

On the basis of Article 19 of the bank's Articles of association and provisions of the Rules of procedure governing the work of the Management board, the bank's Management board adopted on 14 December 2009 in the form of a consolidated text the following

## **RULES OF PROCEDURE GOVERNING THE WORK OF THE NOVA KBM d.d. MANAGEMENT BOARD**

### **I. GENERAL PROVISIONS**

#### **Article 1**

These Rules of procedure set out the competencies of the Nova KBM d.d. Management board (hereinafter referred to as: Management board), the method of its work and taking decisions, the representation and signing of Management board members, and other matters relevant to the work and decision-making of the Management board.

### **II. COMPETENCIES OF THE MANAGEMENT BOARD**

#### **Article 2**

The Management board runs the bank autonomously and on its own responsibility, to the benefit of the bank, for which it has all the powers provided by the applicable legislation, the bank's Articles of association as well as these Rules of procedure.

The Management board represents and presents the bank and is responsible for the legality of its operations.

#### **Article 3**

Notwithstanding the provision of Article 2 of these Rules of procedure, the Supervisory board shall, in accordance with the law and Article 25 of the bank's Articles of association, give consent to the Management board in adopting:

- the bank's business policy
- the bank's financial plan
- the organisation of the system of internal controls
- the indicative annual plan of work of the Internal Audit Centre
- new issues of own securities exceeding €30 million
- all transactions regarding the acquisition and disposal of equity holdings in companies and other legal entities whose book value exceeds €550,000
- acquisition and disposal of investments in equity instruments with the purpose of portfolio investments, if such investment in any one issuer exceeds 5% of the bank's equity
- any decisions in respect of actions resulting in status changes in companies and other legal entities in which the bank holds a majority stake
- formation of a banking and/or financial group or groups
- writing off claims over €1 million
- raising of funds and contracting other liabilities for the bank which in one financial year, individually or in total, exceed 25% of the bank's equity

- transactions in which, considering the bank's total exposure, the bank's exposure toward a customer would reach or exceed 10% of the bank's equity, and in which the bank's exposure toward a customer would be increased by so much as to reach or exceed 15% or 20% of the bank's equity and each subsequent 5% of its equity
- concluding a transaction which is a basis for the bank's exposure toward a person having a special relationship with the bank within the meaning of provisions of Article 167 of the Banking Act (ZBan-1)
- other matters in accordance with the regulations.

#### **Article 4**

The president and members of the Management board may, by a special resolution, agree to divide among themselves the management of individual operating sections of the bank.

The decision on the division of the management of individual operating sections of the bank among the Management board members shall be reached by the Management board unanimously by a special resolution annexed to these Rules of procedure.

#### **Article 5**

Members of the Management board shall inform each other of all important transactions and activities being carried out in the sections for which they are responsible in accordance with the agreed-upon division of individual operating sections of the bank.

#### **Article 6**

The Management board may, by a special resolution adopted unanimously, authorise each individual member of the Management board to make autonomous decisions in respect of individual matters and transactions that relate to the current operations of the bank. Such resolution is annexed to these Rules of procedure.

### **III. DECISION-MAKING BY THE MANAGEMENT BOARD**

#### **Decision-making by the Management board**

#### **Article 7**

The Management board is composed of three members: the president and two members. The president of the Management board shall appoint one member of the Management board as his/her deputy.

Decisions that fall within the competence of the Management board are, as a rule, adopted unanimously by the president and members of the Management board. In case of disaccord, a decision is adopted with a majority of votes cast by all members of the Management board. In making the decisions or voting, the president and each member of the Management board have one vote. In case of an equal number of votes, the president of the Management board has the casting vote. The member of the Management board who does not agree with the decision of the president of the Management board has the right to inform the bank's Supervisory board of a disagreement.

## **Article 8**

As a rule, in cases laid down in Article 3 of these Rules of procedure, all three members of the Management board adopt decisions unanimously. Exceptionally, in the absence of one member, the president and the member present may reach a decision.

## **Article 9**

In the absence of the president of the Management board, his/her duties shall be carried out by the deputy president together with the Management board member present. If both the president and the deputy president are absent, the duties of the Management board shall be carried out by the Management board member present together with the officer who was authorised jointly by the president and his/her deputy prior to their absence. In such cases, the decisions are reached jointly by the member present and the authorised officer.

In accordance with the law governing companies, the Management board members are jointly and severally liable for the decisions adopted by the Management board.

## **Article 10**

The Management board adopts its decisions:

1. At regular and extraordinary meetings of the Management board.
2. At correspondent meetings of the Management board.
3. Daily, outside the Management board meetings, by jointly signing individual resolutions or other business decisions.

## **Call of the Management board meeting**

### **Article 11**

Regular Management board meetings take place with the aim of discussing and making decisions relating to all segments of the bank's operations. Regular Management board meetings are attended by the Management board members, executive directors, advisers to the Management board, officers authorised by the Management board, manager of the Internal Audit Centre, manager of Marketing and Corporate Communications, investor relations officer, secretary of the bank, and the executive secretary of the Management board.

As a rule, regular Management board meetings take place every 14 days or as necessary.

The president of the Management board may decide that other bank experts or other invited persons are present at a regular Management board meeting.

The Management board may reach decisions also at extraordinary meetings, if, considering the importance of the subject, such a meeting must be called, which shall be decided by the president of the Management board.

### **Article 12**

Management board meetings are called by the president of the Management board or, in his/her absence, the deputy president.

### **Article 13**

The material for regular Management board meetings, along with the invitation and agenda for the meeting, is sent by the secretary of the bank to the Management board members and other invited persons referred to in Article 11 of these Rules of procedure no later than two days prior to the meeting of the Management board.

### **Article 14**

A correspondent meeting of the Management board may be held in the case of absence of the Management board; in such a case, the Management board shall reach a decision with respect to the manner of calling the meeting and the issues that require urgent decision-making. A correspondent meeting is held by means of modern telecommunication devices, in such a way that it is unambiguously possible to ascertain the content of the decision of the Management Board members.

## **Preparation of the material for Management board meetings**

### **Article 15**

The material to be discussed and decided upon at Management board meetings is prepared by the Management board members, executive directors, officers authorised by the Management board, department managers, branch managers, heads of independent organisational units of the bank, or other bank experts.

The material, i.e. content of proposals submitted to a Management board meeting by executive directors, officers authorised by the Management board, department managers, branch managers, or heads of independent organisational units, must fall within the competencies and description of the field of work of the proposer, as laid down in the Regulations on the organisation of Nova KBM d.d.

The material for the Management board meetings must be professionally prepared and well-substantiated, and must be signed by the proposer of the material, i.e. department managers or heads of independent organisational units and the competent executive director or the officer authorised by the Management board. As a rule, the material or proposals for the Management board meetings contain proposals for the resolutions to be adopted by the Management board.

Heads of independent organisational units who are directly subordinated to the Management board are both signatories and proposers of the material for the Management board meetings.

As a rule, the material to be put on the agenda of a Management board meeting must be prepared and submitted to the secretariat of the bank by the proposer no later than three days prior to the Management board meeting.

More specific provisions relating to the preparation of material for the Management board meetings and to the signing of this material are set out in the instructions concerning the method of preparing the material for the Management board and carrying out the function of decision-making, representing and signing.

## **Decision-making at Management board meetings**

### **Article 16**

Management board meetings are chaired by the president of the Management board or, in his absence, the deputy president.

The Management board constitutes a quorum, if at least two members of the Management board are present at the meeting. In the absence of both Management board members, the president of the Management board and the officer who was authorised in writing by both Management board members prior to their absence must be present at the meeting.

After the quorum has been established, the Management board members discuss and vote on the proposed agenda.

Each member of the Management board may propose that the agenda be extended or supplemented. The Management board shall decide on the proposed amendment in the manner laid down in Article 7 of these Rules of procedure.

If the Management board assesses that the proposed material does not include all the information needed for making a decision, it requests the proposer by a resolution to supplement the proposal and submit it for discussion at the next meeting.

Following the adoption of the agenda, the Management board approves the minutes of the previous meeting and ascertains and formulates any possible observations.

The meeting continues with the review of resolutions that have been adopted at the previous meeting, but not implemented. At the Management board meetings, the secretary of the bank shall give a report on the implementation of resolutions adopted at the previous Management board meeting.

Respective departments, responsible for the implementation of adopted resolutions, must inform the Management board in writing of the reasons for not implementing (in due course) the resolutions of the Management board.

The meetings are conducted according to the agenda; each item of the agenda is announced by the chair of the meeting. The reporting person for each item of the agenda is the proposer referred to in the second paragraph of Article 15 of these Rules of procedure or a Management board member who proposes the item of the agenda, or the executive director, head of an independent organisational unit or any other officer of the bank who submitted the proposal.

### **Article 17**

At the meeting, the Management board may amend a resolution that was proposed, or formulate a new proposal if no written proposal was submitted. In such cases, the chair of the meeting shall formulate the resolution which is then entered in the minutes.

The chair of the meeting shall decide on the voting order in cases where multiple proposals are submitted for an item.

The resolutions adopted at the meeting must be entered in the minutes.

Upon the adoption of resolutions, it is, as a rule, necessary to determine the officers responsible for the implementation of the resolutions, the deadlines for implementation as well as the recipients of the resolutions.

### **Article 18**

The Management board may temporarily suspend a meeting and resume it at the time determined by the chair of the meeting in agreement with other Management board members.

### **Decision-making by the Management board outside Management board meetings**

### **Article 19**

The Management board may reach decisions outside its meetings, by jointly adopting and signing resolutions or other decisions.

The material (proposals) which is submitted to the Management board for decision outside regular meetings is normally related to the issues of operational nature concerning current operations of the bank, in particular:

- proposals concerning individual changes (increase-decrease) of interest rates
- changes (increase-decrease) of fees
- proposals concerning special promotions for bank customers
- proposals concerning the classification of bank customers
- resolution proposals concerning the transfer of special powers to other persons
- proposals relating to the governance of employment relationships
- other current issues which, according to the assessment of the Management board, may be decided upon outside a meeting.

All other issues relating to the formulation or changes in the implementation of the business policy, as well as other substantive matters concerning the operations of the bank, are, as a rule, discussed at the Management board meetings.

The material (proposals), submitted to the Management board for decision outside Management board meetings, is prepared in the same manner as the material for a regular Management board meeting, i.e. in accordance with Article 15 of these Rules of procedure.

More specific provisions relating to the preparation of material on the basis of which the Management Board is to reach decisions outside Management board meetings are set out in the instructions concerning the method of preparing the material for the Management board and carrying out the function of decision-making, representing and signing.

The decisions on the matters referred to in the second paragraph of this Article are, as a rule, adopted by the Management board jointly, except in cases where the Management board may reach a decision in the manner set out in Article 6 of these Rules of procedure.

In the absence of two members of the Management board, the decisions relating to the matters referred to in the second paragraph of this Article are reached and signed jointly by the Management board member present and the authorised officer, whereby the authorised officer shall not be a person employed in the division that submitted the proposal.

## **Distributing the decisions of the Management board**

### **Article 20**

Following the approval of the minutes of the previous Management board meeting, the secretariat of the bank must distribute the minutes in electronic form to all recipients of the minutes and the respective officers responsible for the implementation of a resolution.

In exceptional cases, the secretariat of the bank may, on the request of the respective organisational unit, send to this unit the extract from the minutes of the Management board meeting also in written form.

Resolutions or decisions adopted (signed by the Management board members) outside the Management board meetings shall be distributed by the secretariat of the bank in the manner set out in the instructions concerning the method of preparing the material for the Management board and carrying out the function of decision-making, representing and signing, i.e. to all organisational units to which the respective resolution of the Management board refers, and to the organisational units that must use or implement the resolution in the operations of the bank.

## **IV. REPRESENTATION AND SIGNING**

### **Representation of the bank**

#### **Article 21**

The bank is represented jointly by at least two members of the Management board.

In the absence of the president of the Management board, the deputy president acts on his/her behalf.

In the absence of two out of three members of the Management board, the bank is represented by the Management board member present and the officer authorised for the representation by the absent Management board members.

All members of the Management board or, alternatively, two members of the Management board may authorise one individual member of the Management board to represent the bank autonomously in entering into certain transactions. Such a transaction or transactions must be clearly specified in the authorisation.

#### **Article 22**

Individual competencies and duties from the sphere of activity of the Management board may be transferred to bank officers or committees and commissions appointed in accordance with the bank's Articles of association.

#### **Article 23**

For the application or implementation of authorisations, the Management board may give oral or written instructions and guidelines to the authorised officers, and may, for each authorised officer, define the deadlines and the method of oral and written reporting.

The decisions with respect to the transfer of authorisations regarding the decision-making and representation are, in written form, adopted by the Management Board members

unanimously or, in the absence of one of the members of the Management board, by the president of the Management board and the member present.

#### **Article 24**

The authorisation is issued by the Management board in written form and may be a general or a specific one.

By issuing a general authorisation, the Management board transfers to the authorised officer some of its representation competencies in matters that fall within the regular operations of the bank.

By issuing a specific authorisation, the Management board transfers to the authorised persons its representation competencies only for certain transactions or a certain type of transactions that do not fall within the regular operations of the bank.

A specific authorisation must include:

- name and surname of the person to whom the representation competencies are being transferred,
- the exact definition of the content of a specific authorisation,
- restriction(s) with regard to the type and the value of a transaction or a specific authorisation,
- duration of the authorisation, and
- other elements.

The authorisations are entered into the register of issued authorisations which is kept by the secretariat of the bank.

#### **Signing of the Management board**

#### **Article 25**

As a rule, in the matters relating to the decision-making and representation, all members of the Management board shall sign jointly or, alternatively, on the basis of a decision reached by the majority, at least two members of the Management board shall sign jointly.

In the matters falling within the competence of the business division for the management of which the respective Management board member is responsible, the president of the Management board and the Management board member, responsible for the management of the respective business division, are in charge of signing. In the absence of the president of the Management board, the Management board member responsible for the management of the respective business division and the deputy president of the Management board are in charge of signing the matters relating to the decision-making and representation.

In the matters relating to the decision-making that fall within the competence of the business division for which the president of the Management board is responsible, the president of the Management board and one of the members of the Management board are in charge of signing the matters relating to the decision-making and representation. If both members of the Management board are absent, the president of the Management board and the authorised officer are in charge of signing.

In the matters relating to the decision-making and representation that fall within the competence of the business division for which the absent member of the Management board (the president or one of the members of the Management board) is responsible, the



president of the Management board and the Management board member present or, if they are absent, the president or the member of the Management board together with the authorised officer are in charge of signing.

In the matters relating to the decision-making and representation that fall within the competence of the business division for which the respective Management board member is responsible, the person who has been previously authorised for signing by the absent members of the Management board and the Management board member present are in charge of signing in the absence of the president and the Management board member.

The documents or documentation which are deemed important for the bank as a whole and do not fall exclusively within the competencies of any Management board member are, in the matters relating to the decision-making and representation, normally signed by all members of the Management board:

- decisions on matters in respect of which the Management board must, in accordance with provisions of the Articles of associations and Article 3 of these Rules of procedure, obtain a consent of the Supervisory board
- decisions concerning proposals that are presented by the Management board to the Supervisory board for discussion
- decisions relating to the strategic orientations of the bank or individual business divisions of the bank
- decisions with respect to legal transactions concerning the work of external auditors and advisers
- decisions relating to the borrowing of significant loans for the bank
- decisions concerning significant equity investments in banks and other entities
- decisions concerning write-offs
- decisions concerning the transfer of general authorisations
- decisions concerning the adoption of important internal documents of the bank.

In the matters set out in the previous paragraph, the documents may, in exceptional cases (prolonged absence, illness etc. of any member of the Management board), be signed also by two members of the Management board or a Management board member together with the authorised officer, provided that they have previously or subsequently obtained the consent of the absent Management board member.

More specific provisions related to the signing of the members of the Management board are set out in the instructions concerning the method of preparing the material for the Management board and carrying out the function of decision-making, representing and signing.

## **Article 26**

The adopted decisions for which the Management board must, in accordance with the bank's Articles of association, obtain consent of the Supervisory board, are submitted to the Supervisory board for consent. Consents of the Supervisory board are always issued in written form.

## **V. MINUTES AND RESOLUTIONS OF THE MANAGEMENT BOARD**

### **Article 27**

Minutes are kept for all Management board meetings; all decisions of the Management board are entered into the minutes.

The minutes contain:

- consecutive number of the meeting
- name and surname of the chair of the meeting, members present at and absent from the meeting, and those invited to the meeting
- place and location
- date and the time for the start and the end or suspension of the meeting
- a brief summary of the discussion
- resolutions adopted at the meeting.

Minutes of the Management board meetings are distributed by the secretariat to the Management board members, executive directors, officers authorised by the Management board, and heads of organisational units of the bank (departments, branches and services).

### **Article 28**

Minutes of the Management board meetings are signed by the president of the Management board or the Management board member who chaired the meeting in the absence of the president, and the secretary of the bank.

### **Article 29**

As a rule, any comments to the minutes may be submitted by the recipients of the minutes laid down in Article 27 within five days following the receipt of the minutes, however, no later than by the next Management board meeting.

### **Article 30**

Persons responsible for the execution of resolutions are specified in the resolutions of the Management board.

### **Article 31**

The president and members of the Management board must regularly inform each other of all issues relevant to the execution of resolutions of the Management board, in particular of any problems that hinder the execution of resolutions.

## **VI. AUTHORITIES AND BODIES OF THE MANAGEMENT BOARD**

### **Liquidity committee**

#### **Article 32**

The liquidity committee is in charge of regulating the liquidity and currency policy of the bank, of deciding on the volume and the terms and conditions of transactions entered into with the aim of providing the optimum liquidity and complying with the regulations of the Bank of

Slovenia, of deciding on long-term relations to ensure reciprocal provision of the bank's liquidity, and of other issues in this area.

Members of the liquidity committee are appointed by a resolution of the Management board. The competencies and duties of the liquidity committee are regulated by special resolutions of the Management board and the Rules of procedure governing the work of the liquidity committee.

## **Assets and liabilities committee (ALCO)**

### **Article 33**

The ALCO reviews the balance sheet structure and movements of assets and liabilities, and discusses the statement of financial position and the statement of income, the bank's business policy and financial plan, capital adequacy, the provisioning policy, market, liquidity and operational risks, the interest rate and fee policy, and other important issues relevant to the operations of the bank.

Members of the ALCO are appointed by a resolution of the Management board. The competencies and duties of the ALCO are regulated by special resolutions of the Management board and the Rules of procedure governing the work of the ALCO.

## **Credit committees**

### **Article 34**

The bank has the following credit committees:

- the credit committee of the bank
- the credit committee of the corporate banking division, the credit committee of the Nova Gorica division
- the credit committee of the corporate banking department (Maribor, Nova Gorica)
- the branch credit committee (Maribor, Ptuj, Slovenska Bistrica, Celje, Ljubljana, Ajdovščina, Tolmin, Idrija, Brežice, Novo mesto, Koper, Nova Gorica, Kranj).

The credit committees, their members, competencies and the method of their work are appointed and/or regulated by special resolutions of the Management board and the Rules of procedure governing the work of the credit committees.

## **Commercial board**

### **Article 35**

The commercial board discusses and reviews the implementation and the measures for the implementation of the adopted business policy of the bank, and discusses the implementation of strategic orientations of the bank in the commercial area, the introduction of new offering or the expansion of the existing one, and other issues related to the commercial activities of the bank.

Members of the commercial board are appointed by a resolution of the Management board. The competencies and duties of the commercial board are regulated by the Rules of procedure governing the work of the commercial board.

## **Other bodies, boards, committees and working groups**

### **Article 36**

The Management board may appoint other boards, committees and working groups for the carrying out of particular tasks that fall within the competencies of the Management board, or for the performance of individual specialist tasks.

The composition, competencies, authorisations, and the method of work of these boards, bodies, committees and working groups are regulated and/or appointed by resolutions of the Management board and the respective Rules of procedure.

## **VII. PROTECTION OF BUSINESS SECRET**

### **Article 37**

Participants in the Management Board meetings must protect all the data and other documentation which is considered as business secret and of which they are informed at or in connection with their work or in any other way, in the manner set out in the Regulations on business secret and protection of Nova KBM d.d.

The secretary of the bank must take care that all the materials and resolutions of the Management board discussed at the Management board meetings and indicated as business secret are marked with the type and level of confidentiality.

### **Article 38**

Officers submitting materials and resolution proposals to be discussed at the Management board meetings must indicate on the materials and resolution proposals whether the materials are to be considered as a business secret of the bank.

### **Article 39**

Participants in the Management board meetings must keep as a business secret all the materials and information which they received at the Management board meetings and which were sent to the bank from state authorities or third persons and are marked as a state or business secret, and are not allowed to submit such materials to third parties without the explicit written consent of the Management board.

## **VIII. OTHER PROVISIONS**

### **Article 40**

The secretariat of the bank is responsible for providing legal, formal, organisational and administrative support to the Management board.

The secretariat of the bank is responsible for providing the information, and for distributing and keeping the documents related to the meetings of, and the decisions or resolutions adopted by, the Management board.

The consolidated text of the Rules of procedure shall enter into force on the day following the date on which it is adopted by the Management board, and after the Management board has

received the consent of the Supervisory board with respect to the adoption of the Rules of procedure.

Maribor, 14 December 2009

Management Board of Nova KBM d.d.

Andrej Plos  
Member

Manja Skernišak  
Member

Matjaž Kovačič  
President

The Supervisory Board gave its consent to the text of the Rules of procedure at its 17<sup>th</sup> meeting dated 23 December 2009.