

**Luminor Bank AS**  
**Articles of Association**

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**1. BUSINESS NAME AND SEAT**

- 1.1. The business name of the public limited company shall be “**Luminor Bank AS**” (hereinafter: the “**Bank**”)
- 1.2. The seat of the Bank shall be in Tallinn, Republic of Estonia.

**2. LEGAL STATUS AND LIABILITY**

- 2.1. The Bank is 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.
- 2.2. In its activities the Bank is guided by the laws and other legal acts of the Republic of Estonia and by these articles of association (hereinafter: the “**Articles of Association**”).
- 2.3. The Bank shall be liable for the performance of its obligations with its assets.
- 2.4. Shareholders of the Bank are not personally liable for the obligations of the Bank.

**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 7,000,000 (seven million Euros) and the maximum share capital shall be EUR 28,000,000 (twenty eight 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. The Share Capital of the Bank is formed from the monetary contributions of the Shareholders.
- 4.2. The Share Capital 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.
- 4.3. Each Share shall have the nominal value of EUR 10 (ten Euro), whereas each Share shall grant 1 (one) vote at the general meeting of shareholders (hereinafter: the “**General Meeting**”).
- 4.4. 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.

- 4.5. 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 or accounting values of convertible bonds shall not exceed 1/10 of the share capital.
- 4.6. The Shares must be registered with the Estonian Central Register for Securities.
- 4.7. Shareholders may freely transfer their Shares. Upon the transfer of shares to third persons other shareholders have no right of pre-emption.
- 4.8. Shares may be pledged.
- 4.9. The Share Capital may be increased by the issue of new shares or increase of the nominal or accounting value of the existing shares either through additional monetary contributions or the bonus issue (capitalization of reserves). The Share Capital may be also increased by conversion of the convertible bonds to shares or by the settlement of a financial claim arising out of a subordinated debt agreement and the issue price of the shares.
- 4.10. The supervisory board shall have the right to increase the Share Capital by contributions within three years as of the adoption of this version of Articles of Association. Share capital shall not be increased by more than 1/10 of the share capital which existed at the moment when this version of Articles of Association entered into force.
- 4.11. The Share Capital may be reduced by a reduction of the nominal or accounting value of shares or by cancellation of shares in accordance with the provisions of the law.
- 4.12. 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 present at the meeting are in favour.

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

- 5.1. The structure of the Bank is made up of the following management bodies and organizational units formed by such management bodies in accordance with the requirements of the law:
  - 5.1.1. Management bodies:
    - (i) the general meeting of shareholders;
    - (ii) the supervisory board;
    - (iii) the management board.
  - 5.1.2. Organizational units:
    - (iv) credit committee;
    - (v) internal audit unit;
    - (vi) other organizational units established by the management bodies of the Bank.

## **6. GENERAL MEETING**

- 6.1. The General Meeting is the highest governing body of the Bank. General Meetings may be ordinary or extraordinary.
- 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 net own funds of the Bank are less 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 board (hereinafter: the “**Supervisory Board**”) or the auditor;
  - (iv) this is clearly in the interests of the Bank.
- 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, and in the case of an extraordinary General Meeting, at least 1 (one) week in advance. 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 Shareholders who are entitled to participate in the General Meeting are determined in accordance with the list of the Shareholders entered into the share ledger of the Bank maintained by the registrar of the Estonian Central Register for Securities as at the date of the General Meeting, prior to the beginning of the General Meeting.
- 6.6. 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.
- 6.7. 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.
- 6.8. 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;
  - (iv) electing and removing of the members of the Supervisory Board;
  - (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 Board, and appointing of the representative of the Bank in such transactions;
  - (ix) filing claims against members of the Supervisory Board, and appointing of the representative of the Bank in such claims;
  - (x) dissolution, merger, division or transformation of the Bank;
  - (xi) deciding on any other matters placed in the competence of the General Meeting by law.
- 6.9. The resolution of the General Meeting on matters stipulated in Section 6.8. 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 Section 6.8. which require a majority of 2/3 of the votes represented at the General Meeting.

## 7. SUPERVISORY BOARD

- 7.1. The Supervisory Board is a directing 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 and the activities of the Management Board in managing the Bank. Members of the Supervisory Board shall ensure verification that the activities of the Bank, the Management Board and employees thereof are in accordance with legislation and the provisions of internal rules and other rules established by the directing bodies of the Bank as well as ensure that the Management Board of the Bank identify risks and monitor and control the

extent thereof.

7.2. The Supervisory Board is competent to:

- (i) approve the strategy, business plan and general principles of the activities of the Bank;
- (ii) approve the general principles of risk management of the Bank;
- (iii) approve the principles of remuneration of the members of the Management Board and key employees of the Bank;
- (iv) approve the principles of the organisational structure of the Bank;
- (v) approve the general principles of monitoring of the activities of the Bank;
- (vi) approve the statutes of the internal audit unit;
- (vii) elect and remove the chairman and members of the Management Board of the Bank;
- (viii) appoint and remove 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) approve the budget and the investment plan of the Bank;
- (x) approve the general principles of the activities and the competence of the credit committee;
- (xi) decide on the conclusion of transactions with members of the Management Board, and appoint the representative of the Bank in such transactions;
- (xii) file 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;
- (xiv) decide on other matters placed in the competence of the Supervisory Board by the Articles of Association.

7.3. The Supervisory Board shall consist of 5 (five) to 10 (ten) members whose term of office shall be 5 (five) years. The members of the Supervisory Board shall elect among themselves the chairman of the Supervisory Board, who shall be responsible for organizing the work of the Supervisory Board.

7.4. The Supervisory Board shall adopt decisions at the meetings of the Supervisory Board or without convening the meetings of the Supervisory Board. Supervisory Board meetings shall be held when necessary but at least once every calendar quarter. The notice of the meeting shall be submitted at least 10 (ten) business days in advance of the meeting, unless all Supervisory Board members agree to a shorter advance notice period. Each member of the Supervisory Board shall have one vote. A member of the Supervisory Board shall not have the right to abstain from voting or to remain undecided. The chairman of the Supervisory Board shall have the deciding vote upon an equal division of votes.

7.5. A meeting of the Supervisory Board shall be deemed to have a quorum if more than half of all the members of the Supervisory Board are present at the meeting. A resolution of the Supervisory Board shall be deemed adopted if more than half of the members of the Supervisory Board present at the meeting vote in favour of such resolution.

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

## **8. MANAGEMENT BOARD**

- 8.1. The Management Board of the Bank is a directing body of the Bank which directs the day-to-day activities thereof pursuant to the strategies and general principles of activities approved by the Supervisory Board.
- 8.2. The Management Board is obliged to:
- (i) develop a business plan for implementation of the strategy approved by the Supervisory Board;
  - (ii) develop, pursuant to the general principles approved by the Supervisory Board, the principles of risk management of the Bank and approve the conditions and limits for the grant of debenture loans;
  - (iii) identify the risk tolerance of all relevant business lines and business entities;
  - (iv) identify 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 monitoring 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 Board;
  - (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 directing bodies of the Bank;
  - (viii) organise the effective functioning of the internal control system of the Bank and ensure monitoring of the compliance of the activities of the Bank and the managers and employees thereof with legislation and the documents approved by the directing 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 monitoring of information technology systems used by the Bank and systems used for the safekeeping of assets of clients;
  - (xi) inform the Supervisory Board to the extent and pursuant to the procedure established thereby of all discovered violations of legislation or of internal rules or other rules established by the directing bodies of the Bank;
  - (xii) monitor that sufficient separation of functions is guaranteed in all the activities of the Bank, and avoid the creation of conflict of interests.
- 8.3. Members of the Management Board shall keep the Supervisory Board fully informed about any material information regarding the economic situation of the Bank. The Management Board shall give the Supervisory Board quarterly overview of the Bank's financials.
- 8.4. The Management Board shall consist of 3 (three) to 10 (ten) members whose term of office shall be three (3) years. Members of the Management Board are elected and removed by the Supervisory Board.
- 8.5. 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 Board shall form a credit committee, which is guided in its activities by the general principles adopted by the Supervisory Board. 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 Board 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 one-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 statutes approved by the Supervisory Board.
- 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 Board.
- 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 Board 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 Board 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 and 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.

## **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 capital) 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:
- 12.8.1 to cover a loss if such loss cannot be covered by retained profit from previous periods, the legal reserve as established in the Articles of Association, and the premium;
  - 12.8.2 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 on the condition that the sums contributed to the voluntary equity reserve have been fully used, in accordance with sections 12.7 and 12.8 of these 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 provisions of the law (voluntary dissolution);
  - (ii) on the initiative of the Financial Supervision Authority, on the basis of a court judgment (compulsory dissolution);
  - (iii) in the case of insolvency, pursuant to provisions of the law.
- 13.2. Dissolution of the Bank shall be resolved by the General meeting if at least 2/3 of the votes present at the meeting are in favour.