was scheduled for 22 March 2023 was again postponed and the rescheduling is still pending.

If it were determined that an abuse of authority was carried out in the name of NLB Montenegro, it could be found liable as a legal entity and possibly incur a financial penalty. Under Montenegrin law, there are a range of potential penalties for such a criminal offence, including a suspended sentence and also a fine (based on the incurred damage or the gained profit) which can range from de minimis amounts up to a multiple of the profits gained from the offending action, as may be determined by the court. According to the indictment, the profits gained amount to EUR 6,651,611.09. The determination of a penalty depends on the circumstances of the case, with the law permitting the court to take into consideration, among other things, the previous conduct of the legal person, its previous compliance with relevant legislation, the conduct of the legal person after the criminal offence was committed (including the remedial measures it undertook). Pursuant to the laws of Montenegro, a legal entity may be exempted from punishment or penalties if it voluntarily filed a criminal charge prior to having knowledge of a related investigation. In addition, because in such an instance the court may exempt the legal entity from any punishment, the law also necessarily allows the court to reduce the fines without any limitation. NLB Montenegro initiated the filing of a criminal charge against persons-then-unknown in 2014 and, based on the evidence presented to the court, it does not believe that it should be found guilty and subject to fines in relation to these proceedings, and therefore has made no provisions in relation to these proceedings. However, there can be no assurance that the High Court of Montenegro will not take a different position.

In addition, in March 2022, the Revenue and Customs Administration of Montenegro (*Uprava prihoda i carina Crne Gore*) carried out an inspection of payment of taxes and contributions on salaries in NLB Montenegro and determined that, during the period between 1 January 2011 to 31 March 2019, NLB Montenegro has failed to comply with applicable laws and regulations and paid salaries to its employees in lower amounts than it should, which also resulted in avoidance of payment of a part of taxes and contributions on the unpaid part of the salaries. As a result, the Revenue and Customs Administration of Montenegro issued a decision by which it directed NLB Montenegro to remedy the breach by paying the taxes and contributions on the unpaid part of salaries. NLB Montenegro has appealed against such decision and the Ministry of Finance as the second instance authority annulled it and ordered a renewal of the procedure. The Revenue and Customs Administration of Montenegro conducted the new procedure and again issued a decision by which it directed NLB Montenegro to remedy the breach by paying the taxes

and contributions on unpaid part of salaries. As this decision became enforceable and binding, NLB Montenegro paid its obligations arising from the decision in October 2022 and appealed again to the second instance authority. The Ministry of Finance this time confirmed the first instance decision, therefore NLB Montenegro initiated a procedure before the administrative court disputing such ruling. Nevertheless, according to the news published by certain media in Montenegro in July 2022, the Revenue and Customs Administration of Montenegro reported NLB Montenegro and responsible individuals to the Chief Special Prosecutor Vladimir Novović on suspicion of creating a criminal organisation and tax evasion by which NLB Montenegro allegedly profited several hundred thousand Euro at the expense of the city of Podgorica and the state of Montenegro. NLB Montenegro has publicly denied any wrongdoing stressing that the Revenue and Customs Administration of Montenegro is misinterpreting the relevant laws and regulations and that it has appealed against the relevant decision. In addition, a vast majority of employees of NLB Montenegro do not consider themselves as being deprived of any of their rights since only a minority of its employees (73 out of 300) sued NLB Montenegro for payment of the difference in salaries, while the remaining 227 confirmed in writing that they do not have any claim. Although NLB is confident that NLB Montenegro has never intentionally breached any relevant laws and regulations and, consequently, no grounds for any criminal liability exist, any criminal proceedings involving a member of NLB Group, its employees or directors could adversely affect the reputation of NLB and NLB Group.

Other substantial claims against the members of the NLB Group include:

- A claim against Prvi faktor faktoring d.o.o. Beograd (a subsidiary of a joint-venture of NLB and SID Banka) in an amount equivalent to approximately EUR 50 million, relating to compensation for damages caused by the defendant because of the freezing of its account with the defendant and the resulting financial breakdown of the plaintiff. After initiating this litigation, bankruptcy proceedings have been opened in relation to the plaintiff. Accordingly, the litigation has been suspended and is only likely to continue if the bankruptcy administrator decides to pursue the claim. In August 2022, the plaintiff was sold to another legal entity. The plaintiff can now continue the litigation. On 27 April 2023, the defendant asked the court to invite the plaintiff to take over this procedure. NLB believes that this claim is without ground.
- A claim amounting to approximately EUR 113 million against NLB InterFinanz AG in Liquidation, relating to Glumina banka's bankruptcy in 1999. The decision of the court of first instance, pronounced on 11 October 2021, was that NLB InterFinanz AG did not abuse its rights in challenging the plaintiff's claim in the aforementioned bankruptcy proceedings. The plaintiff appealed against the ruling. The court of appeal confirmed on 17 May 2022 (decision received on 19 July 2022) the first instance decision in favour of NLB InterFinanz AG and rejected again the lawsuit for seeking compensation for damages. The court of appeal also confirmed the plaintiff's obligation to reimburse NLB InterFinanz AG for litigation costs in the amount of HRK 375,500 (approximately EUR 50,000). It can be reasonably expected that the plaintiff will ask for the permission to file a revision against this (enforceable) second instance decision.
- A claim against NLB Komercijalna Banka Beograd (former NLB Banka ad Beograd) in an amount equivalent to approximately EUR 14.7 million was filed, relating to the payment on account of an acquisition without grounds for the obligation under the bank guarantee and the payment of damages for not initiating the purchase proceeding of the shares and demanding payment under the bank guarantee. The bank allegedly misled the client (a natural person) by violating the code of business ethics to carry out a tax eviction by postponing the execution of the contract and by claiming that there were no opportunities to trade shares and that, as a result, the bank's guarantee could not be activated nor the purchase price for the shares be paid under the guarantee. Consequently, the plaintiff did not initiate the procedure of selling the shares and therefore claims to have suffered damage which he is trying to collect in this procedure. The court of appeal rejected the plaintiff's appeal as unfounded. The plaintiff filed a revision against the second instance decision.

Other than described in this section (*LEGAL AND ADMINISTRATIVE PROCEEDINGS*), there are no, nor have there been any governmental, legal or administrative proceedings, involving NLB or any of its subsidiaries (and, so far as NLB is aware, no such proceedings are pending or threatened) which may have or have had during the twelve months prior to the date of this Prospectus a significant effect on the financial position or profitability of NLB or its subsidiaries as a whole.

NO MATERIAL ADVERSE OR SIGNIFICANT CHANGE

There has been no material adverse change in the prospects of NLB or the Group since 31 December 2022.

There has there been no significant change in the financial position or performance of NLB and the Group, which has occurred since 31 March 2023.

TAXATION

THE TAX LAWS OF THE INVESTOR'S STATE OF RESIDENCE AND OF THE ISSUER'S STATE OF INCORPORATION MIGHT HAVE AN IMPACT ON THE INCOME RECEIVED FROM THE NOTES. PROSPECTIVE INVESTORS IN NOTES SHOULD CONSULT THEIR OWN TAX ADVISERS AS TO WHICH COUNTRIES' TAX LAWS COULD BE RELEVANT TO ACQUIRING, HOLDING AND DISPOSING OF NOTES AND RECEIVING PAYMENTS OF INTEREST, PRINCIPAL AND/OR OTHER AMOUNTS UNDER THE NOTES AND THE CONSEQUENCES OF SUCH ACTIONS UNDER THE TAX LAWS OF THOSE COUNTRIES.

The following is a general overview of certain tax considerations relating to the purchasing, holding and disposing of Notes. It does not purport to be a legal opinion or a complete analysis of all tax considerations relating to the Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular Holder of any Notes. The discussions that follow are based upon the applicable laws in force and their interpretation on the date of this Prospectus. These tax laws and interpretations are subject to change that may occur after such date (before or after the issuance of any Notes), even with retroactive effect.

The information contained in this section is limited to taxation issues and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.

Prospective Holders of any Notes should consult their own tax advisers as to the particular tax consequences of subscribing, purchasing, holding and disposing the Notes, including the application and effect of any federal, state or local taxes, under the tax laws of each country of which they are residents or citizens.

Taxation in Slovenia

Taxation of interest income

Withholding tax

Taxation of interest income derived from the Notes will differ depending on whether, at the time when the Issuer will make payments of interest under the Notes, the Notes will be admitted to trading on a regulated market or traded on a multilateral trading facility ("MTF") within an EU member state or OECD (the Notes, while so admitted to trading on a regulated market or traded on an MTF, hereinafter referred as "**Listed Securities**").

If, and for as long as the Notes qualify as Listed Securities, the Issuer will be entitled to make all payments of interest under the Notes free and clear of any withholding or deduction for or on account of taxes pursuant to applicable Slovenian law.

If, however, at the time when the Issuer will make a payment of interest under the Notes, the Notes do not qualify as Listed Securities, then such payment will be subject to withholding tax payable by the Issuer at the maximum rate applicable under Slovenian taxation law (currently being 25 per cent.), whereupon:

- (a) in the event that the beneficial owner of such interest is:
 - (i) a natural person resident for taxation purposes in the Republic of Slovenia; or
 - (ii) a natural person resident for taxation purposes outside the Republic of Slovenia who does not benefit from a reduced tax rate under applicable law or double taxation treaty;the amount of tax so withheld shall be the final tax imposed by the Republic of Slovenia on the relevant amount of interest; and
- (b) in any other case, the beneficial owner of such interest will be entitled to claim from the Slovenian tax administration a refund of the amount by which the amount actually withheld exceeds the

amount calculated at the rate applicable to such beneficial owner, whereas the rate applicable to such beneficial owner being:

- (i) 0 per cent. in the case where the beneficial owner of such interest is a legal person, other than a legal person resident for taxation purposes in (a) a non-EU jurisdiction where the general or average nominal income tax rate is lower than 12.5 per cent. and which is included in the list of "tax havens" published from time to time by the Ministry of Finance of the Republic of Slovenia, or (b) a jurisdiction included on the EU list of non-cooperative jurisdictions for tax purposes, published in the official journal of the EU;
- (ii) the reduced rate applicable under the applicable law or double taxation treaty, where the beneficial owner of such interest is a natural person entitled to benefit from such reduced tax rate; or
- (iii) 15 per cent. where the beneficial owner of such interest is a legal person resident for taxation purposes in (a) a non-EU jurisdiction where the general or average nominal income tax rate is lower than 12.5 per cent. and which is included in the list of "tax havens" published from time to time by the Ministry of Finance of the Republic of Slovenia or (b) a jurisdiction included on the EU list of non-cooperative jurisdictions for tax purposes, published in the official journal of the EU.

Other methods of taxation

Interest on the Notes received by (a) a legal person resident for taxation purposes in the Republic of Slovenia or (b) a permanent establishment (*poslovna enota*) in the Republic of Slovenia of a legal person not resident for taxation purposes in the Republic of Slovenia will be subject to Slovenian tax as a part of the net annual income of such legal person or permanent establishment, being Slovenian Corporate Income Tax (*davek od dohodkov pravnih oseb*) which is currently levied at the rate of 19 per cent.

Any natural person who is liable for Slovenian Personal Income Tax on interest under the Notes and receives an amount of interest under the Notes free of any deduction for account of this tax shall (i) declare each amount so received and (ii) pay the amount of tax in accordance with the relevant decision of the tax authorities.

Taxation of capital gains

Legal Persons

Capital gains earned on the sale or disposition of the Notes by a legal person resident for taxation purposes in the Republic of Slovenia or a permanent establishment (*poslovna enota*) in the Republic of Slovenia of a legal person not resident for taxation purposes in the Republic of Slovenia will be subject to Slovenian Corporate Income Tax as a part of its overall income tax (currently levied at the rate of 19 per cent.).

Capital gains earned by legal persons not resident for taxation purposes in the Republic of Slovenia and having no permanent establishment (*poslovna enota*) in the Republic of Slovenia are not subject to Slovenian taxation.

Natural Persons

Under the Slovenian Personal Income Tax Act (*Zakon o dohodnini (ZDoh-2)*), capital gains from the sale or other disposition of debt securities held as non-business assets are in general exempt from taxation, while capital gains earned as business income (*dohodek iz dejavnosti*) of an individual resident for taxation purposes in the Republic of Slovenia may be subject to Slovenian Personal Income Tax as a part of such individual's overall annual business income at the rate applicable in accordance with the progressive tax scale which may reach up to 50 per cent.

Capital gains earned on the sale or disposition of the Notes by a natural person resident for taxation purposes in the Republic of Slovenia may, in circumstances described in the Act on the Taxation of Profits from the Disposal of Derivatives (*Zakon o davku od dobička od odsvojitve izvedenih finančnih instrumentov (ZDDOIFI)*), be subject to tax levied at the rate of up to 40 per cent.

Value Added Tax

Pursuant to Value Added Tax Act (*Zakon o davku na dodano vrednost (ZDDV-1)*), transactions with securities are VAT-exempt in the Republic of Slovenia. According to the law, interest on debt securities is not subject to VAT, thus VAT is neither charged nor payable.

Inheritance and gift taxations

Natural persons and private law entities, within the meaning of the Slovenian Inheritance and Gift Tax Act (*Zakon o davku na dediščine in darila (ZDDD)*) may be subject to Slovenian inheritance and gift tax in case of the transfer of the Notes mortis causa or inter vivos. The value of all transfers by the same person in one year is considered when ascertaining the taxable amount for such purposes.

Inheritance tax and gift tax is assessed by reference to the market value of property subject to taxation at the time of the occurrence of tax liability, decreased by debts, costs and charges relating to this property. In the case of movable property (such as the Notes), the tax base for inheritances and gifts is decreased by EUR 5,000.

Tax on inheritance and gifts is not paid by the heir or recipient of a gift of a first hereditary order (children and spouse).

Tax rates are progressive and differ depending on the hereditary order. Tax rates for inheritance and gift tax range:

- from 5 per cent. up to 14 per cent. for the second hereditary order (parents, siblings and their descendants);
- from 8 per cent. up to 17 per cent. for the third hereditary order (grandparents); and
- from 12 per cent. up to 39 per cent. for all subsequent hereditary orders (others).

DESCRIPTION OF RULES REGARDING RESOLUTIONS OF HOLDERS

The provisions relating to resolutions of Holders under the German Act on Debt Securities (*Schuldverschreibungsgesetz* – "**SchVG**") will apply to Notes issued under the Programme. The Holders may agree to amendments or decide on other matters relating to the Notes by way of resolution to be passed by taking votes without a meeting. Any such resolution duly adopted by resolution of the Holders shall be binding on each Holder of the respective issue of Notes, irrespective of whether such Holder took part in the vote and whether such Holder voted in favour or against such resolution.

The rules of the SchVG are, if applied by the Issuer, largely mandatory, although they permit in limited circumstances supplementary provisions set out in the Terms and Conditions.

The following is a brief overview of some of the statutory rules regarding the taking of votes without meetings and the convening and conduct of meetings of Holders, the passing and publication of resolutions as well as their implementation and challenge before German courts.

Specific Rules regarding Votes without Meeting

The voting shall be conducted by the person presiding over the taking of votes. Such person shall be (i) a notary public appointed by the Issuer, (ii) where a common representative of the Holders (the "**Joint Representative**") has been appointed, the Joint Representative if the vote was solicited by the Joint Representative, or (iii) a person appointed by the competent court.

The notice soliciting the Holders' votes shall set out the period within which votes may be cast. During such voting period, the Holders may cast their votes to the person presiding over the taking of votes. Such notice shall also set out in detail the conditions to be met for the votes to be valid.

The person presiding over the taking of votes shall ascertain each Holder's entitlement to cast a vote based on evidence provided by such Holder and shall prepare a list of the Holders entitled to vote. If it is established that no quorum exists, the person presiding over the taking of votes may convene a meeting of the Holders. Within one year following the end of the voting period, each Holder participating in the vote may request a copy of the minutes of such vote and any annexes thereto from the Issuer.

Each Holder participating in the vote may object in writing to the result of the vote within two weeks following the publication of the resolutions passed. The objection shall be decided upon by the person presiding over the taking of votes. If he remedies the objection, the person presiding over the taking of votes shall promptly publish the result. If the person presiding over the taking of votes does not remedy the objection, he shall promptly inform the objecting Holder in writing.

The Issuer shall bear the costs of the vote and, if the court has convened a meeting, also the costs of such proceedings.

Rules regarding Holders' Meetings applicable to Votes without Meeting

In addition, the statutory rules applicable to the convening and conduct of Holders' meetings will apply *mutatis mutandis* to any vote without a meeting. The following summarises some of such rules.

Meetings of Holders may be convened by the Issuer or the Joint Representative, if any. Meetings of Holders must be convened if one or more Holders holding five per cent or more of the outstanding Notes so require for specified reasons permitted by statute.

The convening notice shall be made publicly available together with the agenda of the meeting setting out the proposals for resolution.

Each Holder may be represented by proxy. A quorum exists if Holders' representing by value not less than 50 per cent. of the outstanding Notes. If the quorum is not reached, a second meeting may be called at which no quorum will be required, provided that where a resolution may only be adopted by a qualified majority, a quorum requires the presence of at least 25 per cent. of the aggregate principal amount of outstanding Notes.

All resolutions adopted must be properly published. In the case of Notes represented by one or more Global Notes, resolutions which amend or supplement the Terms and Conditions have to be implemented by supplementing or amending the relevant Global Note(s).

In insolvency proceedings instituted in Germany against an Issuer, a Joint Representative, if appointed, is obliged and exclusively entitled to assert the Holders' rights under the Notes. Any resolutions passed by the Holders are subject to the provisions of the German Insolvency Code (*Insolvenzordnung*).

If a resolution constitutes a breach of the statute or the Conditions, Holders may bring an action to set aside such resolution. Such action must be filed with the competent court within one month following the publication of the resolution.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Barclays Bank Ireland PLC, BNP Paribas, BofA Securities Europe SA, Citigroup Global Markets Europe AG, Erste Group Bank AG, Nova Ljubljanska banka d.d., Ljubljana, UniCredit Bank AG and any new dealer appointed under the Programme (the "**Dealers**"). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and subscribed by, Dealers are set out in a Dealer Agreement dated 15 June 2023 (the "**Dealer Agreement**") and made between the Issuer and Barclays Bank Ireland PLC, BNP Paribas, BofA Securities Europe SA, Citigroup Global Markets Europe AG, Erste Group Bank AG, Nova Ljubljanska banka d.d., Ljubljana and UniCredit Bank AG. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and a single Dealer for that Tranche to be issued by the Issuer and subscribed by that Dealer, the method of distribution will be described in the relevant Final Terms as "Non-Syndicated" and the name of that Dealer and any other interest of that Dealer which is material to the issue of that Tranche beyond the fact of the appointment of that Dealer will be set out in the relevant Final Terms. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and more than one Dealer for that Tranche to be issued by the Issuer and subscribed by those Dealers, the method of distribution will be described in the relevant Final Terms as "Syndicated", the obligations of those Dealers to subscribe the relevant Notes will be joint and several and the names and addresses of those Dealers and any other interests of any of those Dealers which is material to the issue of that Tranche beyond the fact of the appointment of those Dealers (including whether any of those Dealers has also been appointed to act as Stabilisation Manager in relation to that Tranche) will be set out in the relevant Final Terms.

Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be subscribed by the Dealer(s) and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specify the legend entitled "*Prohibition of Sales to EEA Retail Investors*" as "*Not Applicable*", each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in

relation thereto to any retail investor in the European Economic Area. For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of Directive (EU) 2014/65 (as amended, "**MiFID II**"); or
- (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Prohibition of Sales to UK Retail Investors

Unless the relevant Final Terms in respect of any Notes specifies the "*Prohibition of Sales to UK Retail Investors*" as "*Not Applicable*", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision the expression **retail investor** means a person who is one (or more) of the following:

- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or
- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Other UK regulatory restrictions

Each Dealer has represented, warranted and agreed that:

- (a) ***Financial promotion***: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) ***General compliance***: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Switzerland

This Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Notes. The Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and neither this Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

General

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "*General*" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in a supplement to this Prospectus.

GENERAL INFORMATION

Authorisation

The establishment of the Programme was authorised by the resolution of the Management Board of the Issuer on 13 June 2023. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

Issue Price and Yield

Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions and the issue price of the relevant Notes or the method of determining the price and the process for its disclosure will be set out in the applicable Final Terms. In the case of different Tranches of a Series of Notes, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

The yield of each Tranche of Notes set out in the applicable Final Terms will be calculated as of the relevant issue date on an annual basis using the relevant issue price. It is not an indication of future yield.

Conflicts of Interest

The Dealers and their affiliates may be customers, borrowers or creditors of the Issuer and its affiliates. Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. They have received, or may in the future receive, customary fees and commissions for these transactions. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial Notes (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or Notes of the Issuer and its affiliates. The Dealers and/or their affiliates may receive allocations of Notes (subject to customary closing conditions), which could affect future trading of the Notes. Certain of the Dealers of their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer and its affiliates consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial Notes and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and Notes.

Third Party Information

If and to the extent information contained in this Prospectus, as supplemented from time to time, has been sourced from a third party, the Issuer confirms that to the best of its knowledge this information has been accurately reproduced and that, so far as the Issuer is aware and able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Issuer's website

The Issuers' website is www.nlb.si. Unless specifically incorporated by reference into this Prospectus, information contained on the website does not form part of this Prospectus.

Documents Available

This Prospectus, any supplements hereto and the documents incorporated herein by reference are available on the Issuer's website (www.nlb.si) and on the website of the Luxembourg Stock Exchange (www.LuxSE.com). The day of such first publication is deemed to be the valid day of publication.

All documents mentioned above will be available together with this Prospectus and the Issuer's articles of incorporation (the "**Articles of Incorporation**") for at least ten years after the publication of this Prospectus free of charge on the Issuer's website (www.nlb.si).

The Green Bond Framework and Second Party Opinion are available on the Issuer's website. Neither the Green Bond Framework nor the content of the website or any Second Party Opinion or any document related thereto are incorporated by reference into or form part of the Prospectus.

INFORMATION INCORPORATED BY REFERENCE

The specified parts of the following documents which have been previously published or are simultaneously published with this Prospectus and which have been filed with the CSSF are incorporated by reference into and form part of this Prospectus and will be available together with this Prospectus for at least ten years after the publication of this Prospectus.

Document/Heading	Page reference in the relevant document
The following sections of the English language translation of the NLB Group Interim Report Q1 2023, containing the unaudited consolidated financial statements of the Issuer in respect of the three months ended 31 March 2023;	
<i>Source:</i> https://www.nlb.si/nlb/nlb-portal/eng/investor-relations/financial-reports/2023/nlb-group-interim-report-q1-2023-eng.pdf	
Key Financial Indicators (Table 1)	7
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English language translation of the section entitled " <i>Audited Financial Statements of NLB Group and NLB</i> " of the NLB Group Annual Report, containing the audited consolidated financial statements of the Issuer and the independent auditor's report thereon, in respect of the financial year or the year ended 31 December 2022;	
<i>Source:</i> https://www.nlb.si/lp2022/PDF/NLB_AR_2022_ENG.pdf	
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Document/Heading	Page reference in the relevant document
English language translation of the section entitled " <i>Audited Financial Statements of NLB Group and NLB</i> " of the NLB Group Annual Report, containing the audited consolidated financial statements of the Issuer and the independent auditor's report thereon, in respect of the financial year or the year ended 31 December 2021;	
Source: https://www.nlb.si/nlb/nlb-portal/eng/investor-relations/financial-reports/2021/nlb_ar_2021_eng.pdf	
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Please note that the English language translations referred to above are translations from the originals, which were prepared in Slovenian language. All possible care has been taken to ensure that the translations are accurate representation of the originals.

For the avoidance of doubt, such parts of the NLB Group Interim Report Q1 2023, and the annual reports for the fiscal year ended 31 December 2021 and 31 December 2022 respectively, which are not explicitly listed in the tables above, are not incorporated by reference into this Prospectus as these parts are either not relevant for the investor or covered elsewhere in this Prospectus.

References in the independent auditor's reports to "other information" are references to the administrators' report and the non-financial statement. Such administrators' report and non-financial statement are not incorporated by reference into this Prospectus.

Such parts of the documents which are explicitly listed above shall be deemed to be incorporated in, and form part of this Prospectus, save that any statement contained in such a document shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in this Prospectus modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

PRINCIPAL OFFICE OF THE ISSUER

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Federal Republic of Germany

Erste Group Bank AG

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Nova Ljubljanska banka d.d., Ljubljana

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To the Dealers as to German law:

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WOLF THEISS Attorneys-at-law

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For the fiscal years 2013 to 2022

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For the fiscal years 2023 to 2026

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