TERMS AND CONDITIONS OF THE NOTES

§ 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 Euro ("**EUR**") (the "**Specified Currency**") in the aggregate principal amount of EUR 350,000,000 (in words: three hundred and fifty million) in the denomination of EUR 200,000 (the "**Original Principal Amount**") 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 interests in the Temporary Global Note will be exchangeable for the interests in the 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 Paying Agent. 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 interest in the Temporary Global Note shall be exchangeable for the interest in 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 and to the extent of 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).

(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 Depositary*) and together the "**ICSDs**") and any successor in such capacity.

The Notes are issued in classical global note ("**CGN**") form and are deposited with a common depositary on behalf of both ICSDs.

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 and/or the NLB Group, 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-4, 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 and/or the NLB Group on an individual and/or (sub-)consolidated basis, as the case may be, at the relevant time.

"**AT 1 Instruments**" means any directly issued capital instrument of the Issuer that qualifies as additional tier 1 instruments pursuant to Article 52 CRR at the relevant time, including any capital instrument or other instrument that qualifies in whole or in part as an additional tier 1 item pursuant to the transitional provisions under the CRR 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 T2 Business Day.

"**Common Equity Tier 1 instruments**" means any capital instruments of the Issuer that qualify as Common Equity Tier 1 instruments pursuant to Article 28 CRR or Article 31 CRR, including any capital instruments or other instruments that qualify in whole or in part as Common Equity Tier 1 items pursuant to the transitional provisions under the CRR at the relevant time.

"**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 for supervising the Issuer and/or the NLB Group on an individual basis and/or (sub-)consolidated basis.

"**Compulsory Liquidation**" means compulsory liquidation (*prisilna likvidacija*) pursuant to the provisions of section 3.2 of the Resolution and Compulsory Winding-Up of Banks Act (*Zakon o reševanju in prisilnem prenehanju bank*; ZRPPB-1), as in force as of the date of issuance of the Notes, or any equivalent or similar proceedings under the provisions of law amending or replacing such provisions from time to time.

"**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 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.

"**Current Principal Amount**" means initially the Original Principal Amount (as defined in § 1(1)), which from time to time, on one or more occasions, may be reduced by a Write-down (as defined in § 5(8)(a)(iv)) and, subsequent to any such reduction, may be increased by a Write-up (as defined in § 5(9)), if any (up to the Original Principal Amount).

"**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 applicable law and the rules and regulations of the Clearing System.

"**NLB Group**" means the Issuer and its (sub-)consolidated Subsidiaries.

"**Redemption Amount**" for the purposes of these Terms and Conditions shall mean the Current Principal Amount per Note.

"**Resolution Authority**" means the authority pursuant to Article 4(1)(130) CRR and/or Article 7(1) SRMR, as applicable, which is responsible for recovery or resolution of the Issuer on an individual and/or (sub-) consolidated basis, as the case may be.

"**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 (including any applicable regulatory instrument supplementing that Regulation), 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.

"**T2 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.

"**Tier 1 Instruments**" means (i) Common Equity Tier 1 instruments and (ii) AT 1 Instruments.

"**Tier 2 Instruments**" means any directly issued capital instruments of the Issuer that qualify as Tier 2 instruments pursuant to Article 63 CRR, including any capital instruments that qualify as Tier 2 items pursuant to transitional provisions under the CRR at the relevant time.

"**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).

"**ZBan-4**" 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-4 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

(1) *Ranking*. The obligations under the Notes constitute direct, unsecured and subordinated obligations of the Issuer and are intended to qualify as AT 1 Instruments. Subject to mandatory provisions of law, in the event of normal insolvency proceedings (being Compulsory Liquidation (*prisilna likvidacija*) and bankruptcy proceedings (*stečaj*)) or liquidation (*likvidacija*) of the Issuer, all claims under the Notes will rank:

(a) junior to all present or future:

  (i) unsubordinated instruments or obligations of the Issuer;

  (ii) Tier 2 Instruments and any instruments or obligations which rank *pari passu* with or senior to Tier 2 Instruments; and

  (iii) other instruments or obligations of the Issuer ranking or expressed to rank subordinated to any unsubordinated instruments or obligations of the Issuer (other than instruments or obligations referred to in § 2(1)(b) and (c) below);

(b) *pari passu:*

  (i) among themselves;

  (ii) with all other present or future AT 1 Instruments; and

  (iii) with all other present or future instruments or obligations ranking or expressed to rank *pari passu* with the AT 1 Instruments;

(c) senior to all present or future:

  (i) ordinary shares of the Issuer and any other Common Equity Tier 1 instruments; and

(ii) all other subordinated instruments or obligations of the Issuer ranking or expressed to rank:

(A) *subordinated* to the obligations of the Issuer under the Notes; or

(B) *pari passu* with the ordinary shares of the Issuer and any other Common Equity Tier 1 instruments.

The rights of the Holders to payment of principal on the Notes are at any time conditional as set forth in these Terms and Conditions and limited to a claim for the prevailing Current Principal Amount.

References in these Terms and Conditions to the terms "insolvent" and "insolvency" shall have the meaning of the equivalents of such terms in the Slovenian language (being "*insolventen*" and "*insolventnost*") for the purposes of Slovenian law.

(2) *Priority of Payments.* In the event of normal insolvency proceedings (Compulsory Liquidation and bankruptcy proceedings (*stečaj*)) or liquidation (*likvidacija*) of the Issuer, the Holders will be entitled to payments, if any, under the Notes only if all other creditors (other than creditors the claims of which rank or are expressed to rank *pari passu* with or junior to the Notes) of the Issuer have been satisfied first and before any payments are made in respect of the ordinary shares of the Issuer or any other claims ranking or expressed to rank junior to the Notes.

(3) 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 (*likvidacija*) of the Issuer.

(4) *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 (*likvidacija*). 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.

(5) *Note on the possibility of statutory resolution measures*. Prior to any normal insolvency proceedings of the Issuer (being Compulsory Liquidation and bankruptcy proceedings (*stečaj*)), 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 by the Issuer.

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 undue 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(5).

§ 3
INTEREST

(1) *Interest Rates and Interest Payment Dates*. Subject to a cancellation of interest payments pursuant to §§ 3(5) and 5(8), the Notes shall bear interest on the Current Principal Amount at a rate *per annum* equal to the Rate of Interest (as defined below) from and including 17 November 2026 (the "**Interest Commencement Date**").

Subject to a cancellation of interest payments pursuant to §§ 3(5) and 5(8), interest shall be scheduled to be paid annually in arrear on 17 November in each year (each such date, an "**Interest Payment Date**"), commencing on 17 November 2027.

Interest will only fall due to the extent permitted in, and subject to, the provisions set out in §§ 3(5), 4(4) and 5(8).

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

(a) from and including the Interest Commencement Date to but excluding 17 November 2031 (the "**First Reset Date**"), a fixed rate of 7.400 per cent. *per annum*; and

(b) from and including the First Reset Date, the relevant Reset Rate (as determined according to § 3(3)(a)) for the relevant Reset Period.

(2) *Calculation of Amount of Interest*. If the amount of interest scheduled to be paid under the Notes is required to be calculated for any period of time such amount of interest for any Interest Period shall be calculated by the Calculation Agent by applying the prevailing Rate of Interest to the Current Principal Amount, 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 or otherwise in accordance with the applicable market convention.

If a Write-down occurs during any Interest Period, unpaid interest accrued on the Current Principal Amount to but excluding the Write-down Effective Date (as defined in § 5(8)) is cancelled in accordance with § 3(5)(c) and the Notes shall bear interest on the adjusted Current Principal Amount from and including the Write-down Effective Date.

If, pursuant to § 5(9), the Current Principal Amount of the Notes is subject to a Write-up, during an Interest Period, the Notes shall, from and including the Write-up Effective Date, bear interest on the Current Principal Amount as increased by such Write-up as if such Interest Period were comprised of two or more (as applicable) consecutive Interest Periods, with interest calculations based on the number of days for which each Current Principal Amount was applicable.

"**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.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on the Note for any period of time (from and including the first day of such period to but excluding the last day of such period) (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 in any year to but excluding the next Determination Date; and

"**Determination Date**" means 17 November in any year.

(3) *Determination of the Reset Rate.*

(a) *Reset Rate*. The rate of interest for each Reset Period (each a "**Reset Rate**") shall be the sum of the Reference Rate (as defined below) and the Margin (as defined below provided that, for the purposes of the determination of any Reset Rate if the relevant Reference Rate is not expressed as an annual rate, such sum will be converted to an annual basis in a commercially reasonable manner).

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

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

(i) If the relevant 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 relevant 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 relevant Reset

Determination Date on which such Original Benchmark Rate was displayed.

(ii) If 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 AT 1 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)).

Where:

"**Margin**" means 4.071 per cent. *per annum*.

"**Original Benchmark Rate**" on a T2 Business Day means the annual Euro Mid Swap Rate (expressed as a percentage *per annum*) as at 11:00 a.m. (Frankfurt am Main time), as displayed on the Screen Page as at or around 11:00 a.m. (Frankfurt am Main time) (or a later time at which the Euro Mid Swap Rate becomes available on the Screen Page) on such T2 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 five years and (y) has a floating leg based on the 6-month 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 the First Reset Date and each fifth anniversary thereof for as long as the Notes remain outstanding.

"**Reset Determination Date**" means the second T2 Business Day prior to the relevant Reset Date.

"**Reset Period**" means 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.

"**Screen Page**" means the Reuters screen "ICESWAP2" under the heading "EURIBOR BASIS" and the caption "11:00 AM Frankfurt am Main time" (as such headings and captions may appear from time to time) (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 relevant 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 relevant 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 relevant Reset Determination Date; and

(2) the Adjustment Spread,

provided that, for purposes of the determination of any Reset Rate, if the New Benchmark Rate is not expressed as annual rate, such Reference Rate will be converted by the Calculation Agent or the Issuer, as the case may be, to an annual rate in a commercially reasonable manner.

(iii) *Fallback Rate*. If, prior to the 10th Business Day prior to the relevant 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 immediately following 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", "T2 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 Paying Agent and 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 relevant 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 Paying Agent and the Calculation Agent a certificate signed by two authorised 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 the notice in accordance with clause (B), will be binding on the Issuer, the Paying Agent, 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 or on behalf of 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, 3.329 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 relevant 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, the Paying Agent and the Holders and, in the absence of the aforesaid, no liability to the Issuer, 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 end of the day immediately preceding the day on which they become due for redemption. If the Issuer fails to make the relevant redemption payment under the Notes when due, each of the Notes will bear interest on its Current Principal Amount from and including the due date to but excluding the day of actual redemption of the Notes at the applicable rate of interest determined pursuant to this § 3, which will, subject to the provisions set out in §§ 3(5) and

5(8), fall due on the date of actual redemption. This does not affect any additional rights that might be available to the Holders.

(5) *Cancellation of Interest*.

(a) The Issuer, at its full discretion, may, at all times cancel, in whole or in part, any payment of interest on the Notes scheduled to be paid on any Interest Payment Date for an unlimited period and on a non-cumulative basis.

If the Issuer makes use of such right, it shall endeavour to give notice to the Holders in accordance with § 11 on or before the relevant Interest Payment Date. A notice which has not been given on or before the relevant Interest Payment Date shall be given without undue delay thereafter. Any failure or delay to give any such notice shall not affect the validity of the decision on the cancellation, shall in no event result in an obligation of the Issuer to make a cancelled interest payment at a later date and shall not constitute a default for any purpose.

(b) Without prejudice to such full discretion of the Issuer pursuant to § 3(5)(a), any payment of interest scheduled to be paid on the Notes on any Interest Payment Date shall be cancelled mandatorily and automatically, in whole or in part, if and to the extent that:

(i) the Issuer is insolvent, or the payment of the relevant amount would result in the insolvency of the Issuer; or

(ii) the amount of such interest payment together with any further Relevant Distributions would exceed the Available Distributable Items, provided that, for such purpose, the Available Distributable Items shall be increased by an amount equal to what has been accounted for as expenses for payments of interest, dividends or distributions on Tier 1 Instruments (including payments of interest on the Notes) in the calculation of the profit on which the Available Distributable Items are based; or

(iii) the Competent Authority orders the relevant interest payment scheduled to be paid on the Notes to be cancelled in whole or in part; or

(iv) another prohibition or restriction to make an interest payment on the Notes, or to make such interest payment on the Notes when aggregated with any other applicable Relevant Distributions, is imposed by Applicable Supervisory Regulations or the Competent Authority (or any other relevant supervisory authority).

Prohibitions on interest payments pursuant to clause (iv) include, but are not limited to,

(A) any restrictions of distributions as a result of non-compliance with the combined buffer requirement (howsoever defined in the Applicable Supervisory Regulations) applicable at the time;

(B) any prohibition of distributions in connection with the calculation of the Maximum Distributable Amount; and

(C) the limit resulting from, or any other restriction operating as, any Maximum Distributable Amount in accordance with any legal or regulatory requirements applicable to the Issuer and/or the NLB Group at the time under the Applicable Supervisory Regulations.

If any payment of interest on the Notes scheduled to be paid on any Interest Payment Date is so mandatorily and automatically cancelled, the Issuer shall give notice to the Holders in accordance with § 11 on or before the Interest Payment Date. A notice which has not been given on or before the relevant Interest Payment Date shall be given without undue delay thereafter.

Any failure or delay to give such notice shall not affect the validity of the cancellation and shall not constitute a default for any purpose.

(c) If a Write-down occurs during any Interest Period, unpaid interest accrued on the Current Principal Amount to but excluding the Write-down Effective Date will be cancelled mandatorily and automatically in full.

(d) Any interest payment cancelled in accordance with § 3(5)(a) to (c) will be non-cumulative and will be cancelled permanently and no payments will be made, nor will any Holder be entitled to receive any payment or indemnity in respect thereof. Any such cancellation of interest will not constitute an event of default of the Issuer and will not impose any restrictions on the Issuer. The Issuer may use such cancelled payments without restrictions to meet its obligations as they fall due.

(e) *Definitions.* In these Terms and Conditions:

"**Available Distributable Items**" means in respect of any payment of interest on the Notes the distributable items as defined in Article 4(1)(128) CRR, as amended from time to time, in respect of each financial year of the Issuer, as at the end of the latest financial year of the Issuer ended prior to the relevant Interest Payment Date for which such Relevant Financial Statements are available, all as determined in accordance with the accounting principles applied by the Issuer and as derived from the most recent Relevant Financial Statements.

"**Maximum Distributable Amount**" means any maximum distributable amount relating to the Issuer and/or the NLB Group, as the case may be, that may be required to be calculated in accordance with Article 141 CRD IV, as amended or replaced from time to time (or as the case may be, any provision of applicable law transposing or implementing the CRD IV, as amended or replaced from time to time) or any equivalent or similar law, rule or provision of the Applicable Supervisory Regulations which requires a maximum distributable amount to be calculated if the Issuer or the NLB Group is failing to meet any capital adequacy requirement, in each case to the extent then applicable to the Issuer or the NLB Group, such as the maximum distributable amount related to non-compliance with the combined buffer requirement, the maximum distributable amount related to the minimum requirement for own funds and eligible liabilities (M-MDA) and the maximum distributable amount related to the leverage ratio (L-MDA), in each case, if applicable to the Issuer and/or the NLB Group, as may be required from time to time in accordance with the Applicable Supervisory Regulations.

"**Relevant Distributions**" means:

(A) for the purposes of § 3(5)(b)(ii), the sum of:

(i) any other payments of interest on the Notes that were made or are scheduled to be made by the Issuer in the then current financial year of the Issuer;

(ii) any payments of interest, dividends or distributions (including any write-ups) that were made, are simultaneously made or are scheduled to be made by the Issuer on other Tier 1 Instruments or share capital of the Issuer in the then current financial year of the Issuer;

(iii) any refund of withholding tax paid by the Issuer in connection with the Notes and other Tier 1 Instruments or share capital of the Issuer in the then current financial year of the Issuer pursuant to individual agreements with the relevant Holder which has not been refunded to the Issuer by the relevant tax authority;

(B) for the purposes of § 3(5)(b)(iv), any amount, payment or distribution as may be relevant under any restriction operating as a Maximum Distributable Amount in accordance with any legal or regulatory requirements applicable to the Issuer and/or the NLB Group at the time, including but not limited to the amount of any Write-up (as defined below) on the Notes and any increase in principal amount (write-up) of any Loss Absorbing Written-down Instruments that were made in the then current financial year or are simultaneously made on the relevant Interest Payment Date, if any.

"**Relevant Financial Statements**" means: (i) the audited and adopted unconsolidated annual financial statements of the Issuer, prepared in accordance with the IFRS® Accounting Standards (IFRS) or such other accounting provisions applied by the Issuer and accounting regulations then in effect, for the latest financial year of the Issuer ended prior to the relevant Interest Payment Date; or (ii) if such audited and adopted unconsolidated annual financial statements of the Issuer are not available at the relevant Interest Payment Date, unaudited unconsolidated *pro forma* financial statements of the Issuer, prepared in accordance with accounting provisions applied by the Issuer in relation to its unconsolidated annual financial statements and accounting regulations then in effect in relation to the Issuer's unconsolidated annual financial statements.

§ 4
PAYMENTS

(1) *General.*

(a) *Payment of Principal.* Payment of principal on the Notes shall be made, subject to § 4(2) and § 5(8) 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.* Payment of interest on the Notes shall be made, subject to § 3(5) above and § 4(2) and § 5(8) 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 Current Principal Amount or the Redemption Amount of the Notes (as defined in § 1(4)).

§ 5
REDEMPTION; WRITE-DOWNS; WRITE-UPS

(1) *No Scheduled Maturity*. The Notes are perpetual and have no scheduled maturity date and shall not fall due for redemption except (i) in the cases provided for in §§ 5(3), 5(4), 5(5) or 5(6), in each case subject to § 5(7) or (ii) subject always to the ranking of the Issuer's obligations under the Notes set forth in § 2 in the case of normal insolvency proceedings (Compulsory Liquidation and bankruptcy proceedings (*stečaj*)) or liquidation (*likvidacija*) of the Issuer.

(2) *No Redemption at the Option of a Holder*. 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.

(3) *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, all but not some only of the Notes at the Redemption Amount on any Optional Redemption Date. In addition, the Issuer will pay interest, if any, accrued on the Current Principal Amount to but excluding the date of redemption specified in the notice, subject to cancellation of interest pursuant to §§ 3(5) and 5(8). Any such redemption pursuant to this § 5(3) shall only be possible provided that the conditions to redemption and repurchase laid down in § 5(7) are met.

"**Optional Redemption Date**" means:

(i) the First Reset Date; and

(ii) each Interest Payment Date following the First Reset Date.

The Issuer may exercise its redemption right pursuant to this § 5(3) only if the Current Principal Amount of each Note is equal to its Original Principal Amount.

(b) The notice of redemption shall be given by the Issuer to the Holders in accordance with § 11. Subject to § 5(8)(b), such notice shall be irrevocable and shall specify:

(i) the description of Notes subject to redemption, including the securities codes;

(ii) the Optional Redemption Date on which the Issuer will redeem the Notes; and

(iii) the Redemption Amount at which the Notes are to be redeemed.

(4) *Redemption for Reasons of Taxation*.

(a) If a Tax Event occurs, the Issuer may, upon giving not less than five Business Days' and not more than 40 Business Days' prior notice in accordance with § 5(4)(b), redeem the Notes in whole, but not in part, at the Redemption Amount at any time on the date of redemption specified in the notice, provided that the conditions to redemption and repurchase laid down in § 5(7) are met. In addition, the Issuer will pay interest, if any, accrued on the Current Principal Amount to but excluding the date of redemption specified in the notice, subject to cancellation of interest pursuant to §§ 3(5) and 5(8).

Where:

A "**Tax Event**" means the certification by an authorised signatory of the Issuer to the effect that, as a result of a Tax Law Change affecting the applicable tax treatment of the Notes:

(i) 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 reduced below the deductible amount at the date of issuance of the Notes;

(ii) the Issuer would be required to take into account a taxable income if the Current Principal Amount were Written-down, where the Issuer was not so required prior to the Tax Law Change; or

(iii) the Issuer would be materially adversely affected by a material change in the applicable tax treatment of the Notes,

in each case which cannot be avoided by the Issuer taking such measures it (acting in good faith) deems reasonable and appropriate.

"**Tax Law Change**" means any change in, or an amendment to, or clarification of, applicable legislation, regulation or relevant jurisprudence, including (but not limited to) a change in any fiscal legislation, regulation, rules or interpretations thereof (which interpretations shall be evidenced in writing) by the relevant tax authorities that occurs on or after the date of issuance of the Notes.

(b) The notice of redemption shall be given by the Issuer to the Holders in accordance with § 11. Subject to § 5(8)(b), such notice shall be irrevocable and shall specify:

(i) the description of Notes subject to redemption, including the securities codes;

(ii) the date on which the Issuer will redeem the Notes;

(iii) the reason for such call and redemption; and

(iv) the Redemption Amount at which the Notes are to be redeemed.

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

(a) *Redemption for Regulatory Reasons*. If a Regulatory Event occurs, the Issuer may, upon giving not less than five Business Days' and not more than 40 Business Days' prior notice in accordance with § 5(5)(c), redeem the Notes in whole, but not in part, at the Redemption Amount at any time on the date of redemption specified in the notice, provided that the conditions to redemption and repurchase laid down in § 5(7) are met. In addition, the Issuer will pay interest, if any, accrued on the Current Principal Amount to but excluding the date of redemption specified in the notice, subject to cancellation of interest pursuant to §§ 3(5) and 5(8).

A "**Regulatory Event**" occurs if there is a change in the regulatory classification of the Notes under the Applicable Supervisory Regulations, which becomes effective on or after the date of issuance 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 basis of the Issuer and/or on a (sub-)consolidated basis of the NLB Group). For the avoidance of doubt, a Regulatory Event shall not be deemed to have occurred in case of a partial exclusion of the Notes as a result of (i) a Write-down or (ii) a change in the regulatory assessment of the tax effects of a Write-down.

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) *Redemption for Reasons of Non-Approval*. If a Non-Approval Event occurs, the Issuer may, upon giving notice in accordance with § 5(5)(c), redeem the Notes in whole, but not in part, at the Redemption Amount at any time on the date of early redemption specified in the notice. In addition, the Issuer will pay interest, if any, accrued on the Current Principal Amount to but excluding the date of redemption specified in the notice, subject to cancellation of interest pursuant to § 3(5) and § 5(8).

A "**Non-Approval Event**" occurs if, by 17 May 2027 the Issuer fails to obtain the permission of the Competent Authority pursuant to Article 178(2) of ZBan-4 to include the Notes in whole in the calculation of its additional tier 1 capital.

If the inclusion of this § 5(5)(b) would at any time on or after the date of issuance of the Notes be the sole reason to prevent the Notes from being counted in whole or in part towards the additional tier 1 capital of the Issuer pursuant to CRR, as determined by the Issuer and/or the Competent Authority, then § 5(5)(b) shall no longer apply and the Issuer shall not have the right to redeem the Notes pursuant to § 5(5)(b). The Issuer shall as soon as practicable following any such determination give notice thereof to the Holders in accordance with § 11, provided that delay or failure to give such notice shall not affect the effectiveness of, or otherwise invalidate, any such determination or the cessation of the Issuer's right to redeem the Notes pursuant to § 5(5)(b).

(c) The notice of redemption shall be given by the Issuer to the Holders in accordance with § 11. Subject to § 5(8)(b), such notice shall be irrevocable and shall specify:

(i) the description of Notes subject to redemption, including the securities codes;

(ii) the date on which the Issuer will redeem the Notes;

(iii) the reason for such call and redemption; and

(iv) the Redemption Amount at which the Notes are to be redeemed.

(6) *Redemption for Minimal Outstanding Notes*.

(a) If at any time the number of Notes outstanding and held by persons other than NLB Group has fallen to 25 per cent. or less of the Notes originally issued, 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 Current Principal Amount together with accrued and unpaid interest, if any, to but excluding the date fixed for redemption, subject to cancellation of interest pursuant to §§ 3(5) and 5(8).

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. Subject to § 5(8)(b), such notice shall be irrevocable and shall specify:

(i) the description 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.

(7) *Conditions to Redemption and Repurchase*. Any redemption pursuant to §§ 5(3), 5(4), 5(5) or 5(6) and any repurchase pursuant to § 10(1) is subject to:

(a) (i) the Issuer not being insolvent; and

(ii) the payment of the relevant amount not resulting in the insolvency of the Issuer; and

(b) the Issuer having obtained the prior permission of the Competent Authority for such redemption or repurchase in accordance with Articles 77 and 78 CRR, whereas such permission may, *inter alia*, require 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 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

(c) in the case of any 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 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 Notes; or

(ii) in the case of any redemption due to a Regulatory Event, 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 Notes; or

(iii) 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 redemption or repurchase, the prevailing Applicable Supervisory Regulations permit the 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.

(8) *Write-down*

(a) If a Trigger Event (as defined below) has occurred:

(i) the Issuer will immediately inform the Competent Authority that the Trigger Event has occurred;

(ii) the Issuer will determine the Write-down Amount (as defined below) as soon as possible, but in any case, within a maximum period of one month following the determination that a Trigger Event has occurred (or such shorter period as the Competent Authority may require);

(iii) the Issuer will without undue delay inform the Paying Agent and, in accordance with § 11, notify the Holders that a Trigger Event has occurred by publishing a notice (such notice a "**Write-down Notice**") which will specify the Write-down Amount as well as the new/reduced Current Principal Amount of each Note and the Write-down Effective Date (as defined below);

(iv) the Issuer will (without the need for the consent of Holders) reduce the Current Principal Amount of each Note by the relevant Write-down Amount (such reduction being referred to as a "**Write-down**" and "**Written-down**" being construed accordingly) without undue delay with effect as from the Write-down Effective Date; and

(v) unpaid interest accrued on the Current Principal Amount to but excluding the Write-down Effective Date will be cancelled in accordance with § 3(5)(c).

Whether a Trigger Event has occurred shall be determined by the Issuer, the Competent Authority or any agent appointed for such purpose by the Competent Authority, as applicable, and such determination will be binding on the Holders.

For the avoidance of doubt, a Trigger Event may be determined at any time and may occur on more than one occasion, each Note may be subject to a Write-down on more than one occasion, provided however, that the Current Principal Amount of a Note may never be reduced to below EUR 0.01 under this § 5(8).

For the purposes of determining whether a Trigger Event has occurred, the Group CET 1 Capital Ratio (as defined below) or the Issuer CET 1 Capital Ratio (as defined below) may be calculated at any time based on information (whether or not published) available to the Issuer or the NLB Group (as applicable), including information internally reported within the Issuer pursuant to its procedures for monitoring the Group CET 1 Capital Ratio and/or the Issuer CET 1 Capital Ratio.

Any failure or delay to give the notice pursuant to § 5(8)(a)(i) and/or the Write-down Notice will not affect the effectiveness of, or otherwise invalidate, any Write-down. Any such notice which has not been given shall be given without undue delay.

(b) The Issuer shall not give a notice of redemption after a Trigger Event has occurred until the Write-down has been effected in respect of the relevant Trigger Event.

In addition, if a Trigger Event occurs after a notice of redemption but before the date on which such redemption becomes effective, the notice of redemption shall automatically be deemed revoked and shall be null and void and the relevant redemption shall not be made, and the rights and obligations in respect of the Notes shall remain unchanged.

(c) *Definitions*. In these Terms and Conditions:

"**Common Equity Tier 1 Capital Ratio**" means the common equity tier 1 capital ratio pursuant to Article 92(2)(a) CRR.

"**Group CET 1 Capital Ratio**" means the Common Equity Tier 1 Capital Ratio pursuant to Article 92(2)(a) CRR of the NLB Group on a (sub-)consolidated basis, as calculated in accordance with the Applicable Supervisory Regulations, including any applicable transitional, phasing in or similar provisions.

"**Issuer CET 1 Capital Ratio**" means the Common Equity Tier 1 Capital Ratio pursuant to Article 92(2)(a) CRR of the Issuer on an individual basis, as calculated in accordance with the Applicable Supervisory Regulations, including any applicable transitional, phasing in or similar provisions.

"**Loss Absorbing Instrument**" means, at any time, any AT 1 Instrument (other than the Notes) that may have all or some of its current principal amount written down (whether on a permanent or temporary basis) or converted into Common Equity Tier 1 instruments (in each case, in accordance with its terms or otherwise) on the occurrence or as a result of the Group CET 1 Capital Ratio and/or the Issuer CET 1 Capital Ratio falling below a certain trigger level.

"**Minimum Trigger Level**" means in respect of: (i) the Group CET 1 Capital Ratio 5.125 per cent.; and/or (ii) the Issuer CET 1 Capital Ratio 5.125 per cent.

"**Required Loss Absorption Amount**" means the amount which is determined by the Issuer to be necessary in conjunction with (a) the concurrent Write-down of the other Notes; and (b) the concurrent (or substantially concurrent) write-down or the conversion into Common Equity Tier 1 instruments of, or other loss absorption measures taken in respect of, any other Loss Absorbing Instruments required in each case in the manner and to the extent required to restore the Issuer CET 1 Capital Ratio and/or the Group CET 1 Capital Ratio to or above the relevant Minimum Trigger Level. If upon the occurrence of a Trigger Event other Loss Absorbing Instruments are also subject to a write-down or are subject to conversion into Common Equity Tier 1 instruments (in each case, in accordance with its terms or otherwise), where the respective terms of such Loss Absorbing Instruments provide for a trigger event on a level for the Common Equity Tier 1 Capital Ratio at or above the Minimum Trigger Level (together with the Notes the "**Relevant AT 1 Instruments**"), any such write-down or conversion will occur in such order of application or ratio as required in accordance with the Applicable Supervisory Regulations. If no such order or ratio is required by the Applicable Supervisory Regulations, the following applies:

(i) Any Write-down will, subject to the provision set out in the following sentence, be effected *pro rata* with all other Relevant AT 1 Instruments.

The Notes and all other Relevant AT 1 Instruments will only participate in a write-down or (as the case may be) a conversion into Common Equity Tier 1 instruments to the extent required in aggregate to restore the Issuer CET 1 Capital Ratio and/or the Group CET 1 Capital Ratio to the ratio provided for in their respective terms as the ratio triggering the event resulting in such write-down and/or conversion into Common Equity Tier 1 instruments; provided that the total amount of the write-downs and conversions shall not exceed the sum of the outstanding current principal amounts of the Relevant AT 1 Instruments at the time of occurrence of the Trigger Event.

(ii) Any other Relevant AT 1 Instrument that may be written down or converted in full but not in part will, for the purposes of determining the relevant *pro rata* amounts for a write-down and calculation of the Write-down Amount, be treated as if its terms permit a partial write-down or conversion.

To the extent the write-down (or write-off) or conversion into Common Equity Tier 1 instruments of any Loss Absorbing Instrument whose trigger events for a write-down or conversion pursuant to their terms has occurred is not effective for any reason:

(i) the ineffectiveness of any such write-down (or write-off) or conversion shall not prejudice the requirement to effect a Write-down of the Notes; and

(ii) the write-down (or write-off) or conversion of any other Loss Absorbing Instrument that is not effective shall not be taken into account in determining such Write-down of the Notes.

A "**Trigger Event**" occurs if it has been determined that: (i) the Group CET 1 Capital Ratio; and/or (ii) the Issuer CET 1 Capital Ratio fall to an amount that is lower than the applicable Minimum Trigger Level.

"**Write-down Amount**" per Note means the amount by which the Current Principal Amount per Note is to be Written-down on a Write-down Effective Date, being the lower of (i) the *pro rata* share of the Note in the Required Loss Absorption Amount; and (ii) the amount necessary to reduce the Current Principal Amount to EUR 0.01.

"**Write-down Effective Date**" means the date on which the Write-down will take effect, being no later than one month (or such shorter period as the Competent Authority may require) following the occurrence of the relevant Trigger Event.

(d) Any Write-down of a Note pursuant to this § 5(8) shall not constitute a default by the Issuer for any purpose, and the Holders shall have no right to claim for amounts Written-down, whether in the insolvency or liquidation (*likvidacija*) of the Issuer or otherwise, save to the extent (if any) such amounts are subject to a Write-up in accordance with § 5(9).

(9) *Write-up*. The Issuer may, at its sole discretion, effect a reversal of a Write-down by writing up the Current Principal Amount, in whole or in part, up to a maximum of the Original Principal Amount (a "**Write-up**"), provided that a positive Profit has been recorded for each of the Issuer and the NLB Group, and subject to the below limitations. There will be no obligation for the Issuer to operate or accelerate a Write-up under any specific circumstances.

If the Issuer so decides in its sole discretion, the Write-up will occur with effect as of the Write-up Effective Date (as defined below) (including).

At its discretion (without being obliged to) the Issuer may effect such Write-up in accordance with the Applicable Supervisory Regulations provided that:

(a) at the time of the Write-up, there must not exist any Trigger Event that is continuing; any Write-up is also excluded if such Write-up would give rise to the occurrence of a Trigger Event;

(b) at the time of the Write-up, the Issuer is not insolvent and the Write-up would not result in the insolvency of the Issuer;

(c) such Write-up is applied on a *pro rata* basis to all Notes and among Loss Absorbing Written-down Instruments; and

(d) the sum of:

(i) the aggregate amount attributed to the relevant Write-up of the Notes and the aggregate increase in principal amount of Loss Absorbing Written-down Instruments resulting from any previous write-up since the end of the then previous financial year; and

(ii) the aggregate amount of any interest (however so described) paid on the then aggregate Current Principal Amount of the Notes (being lower than the Original Principal Amount), the aggregate amount of any interest (however so described), any additional amounts thereon paid on Loss Absorbing Written-down Instruments in respect of the current principal amount that is lower than the original principal amount at issuance and any refund of withholding tax paid by the Issuer in connection with the Notes or other Loss Absorbing Instruments pursuant to individual agreements with the Holder thereof to the extent that it has not been refunded to the Issuer by the relevant tax authority;

as calculated at the moment the Write-up is operated will not exceed the Maximum Write-up Amount at any time after the end of the then previous financial year.

The amount of any Write-up shall be subject to the restrictions relating to any applicable Maximum Distributable Amount as at the time of the Write-up.

For the avoidance of doubt, a Write-up of the Notes may occur on one or more occasions until the Current Principal Amount equals the Original Principal Amount. Write-ups do not have priority over dividend payments and other distributions on shares and other Common Equity Tier 1 instruments, i.e. such payments and distributions are permitted even if no full Write-up of the Notes has been effected.

If the Issuer elects to effect a Write-up, it will publish a notice about the Write-up (including the amount of the Write-up as a percentage of the Original Principal Amount and the effective date of the Write-up (in each case a "**Write-up Effective Date**")) no later than 10 calendar days prior to the relevant Write-up Effective Date to the Paying Agent and, in accordance with § 11, to the Holders. The Write-up shall be deemed to be effected at the time when the notice to the Holders is given in accordance with § 11 and the Current Principal Amount shall be deemed to be increased by the amount specified in the notice with effect as of the Write-up Effective Date.

Where:

"**Maximum Write-up Amount**" means the lower of:

(i) the (sub-)consolidated Profit multiplied by the sum of the aggregate Original Principal Amount of the Notes and the aggregate initial principal amount of all Loss Absorbing Written-down Instruments of the NLB Group (for the avoidance of doubt, before any write-down), and divided by the total Tier 1 capital pursuant to Article 25 CRR of the NLB Group as at the date the relevant Write-up is operated; and

(ii) the Profit on an unconsolidated basis multiplied by the sum of the aggregate Original Principal Amount of the Notes and the aggregate initial principal amount of all Loss Absorbing Written-down Instruments of the Issuer (for the avoidance of doubt, before any write-down), and divided by the total Tier 1 capital pursuant to Article 25 CRR of the Issuer as at the date the relevant Write-up is operated;

or any higher or lower amount permitted to be used under the Applicable Supervisory Regulations in effect on the date of the relevant Write-up.

"**Loss Absorbing Written-down Instrument**" means any Loss Absorbing Instrument that has had all or some of its principal amount written-down on a temporary basis, and that has terms permitting a principal write-up to occur on a basis similar to that provided herein in the circumstances existing on the date of the Write-up of the Notes.

"**Profit**" means:

(i) the net income for the year of the Issuer on an unconsolidated basis recorded in the Relevant Financial Statements; or

(ii) the (sub-)consolidated net income for the year on a (sub-)consolidated basis recorded in the (sub-) consolidated financial statements of the NLB Group,

in each case after such Relevant Financial Statements or (sub-)consolidated financial statements have formally been determined by either the supervisory board or, if so requested, the shareholders' meeting of the Issuer.

§ 6
PAYING AGENT AND CALCULATION AGENT

(1) *Appointment; Specified Offices*. The initial Paying Agent and the initial Calculation Agent and their respective initial specified offices are:

Paying Agent:

Citibank Europe plc
1 North Wall Quay
Dublin 1
Ireland

Calculation Agent:

Citibank Europe plc
1 North Wall Quay
Dublin 1
Ireland

Where these Terms and Conditions refer to the term "Paying Agent", such term shall include the initial Paying Agent and any further paying agents appointed in accordance with § 6(2). The Paying Agent 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 an additional or other Paying Agent or another Calculation Agent. The Issuer shall at all times maintain (i) a Paying Agent and (ii) so long as the Notes are listed on a stock exchange at the initiative of the Issuer, a Paying 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 Paying Agent 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 Paying 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 Paying 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.

§ 7
TAXATION

(1) *General Taxation.* All payments of principal and 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. In the event that any withholding or deduction is required by law, the Issuer shall make such withholding or deduction and shall pay the amounts so withheld or deducted to the relevant tax authority, and the amounts payable to Holders shall be reduced accordingly. The Issuer shall not be obliged to pay any additional amounts to Holders in respect of any such withholding or deduction.

(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 AT 1 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 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 Paying 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
REPURCHASES AND CANCELLATION

(1) *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 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 Paying Agent.

(2) *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 (5) of § 2 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 the 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.