

SLOVENE EXPORT AND DEVELOPMENT BANK ACT (ZSIRB)

I. GENERAL PROVISIONS

Article 1

(Substance of the Act)

This Act shall regulate the role, position, authority, activities, ownership and organization of a specialized bank having the authority to perform promotional and development tasks and services in the areas of international trade, economic and development cooperation, entrepreneurial, innovation – research and educational activities, ecology, energy and construction of infrastructure as well as in other areas of significance for the development of the Republic of Slovenia.

Article 2

(Authority under this Act)

SID – Slovenska izvozna in razvojna banka, d.d., Ljubljana (hereinafter referred to as: the SID Bank) shall be the specialized Slovene export and development bank authorized to promote and pursue the activity under this Act.

Article 3

(Authority under the Act Governing Insurance and Financing of International Commercial Transactions)

With this Act, the Republic of Slovenia shall grant to the SID Bank the authority to perform all transactions under the Act Governing Insurance and Financing of International Commercial Transactions (Official Journal of the RS, No 2/04; hereinafter referred to as: the ZZFMGP).

Article 4

(Single shareholder and share capital)

(1) For the purposes of performing the tasks and achieving the goals under this Act, the Republic of Slovenia shall be the single shareholder in the SID Bank.

(2) The minimum amount of the share capital of the SID Bank shall be equal to EUR 140 (one hundred and forty) million.

Article 5

(Fundamental operating principles of the SID Bank)

In line with its tasks, transactions of the SID Bank and all of its activities shall be in compliance with the laws and regulations of the Republic of Slovenia and the European Union (hereinafter referred to as: the EU), and in particular with:

- the principles of balanced and sustainable development,

- the development guidelines of the Republic of Slovenia and the EU,
- the economic viability of individual projects and investments,
- the direct or indirect financial value of the bank's services for the users of these services and
- the principles of non-competition, non-discrimination and transparency of operation.

Article 6

(Balanced and sustainable development)

The principles of balanced and sustainable development which pertain to economic, environmental and social development and which, in meeting the needs of the present generation, likewise allow for equal opportunities of the future generations, shall primarily observe an integral, long-term and ethical approach to the provision of financial incentives and shall be applied in all financial transactions, services and activities performed hereunder.

Article 7

(Long-term development policies of the Republic of Slovenia and the EU)

- (1) The operations of the SID Bank shall be based on long-term development documents prepared by the EU and the Republic of Slovenia. The development documents to be applied shall be in particular the instruments (strategies, resolutions, programs and others) adopted or applicable in a particular legislative or budgetary period.
- (2) In order to perform the transactions and all operations of the SID Bank and with a view to implement the long-term development policies of the Republic of Slovenia and the EU, the Republic of Slovenia shall provide for long-term stable operations of the SID Bank and retain its share in the share capital of the SID Bank, thus ensuring that the ownership structure is in line with the purpose and tasks of the public authority of the SID Bank.

Article 8

(Economic viability of individual projects and investments)

All transactions, projects, investments or other forms and modes of financial operations of the SID Bank shall be subject to economic, environmental and social quality assessment on the basis of international criteria and shall be based on a prior economic and financial viability assessment and an estimation of the impacts on the development of the Republic of Slovenia.

Article 9

(Financial value of the services of the Bank for the users of these services)

The SID Bank shall render all its services with the aim to create direct or indirect added value for the users of such services keeping in mind the purpose and goal of individual transactions, projects, investments and other forms, and, in particular, with the aim to maintain or increase the capital without pursuing the goal of achieving maximum profit.

Article 10

(Non-competition, non-discrimination and transparency of operations)

In its operations hereunder, the SID Bank shall take into consideration the substance and tasks of the authority vested into it under Article 2 of this Act, therefore it shall not, as a rule, compete with other financial institutions on the market. In order to achieve the goal of non-competition in relation to financial institutions on the market, the SID Bank shall likewise operate under the principle of equal access/non-discrimination of all users of its financial services, as well as under the principle of transparency of available services, operations and business results. In application of the said principles, the SID Bank shall also observe the best practices involving the application of these principles in the comparable EU institutions.

II. ACTIVITIES

Article 11

(Area of activity of the SID Bank)

- (1) In exercise of authority referred to in Article 2 hereof, the SID Bank shall support economic, structural, social and other policies by performing mainly financial services in segments where market gaps occur/have been observed, particularly in the following areas:
 - a) international commercial transactions and international economic cooperation, especially with a view to promote long-term business transactions which allow participants to enter into and operate on foreign markets. This shall include support to related import transactions, preparations for international commercial transactions, investments and incentives for sustainable growth of exports and internationalization of the economy and activities aimed at encouraging and executing transactions under concession conditions and encouraging joint ventures on third markets with domestic, foreign or international entities;
 - b) economic incentives with particular emphasis on small and medium-sized enterprises, entrepreneurship and venture capital, with the main aim of financing entrepreneurial projects across all stages of development, introducing new financial security schemes, creating conditions for incorporation of new companies and inclusion into projects and programs operated by providers from the entrepreneurial, innovative and financial environments;
 - c) research and development, especially with the aim of encouraging competition and development in the context of national research and development programs, promotion of innovation and stimulating research and development activity and knowledge transfer, as well as providing different types of support for operators of projects which involve product development, production processes and services;
 - d) education, especially with the aim of encouraging and raising the level of education, knowledge and skill management as well as encouraging required requalifications, and acquisition of specific knowledge;
 - e) employment, including *inter alia* with the aim of providing specific incentives for companies to employ persons at a disadvantage in the labour market;
 - f) preserving the environment and energy efficiency, especially with the aim to provide funding for supporting actions to protect the environment, ensure proper waste disposal, proper consumption of natural resources, increasing investments in environment preservation infrastructures, encouraging the use of renewable energy sources and encouraging efficient energy use;
 - g) regional development, especially with the aim of ensuring balanced development on the national, regional and local levels, reducing the differences in economic development and other activities which shall allow the SID Bank to interact with other entities active in and dedicated to the pursuit of public goals in the sphere of regional development and development of the countryside, through use of various instruments;

- h) residential issues, especially with the aim to ensure adequate residential capacities and encourage building of residential units, renovations and maintenance of residential units and houses for the benefit of specific population categories, including provision of other environments and conditions which provide adequate living conditions;
 - i) commercial and public infrastructures, municipal and regional development, especially with the aim to improve the road infrastructure, public utilities and other infrastructures. In addition, the SID Bank shall provide guarantee, financial and public-private partnership schemes to assist in the rebuilding, development and renovation of cities.
 - j) international development cooperation; in addition to performing technical and operative duties, the SID Bank also conducts other activities, including international bilateral cooperation programs where the SID Bank participates in the funding of development projects implemented in developing countries.
- (2) In the performance of duties from the preceding paragraph of this Article, the SID Bank shall follow the practice, guidelines and goals of the EU's and Slovenia's development strategy and incentives policy.
 - (3) For the performance of its activities hereunder, the SID Bank may, in withdrawal of the EU funds, act in the role of an agent and other custodian roles and participate in international incentives programs.
 - (4) With consideration to its role, the SID Bank, as an authorized institution under this Act, shall be entitled to cost-free access, review and direct daily electronic acquisition of data required to carry out the tasks and duties described in this Article and transactions on behalf and for the account of the Republic of Slovenia under the Act Governing Insurance and Financing of International Commercial Transactions (ZZFMGP):
 - individual and consolidated financial data which legal entities and private entrepreneurs are required to deliver to the competent organizations,
 - data from the business register and other registers kept by the Agency of the Republic of Slovenia for Public Legal Records and Related Services, Statistical Office of the Republic of Slovenia, or the court,
 - statistical and other data from ministries and other state bodies and the Bank of Slovenia, which are required for the performance of activities of the SID Bank and concerning which the SID Bank shall be able to demonstrate justified interest.
 - (5) A detailed set of data referred to in the preceding paragraph shall be laid down by regulation to be issued by the Government of the Republic of Slovenia at the proposal of the ministry in charge of finance.

Article 12

(Services and instruments used for the performance activities)

- (1) In order to carry out the tasks referred to in the preceding Article, the SID Bank may perform all activities allowed under the law governing banking. In addition to services under the law governing banking, the SID Bank may also perform other services (counselling, education and others), provided that these services are intended as support for the services which the SID Bank renders in order to carry out the activities referred to in the preceding article.
- (2) On the basis of contracts signed with individual ministries and other state bodies or other entities, the SID Bank may provide different development funding schemes and carry out different action programs of the Republic of Slovenia and other programs and projects which comply with the EU regulations, whereby it may also collaborate with different European financial institutions in various forms. In the provision of its services, the SID Bank uses all financial instruments available under financial legislation, such as credits, guarantees and other forms of security, factoring, financial leasing, concession credits and other international development cooperation instruments, other forms of funding, grants, subsidies, capital investments and other forms of undertaking risk.

- (3) In order to perform services in areas referred to in Article 11 of this Act and in order to use the instruments referred to in the preceding paragraph of this Article, the SID Bank shall take loans and issue debt securities as well as undertake debt in other forms.

III. LIABILITY OF THE REPUBLIC OF SLOVENIA

Article 13

(Liability of the Republic of Slovenia)

- (1) The Republic of Slovenia shall be liable for the liabilities incurred by the SID Bank under this Act.
- (2) The total liabilities of the SID Bank for which the Republic of Slovenia shall be liable under this Act may not exceed the amount of 50 times the total share capital of the SID Bank at any time.

IV. OPERATIONS AND TRANSACTIONS

Article 14

(Operations)

- (1) The SID Bank shall conduct transactions in accordance with this Act, the law governing banking, the law governing the operation of companies and other general regulations.
- (2) The law governing banking shall apply entirely to the operations of the SID Bank, with the exemption of the parts listed in the third paragraph of this Article. Supervision over the SID Bank's compliance with the law governing banking and other laws shall be carried out by the Bank of Slovenia.
- (3) The following exemptions to application of the law governing banking shall apply to the operations of the SID Bank:
- instead of the share capital of the SID Bank, the basis for determining exposure in assessments of large-scale exposure shall be the relevant current balance of the SID Bank's assets for which the Republic of Slovenia shall be liable in accordance with Article 13 of this Act,
 - in the case of the SID Bank, the capital requirements shall amount to one-half of the capital requirements which normally apply to banks,
 - the SID Bank shall not require a license to establish branch offices of the Bank within the Republic of Slovenia, a EU Member State, or any third country; and
 - no guaranteed deposits regulations shall apply to the SID Bank.
- (4) The ministry in charge of finance shall be competent to carry out the procedure concerning the exclusion of the SID Bank from the relevant EU directives.

Article 15

(Transactions)

- (1) The SID Bank shall conduct transactions directly or indirectly via other banks, financial institutions or other institutions, or jointly participate in such transactions (consortiums) under the principle of non-discrimination and non-competition.

- (2) In its transactions, the SID Bank shall act in accordance with good international banking practice and rules on risk management.

V. SUPERVISION OF OPERATIONS OF THE SID BANK AND REPORTING

Article 16

(Supervision)

Supervision over the SID Bank's operations shall be carried out, within the scope of their competence, by the Bank of Slovenia, Insurance Supervision Agency, and the ministry in charge of finance.

Article 17

(Reporting)

- (1) The SID Bank shall report, on an annual basis by 31 May at the latest, to the Government of the Republic of Slovenia on exercise of its authority granted under this Act during the previous year.
- (2) The Government of the Republic of Slovenia shall report to the National Assembly on an annual basis on the activities of the SID Bank under this Act.

VI. SUPERVISORY BOARD OF THE SID BANK

Article 18

(Supervisory board)

- (1) The SID Bank's supervisory board shall be composed of no less than seven and no more than ten members (hereinafter: the Members).
- (2) The mandatory members of the supervisory board shall be the minister (hereinafter: the Minister) in charge of finance, the minister in charge of the economy, the minister in charge of development, the minister in charge of regional development and a representative (hereinafter: the Representative) of the ministry of finance.
- (3) At the proposal of the minister in charge of finance, the Government shall appoint no more than two members of the supervisory board from the ranks of the ministers in charge of external affairs, labour, family and social affairs, the environment and spatial planning, transport, higher education, science and technology.
- (4) At the proposal of the minister in charge of finance, the government shall also appoint a representative of the relevant association of commercial organizations, two representatives of the expert public and, pursuant to the second paragraph of this Article, a representative of the ministry of finance.
- (5) All members of the supervisory board shall meet the conditions applicable to members of supervisory boards in banks.
- (6) The supervisory board shall provide guidelines and consents to the operating policy of the SID Bank, in compliance with the development guidelines laid down in Article 7 of this Act.

VII. TRANSITIONAL AND FINAL PROVISIONS

Article 19

(Procedures and adoption of regulations)

- (1) The implementing regulation referred to in the fifth paragraph of Article 11 hereof shall be adopted by the Government of the Republic of Slovenia at the proposal of the ministry in charge of finance within three months of the date of promulgation of this Act in the Official Journal of the Republic of Slovenia.
- (2) The increase in the share capital of the SID Bank to the amount referred to in the second paragraph of Article 4 shall be effected after exclusion of minority shareholders, applying the procedures and deadlines laid down by the law governing companies.

Article 20

(Repeal of regulations)

On the date of coming into force of the present Act, the following parts of the Act Governing Insurance and Financing of International Commercial Transactions (Official Journal of the RS, No 2/04) shall cease to apply:

- the text: “which is selected in accordance with Article 11 of this Act (hereinafter referred to as: the Authorized Institution) from the first paragraph of Article 2,
- Article 11,
- the second paragraph of Article 12,
- the first indent of the fifth paragraph of Article 14, and
- the first sentence of the tenth paragraph of Article 17, and eleventh paragraph of Article 17.

Article 21

(Entry into force)

This Act shall enter into force on the fifteenth day following its promulgation in the Official Journal of the Republic of Slovenia, and shall become applicable on the date when the Republic of Slovenia becomes the single shareholder of the SID Bank.