

**LUMINOR BANK AS**  
**ARTICLES OF ASSOCIATION**

**1 BUSINESS NAME AND SEAT**

**1.1** The business name of the public limited company is **Luminor Bank AS** (hereinafter: the **Bank**).

**1.2** The seat of the Bank is in Tallinn, Republic of Estonia.

**2 LEGAL STATUS**

**2.1** The Bank is a credit institution established in the form of a public limited company and acting on the ground of the activity license issued by the Financial Supervision Authority.

**3 FIELDS OF ACTIVITIES**

**3.1** The main business activities of the Bank include:

- (i) deposit transactions for the receipt of deposits and other repayable funds from the public;
- (ii) borrowing and lending operations;
- (iii) leasing transactions;
- (iv) provision of all other financial services in the sense of the Credit Institutions Act.

**3.2** The Bank may perform any other transactions or operations which are necessary for the carrying out of its main business activities, unless otherwise provided by law.

**4 SHARE CAPITAL AND SHARES**

**4.1** The minimum share capital of the Bank shall be EUR 30,000,000 (thirty million Euros) and the maximum share capital shall be EUR 120,000,000 (one hundred and twenty million Euros) (hereinafter: the **Share Capital**). The Share Capital may be increased or reduced within the limits of the minimum and maximum share capital without making amendments to the articles of association of the Bank (hereinafter: the **Articles of Association**).

**4.2** The Share Capital of the Bank is formed of the monetary contributions of the Shareholders. In case of a merger of banks the shares of the Bank may also be paid in with non-monetary contributions, if so decided by the general meeting of shareholders. Upon increase of the share capital of the Bank with non-monetary contributions, the valuation of the transferred assets and the assessment thereon by the auditor is carried out as required by the Commercial Code. If valuation of the contributions is required also by the representatives of the Bank or generally recognised experts under applicable law, the contributions are evaluated by the management board of the Bank or the relevant generally recognised experts and the evaluation assessed by the auditor.

**4.3** The Share Capital of the Bank shall be divided into shares (hereinafter respectively: the **Share** or **Shares**). The Bank shall have only one class of Shares i.e. registered common shares.

**4.4** Each Share shall have the nominal value of EUR 10 (ten euros), whereas each Share shall grant 1 (one) vote at the general meeting of shareholders (hereinafter: the **General Meeting**).

- 4.5** Each Share shall grant to a shareholder of the Bank (hereinafter: the **Shareholder**) the right to participate in the General Meeting and in the distribution of profits of the Bank and of assets outstanding in the event of the dissolution of the Bank, as well as other rights provided by law or the Articles of Association.
- 4.6** The Bank may issue convertible bonds the holder of which shall have the right to convert its bond to a Share(s). The sum of nominal values of convertible bonds shall not exceed 1/10 of the share capital.
- 4.7** The Shares of the Bank must be registered with the Estonian register of securities.
- 4.8** Shareholders may freely transfer their Shares. Upon the transfer of Shares to third persons other Shareholders have no right of pre-emption. Any regulatory approval required in relation to a transfer of Shares shall be obtained prior to completion of the transfer in accordance with applicable law.
- 4.9** Shares may be pledged.
- 4.10** The Share Capital may be increased by the issue of new Shares or by increase of the nominal value of the existing Shares, which can be executed either through additional monetary contributions or the bonus issue. The Share Capital may also be increased by conversion of the convertible bonds to Shares or by the set-off of a financial claim arising out of a subordinated debt agreement and the issue price of the Shares.
- 4.11** The Supervisory Council shall have the right to increase the Share Capital within three years as of the adoption of this version of Articles of Association. The Supervisory Council shall not increase the Share Capital by more than 1/10 of the Share Capital which existed at the time when this version of Articles of Association entered into force.
- 4.12** The Share Capital may be reduced by a reduction of the nominal value of Shares or by cancellation of Shares in accordance with the law.
- 4.13** The resolution on the increase or reduction of Share Capital shall be adopted by the General Meeting if at least 2/3 of the votes represented at the meeting are in favour.

## **5 ORGANIZATIONAL STRUCTURE OF THE BANK**

- 5.1** The structure of the Bank comprises of the following management bodies and structural units formed by the relevant management bodies in accordance with the requirements of the law:

### 5.1.1 Management bodies:

- (i) the general meeting of shareholders (**General Meeting**);
- (ii) the supervisory council (**Supervisory Council**);
- (iii) the management board (**Management Board**).

### 5.1.2 Committees:

- (i) credit committee;
- (ii) mandatory Supervisory Council level committees.

5.1.3 Structural units:

- (i) internal audit unit;
- (ii) other structural units established by the management bodies of the Bank.

**6 GENERAL MEETING**

**6.1** The General Meeting is the highest managing body of the Bank. General Meetings may be ordinary and extraordinary. A General Meeting shall be held at a time and place as determined by the Management Board. General meetings are permitted to be held in Estonia or as determined by the Supervisory Council in respect of the relevant General Meeting.

**6.2** The ordinary General Meeting takes place once a year not later than within 6 (six) months as from the end of the financial year, unless otherwise stipulated by law.

**6.3** The extraordinary General Meeting shall be convened by the Management Board in the following cases:

- (i) the amount of own funds of the Bank is lower than the minimum requirement provided for by law and the Bank has not brought the own funds to the level required by the date stipulated in the precept of the Financial Supervision Authority;
- (ii) it is demanded by any Shareholder or Shareholders whose Shares represent more than 1/10 of the Share Capital;
- (iii) it is demanded by the Supervisory Council or the auditor;
- (iv) this is clearly in the interests of the Bank; and
- (v) in all other cases stipulated by law.

**6.4** The notice of the ordinary General Meeting shall be sent to all Shareholders so that in the course of the ordinary delivery it would be received by the Shareholders at least 3 (three) weeks in advance of the General Meeting, and in the case of an extraordinary General Meeting, at least 1 (one) week in advance of the General Meeting. If the Bank has more than 50 Shareholders, notices need to be sent to the Shareholders, however, a notice of the General Meeting shall be published in at least one daily national newspaper.

**6.5** The General Meeting shall have a quorum if more than half of the votes represented by the Shares of the Bank participate in the General Meeting.

**6.6** If the quorum is not represented at the General Meeting, the Management Board shall, within 3 (three) weeks but not earlier than after 7 (seven) days, call another meeting with the same agenda. The new General Meeting is competent to adopt resolutions regardless of the votes represented at the meeting.

**6.7** The following matters shall be in the exclusive competence of the General Meeting:

- (i) amending of the Articles of Association;
- (ii) increasing and reducing of the Share Capital;
- (iii) issuing of convertible bonds governed by clause 4.6 of the Articles of Association;

- (iv) electing and removing of the members of the Supervisory Council;
- (v) appointing auditor(s) for the Bank;
- (vi) designating of special audit for the Bank;
- (vii) approving the annual reports and distribution of profits of the Bank;
- (viii) deciding on the conclusion of transactions with the members of the Supervisory Council, and appointing of the representative of the Bank in such transactions;
- (ix) filing claims against members of the Supervisory Council, and appointing of the representative of the Bank in such claims;
- (x) voluntary dissolution, merger or division of the Bank; and
- (xi) deciding on any other matters placed in the competence of the General Meeting by law.

**6.8** The resolution of the General Meeting on matters stipulated in clause 6.7 of the Articles of Association shall be deemed adopted if more than half of the votes represented at the General Meeting are cast in favour of the resolution, except for resolutions mentioned in points (i), (ii), (iv) and (x) of clause 6.7 which require that at least 2/3 of the votes represented at the General Meeting are cast in favour of the resolution.

## **7 SUPERVISORY COUNCIL**

**7.1** The Supervisory Council is a managing body of the Bank which plans the activities of the Bank, gives instructions to the Management Board for organisation of the management of the Bank, and supervises the activities of the Bank, as well as the activities of the Management Board in managing the Bank. Members of the Supervisory Council shall ensure the supervision over compliance of the activities of the Bank, the Management Board and employees thereof with legislation and the provisions of internal rules, as well as with other rules established by the managing bodies of the Bank and ensure the supervision over compliance of the Management Board of the Bank when identifying and monitoring risks and controlling the extent of such risk.

For the purposes of these Articles of Association, **Group Company** shall mean a company or corporation (including joint ventures): (a) which is controlled by the Bank, directly or indirectly; or (b) half or more than half of the issued voting share capital of which is beneficially owned, directly or indirectly, by the Bank; or (c) which is subsidiary of another subsidiary of the Bank) (hereinafter such companies are referred to as the **Group Companies**).

**7.2** The Supervisory Council shall resolve the following matters:

- (i) the approval of the strategy, business plan and general principles of the activities of the Bank;
- (ii) the approval of the general principles of compliance, risk management and rules of procedure of the Bank;
- (iii) the approval of the principles of remuneration of the members of the Management Board and key employees of the Bank;
- (iv) the approval of the principles of the organisational structure of the Bank;
- (v) the approval of the general principles of controlling of the activities of the Bank;
- (vi) the approval of the statutes of the internal audit unit;
- (vii) election and removal the chairman and members of the Management Board of the Bank;

- (viii) appointment and removal from office the head of the internal audit unit of the Bank, and on the proposal of the head of the internal audit unit, appoint and remove from office employees of the internal audit unit;
- (ix) the approval of the budget and the investment plan of the Bank, amendment or otherwise alteration of the these or approval of taking of any action inconsistent therewith;
- (x) the approval of the general principles of the activities and the competence of the credit committee;
- (xi) the conclusion of transactions with members of the Management Board, and appoint the representative of the Bank in such transactions;
- (xii) filing of claims against members of the Management Board, and appoint the representative of the Bank in such claims;
- (xiii) approval of transactions which are beyond the scope of everyday economic activities of the Bank; and
- (xiv) decide on other matters placed in the competence of the Supervisory Council by the Articles of Association and the law.

**7.3** The Supervisory Council shall consist of 5 (five) to 15 (fifteen) members whose term of office shall be 5 (five) years. The members of the Supervisory Council shall elect among themselves the chairman of the Supervisory Council, who shall be responsible for organizing the work of the Supervisory Council.

**7.4** The Supervisory Council shall adopt decisions at the meetings of the Supervisory Council or without convening the meetings of the Supervisory Council. Supervisory Council meetings shall be held when necessary but at least six times in each calendar year. The notice of the meeting (including agenda and available supporting documents or drafts thereof) shall be submitted to the members of the Supervisory Council at least 10 (ten) business days and additional or final supporting documents with respect to the agenda at least 5 (five) business days in advance of the meeting, unless all Supervisory Council members agree to a shorter notice period. Meetings of the Supervisory Council shall generally be held in Estonia but may occasionally be held in the UK, Sweden, Latvia or Lithuania (provided that the majority of such meetings take place in Estonia in any given year). The meeting shall be called by the chairman of the Supervisory Council or by another member of the Supervisory Council who has been appointed by the chairman as his substitute.

**7.5** Each member of the Supervisory Council shall have one vote. A member of the Supervisory Council shall not have the right to abstain from voting or to remain undecided. The chairman of the Supervisory Council shall have the casting vote upon an equal division of votes, provided he is present at the meeting or attending by telephone (or other electronic means).

**7.6** The meeting of the Supervisory Council shall be deemed to have a quorum if more than half of all the members of the Supervisory Council, including the chairman of the Supervisory Council (or a substitute), participate at the meeting.

**7.7** If a quorum pursuant to clause 7.6 cannot be assembled, a new meeting of the Supervisory Council shall be convened upon reasonable notice (which shall not be less than 5 business days) and such meeting shall be deemed to have a quorum if more than half of all the members of the Supervisory Council participate at the meeting.

**7.8** A resolution of the Supervisory Council shall be deemed adopted if more than half of the members of the Supervisory Council present at the meeting vote in favour of such resolution.

**7.9** The Supervisory Council has the right to adopt resolutions without calling a meeting if all of the members of the Supervisory Council consent to it. For that, the chairman of the Supervisory Council shall send draft resolution to all members of the Supervisory Council, specifying the term by which the members of the Supervisory Council must present their written position on it. If a member of the Supervisory Council does not give notice of whether he or she is in favour of or opposes the resolution during this term, it shall be deemed that he or she has voted against the resolution.

## **8 MANAGEMENT BOARD**

**8.1** The Management Board directs the day-to-day activities of the Bank and monitors the day-to-day activities of the Group Companies pursuant to the strategies and general principles of activities approved by the Supervisory Council. The Management Board shall be obliged to ensure the supervision of the Bank and the Group Companies conducting their business in accordance with the principles agreed in the shareholders' agreement concluded between the Shareholders of the Bank. The Management Board may make any transactions or take any actions stipulated in clause 7.2 of the Articles of Association only with the prior consent of the Supervisory Council granted in accordance with the shareholders' agreement and shall procure that the Bank does not make any transaction or take any action listed in clause 7.2 of the Articles of Association otherwise than in accordance with a duly adopted resolution of the Supervisory Council of the Bank approving such action.

**8.2** The Management Board has the obligation to:

- (i) develop a business plan for implementation of the strategy approved by the Supervisory Council;
- (ii) develop, pursuant to the general principles approved by the Supervisory Council, the principles of risk management of the Bank and approve the conditions and limits for the grant of unsecured loans;
- (iii) determine the risk tolerance of the Bank by all relevant business lines and business entities;
- (iv) determine and assess regularly all risks involved in the activities of the Bank and ensure the monitoring and control of the extent of such risks;
- (v) develop the organisational structure of the Bank on the basis of the principles provided for in the Articles of Association and approve the structure of the Bank;
- (vi) develop and implement systems for controlling the activities of the Bank, ensure adherence to such systems, assess the sufficiency thereof regularly and improve them if necessary pursuant to the principles established by the Supervisory Council;
- (vii) ensure that all employees of the Bank are aware of the provisions of legislation relating to their duties of employment and of the principles provided for in the documents approved by the managing bodies of the Bank;
- (viii) organise the effective functioning of the internal control system of the Bank and ensure controlling of the compliance of the activities of the Bank, its managers and employees thereof with legislation and the documents approved by the managing bodies of the Bank and with the principles of sound banking management;
- (ix) ensure the existence and functioning of systems to guarantee that information necessary for employees of the Bank to perform their duties is communicated thereto in a timely manner;
- (x) ensure the safety and regular controlling of information technology systems used by the Bank and systems used for the safekeeping of assets of clients;
- (xi) inform the Supervisory Council to the extent and pursuant to the procedure established thereby of all discovered violations of legislation and of internal rules and other rules established by the directing bodies of the Bank; and
- (xii) monitor that sufficient separation of functions is guaranteed in all the activities of the Bank, and avoid the creation of conflict of interests; and

(xiii) perform all other obligations of members of Management Board arising under the law.

**8.3** The Management Board may decide on issue of bonds other than those governed in clause 4.6 of the Articles of Association.

**8.4** Members of the Management Board shall keep the Supervisory Council fully informed about any material information regarding the economic situation of the Bank. The Management Board shall give the Supervisory Council quarterly overview of the Bank's financials.

**8.5** The Management Board shall consist of 3 (three) to 10 (ten) members whose term of office shall be five (5) years. Members of the Management Board are elected and removed by the Supervisory Council.

**8.6** The Bank may be represented in all transactions by the chairman of the Management Board alone or by 2 (two) of the other members of the Management Board jointly.

## **9 CREDIT COMMITTEE**

**9.1** The Supervisory Council shall form a credit committee, which is guided in its activities by the general principles adopted by the Supervisory Council. The Credit Committee shall report about its activities to the Management Board of the Bank.

**9.2** The credit committee shall consist of at least 5 (five) members, including the chairman of the Management Board of the Bank who shall not be the chairman of the credit committee.

**9.3** Loans which exceed the limits established by the Supervisory Council of the Bank shall be granted or renewed on the basis of a specific prior decision of the credit committee.

**9.4** Sessions of the credit committee shall be closed. A session of the credit committee has a quorum if more than half of the members of the committee participate. The granting of loans shall be decided by an open vote by name with a majority of votes in favour. Members of the credit committee do not have the right to abstain from voting or to remain undecided. The chairman of the committee shall have the deciding vote upon an equal division of votes. Minutes shall be taken of sessions of the credit committee. The minutes shall be signed by all members of the committee who participate in the session.

## **10 INTERNAL AUDIT UNIT**

**10.1** An independent internal audit unit shall be formed as part of the internal control system of the Bank, which shall carry out its activities in accordance with the general statute approved by the Supervisory Council.

**10.2** The chief internal auditor and the employees of the internal audit unit shall be appointed to and removed from office on the basis of a resolution of the Supervisory Council.

**10.3** The internal audit unit shall prepare reviews of the activities of the unit on a regular basis and submit the reviews to the Supervisory Council and the Management Board on a quarterly basis.

## **11 ACCOUNTING, AUDITING AND REPORTING**

**11.1** The financial year of the Bank is a calendar year.

**11.2** The auditor shall be appointed for carrying out a single audit or for a longer period in accordance with the requirements of the law.

- 11.3** After the end of the financial year, the Management Board shall prepare the annual accounts and the activity report pursuant to the procedure provided by the Accounting Act and other applicable laws and regulations. The Management Board shall present the annual accounts, the activity report and the profit distribution proposal to the General Meeting. The Supervisory Council shall review the annual accounts and submit its written opinion to the General Meeting.
- 11.4** The annual report shall be approved by the General Meeting. The Management Board shall submit the approved annual report to the Commercial Register not later than within six (6) months after the end of the financial year of the Bank.
- 11.5** The amount of reserve capital of the Bank shall be one-tenth (1/10) of the Share Capital. The reserve capital shall be formed from annual net profit transfers, as well as from other transfers entered in the reserve capital pursuant to law. During each financial year, at least one-twentieth (1/20) of the net profit shall be entered in the reserve capital. If the reserve capital reaches the prescribed amount, the increase of reserve capital from net profit shall be terminated.
- 11.6** The Shareholders shall receive information relating to the Bank in accordance with the shareholders' agreement.

## **12 VOLUNTARY EQUITY RESERVE**

- 12.1** The Bank may form a voluntary reserve for equity contributions.
- 12.2** For the purposes of Article 26(1)(e) (Common Equity Tier 1 instruments) of Regulation No. 575/2013 of the European Parliament and of the Council, voluntary equity reserve means other reserves.
- 12.3** Voluntary equity reserve is formed out of the contributions by the Shareholders to the equity capital of the Bank.
- 12.4** The formation of voluntary equity reserve, the size of the reserve and the procedure for contributions shall be decided by the resolution of the General Meeting. The size of the voluntary equity reserve shall not be limited.
- 12.5** Only monetary contributions shall be made to the voluntary equity reserve.
- 12.6** No interest shall be calculated or paid on the contributions to the voluntary equity reserve.
- 12.7** The voluntary equity reserve shall only be used for the following purposes:
- 12.7.1 to cover a loss if such loss cannot be covered by retained profit from previous periods and the legal reserve as established in the Articles of Association and the premium;
  - 12.7.2 to make contributions for Share Capital and the premium when increasing the Share Capital;
- Use of the voluntary equity reserve for any other purposes shall not be allowed.
- 12.8** Use of the voluntary equity reserve shall be decided by the resolution of the General Meeting.
- 12.9** The termination of the voluntary equity reserve shall be decided by the resolution of the General Meeting but only if the amounts paid into the voluntary equity reserve have been fully used up in compliance with clauses 12.7 and 12.8 of the Articles of Association.



**13 DISSOLUTION OF THE BANK**

**13.1** The Bank shall be dissolved:

- (i) by a resolution of the General Meeting in accordance with the law (voluntary dissolution);
- (ii) on the initiative of the Financial Supervision Authority, on the basis of a court decision (compulsory dissolution);
- (iii) in the case of insolvency, pursuant to the law.

**13.2** The Bank shall be dissolved by the General meeting if at least 2/3 of the votes represented at the meeting are in favour.

These Articles of Association have been adopted by the resolution of the General Meeting dated [ ] 2019.