

Slovenian Sovereign Holding d.d.
Mala ulica 5 p.p. 139
Slovenia

NLB d.d.
Trg republike 2
1000 Ljubljana

Ref. No.: 2016/001324-MK

The Slovenian Sovereign Holding d.d., Mala ulica 5, 1000 Ljubljana, on behalf of the shareholder Republic of Slovenia on the basis of the provisions of Article 298 of the Companies Act (hereinafter ZGD-1) and on the basis of provisions of the Statute of Nova Ljubljanska banka d.d. , Ljubljana, with reference to the convocation of the 26th Shareholders Assembly of NLB d.d., Trg republike 2, 1000 Ljubljana, which will be held on 10 February 2016 at 12.00 noon at the headquarters of NLB d.d., Trg republike 2, 1000 Ljubljana, hereby files the following

PROPOSED SUPPLEMENT TO AGENDA

Of the 26th Shareholders Assembly of NLB d.d.

Ljubljana, 25 January 2016

I.

The Republic of Slovenia is the owner of a 100% interest of shares of NLB d.d., Trg republike 2, 1000 Ljubljana (hereinafter referred to as NLB d.d.). On the basis of the provisions of the Slovenian Sovereign Holding Act (Official Gazette of RS, No. 25/14, ZSDH-1) the Slovenian Sovereign Holding d.d. (hereinafter: SDH d.d.) is at its own discretion eligible to manage the investments of the Republic of Slovenia in NLB d.d., including the exercise of corporation rights incorporated in the shares, on behalf of and for the account of the Republic of Slovenia. This shows the legally established right of SDH d.d. to file the proposed supplement to the Agenda.

II.

SDH d.d. hereby requires that the Agenda of the 26th Shareholders Assembly of the Bank be supplemented with the following four additional items:

- After item 1 of the Agenda, a new item 1a is added to the Agenda with the title:

“1a. Amendments to the Rules of Procedure of the Shareholders Assembly of Nova Ljubljanska banka d.d., Ljubljana and their abrogation”

The Slovene Sovereign Holding d.d. hereby proposes the Shareholders Assembly to pass the following resolutions:

1a.1 The Shareholders Assembly of NLB d.d. hereby adopts the following amendments to the Rules of Procedure of the Shareholders Assembly of Nova Ljubljanska banka d.d., Ljubljana, effective immediately after this resolution has been adopted at the Shareholders Assembly:

In Article 11:

- At the beginning of the fourth paragraph the text: “Chairman of the Bank’s Shareholders Assembly” is replaced with: “If not stipulated otherwise in these Rules, the Chairman of the Bank’s Shareholders Assembly”.

In Article 16:

- In the first paragraph at the end of the first sentence the full stop is replaced with a comma and after the comma the following text is added: “unless all the Bank’s shareholders attend the Shareholders Assembly and none of them objects to voting on additional items on the Agenda, which the shareholder(s) with statutory share in share capital propose(s) no later than by the time the Shareholders Assembly is no longer in session.”
- In the second paragraph at the end of the first sentence the full stop is replaced with a comma and the following text is added: “unless the Shareholders Assembly at the beginning of a session on the basis of the proposal filed by an individual shareholder decides to change the order of items.”

1a.2 On the day the amendment to the Statute of NLB d.d. on deletion of the third paragraph of Article 17 of the valid Statute of NLB d.d., which (if) the Shareholders Assembly adopts on this session in accordance with item 2a. of the Agenda, is entered in the court register of legal entities, the Rules of Procedure of the Shareholders Assembly of Nova Ljubljanska banka d.d., Ljubljana of 29/6/2005 are abrogated.

Grounds:

In accordance with the third paragraph of Article 17 of the Statute of NLB the Shareholders Assembly adopts its Rules of Procedure. Given that the Republic of Slovenia is the Bank's only shareholder and the Assembly is always universal with SDH d.d. representatives present, the Rules of Procedure of the Shareholders Assembly of NLB d.d. improperly regulates issues relating to the specific system of a universal Shareholders Assembly under the Companies Act (hereinafter: ZGD-1). This is why the SDH hereby proposes that the Rules of Procedure of the Shareholders Assembly of NLB d.d. be amended accordingly (only) for potential needs of this Shareholders Assembly. As ZGD-1 already contains enough detailed regulation of the matters pertaining to the operations of the Assembly, Rules of Procedure of the Shareholders Assembly of NLB d.d. are no longer needed, which is why the Rules shall be abrogated in accordance with item, 2a of the Agenda on the day amendments to the Statute of NLB have been entered.

- For item 2 of the Agenda a new item 2a of the agenda shall be added, which reads as follows:

“2a. Additional NLB Statute Amendments”

The Slovenian Sovereign Holding d.d. hereby proposes to the Shareholders Assembly to adopt the following resolution:

Shareholders Assembly of NLB d.d. hereby adopts the following amendments to the Statute of Nova Ljubljanska banka d.d. Ljubljana:

The heading of **Article 1** that now reads: “Company Name and Head Office of the Bank” change so as to read: “Goals, Company Name and Head Office of the Bank”.

In Article 13:

- At the end of the third paragraph the following text is added: “The Bank's Shareholders Assembly can also be convened with a registered letter sent to all the Bank's shareholders in accordance with the Act regulating companies.”
- A new, fifth paragraph is added: “If all shareholders of the Bank are present or represented at the Shareholders Assembly, the Bank's Assembly can adopt resolutions regardless of the provisions of the Act or this Statute on the scope and time of the convocation, publication of the convocation, provisions on terms and publication of amendments to the Shareholders Assembly Agenda and provisions on the majority required for the Management Board of the Bank to adopt a decision on the convocation of the bank's Shareholders Assembly.”

In **Article 15**, the second paragraph is deleted.

In Article 17:

- In the first paragraph the second sentence is revised so as to read:
“The Chairman of the Bank's Assembly shall be elected by the Assembly at the beginning of its session.”
- The second paragraph is revised so as to read:
“The Chairman of the Bank's Assembly shall run the Bank's Shareholders Assembly”.
- The third paragraph is deleted.

In **Article 19**, the second bullet point in the first paragraph is deleted.

In **Article 20**, a full stop is added at the end of the second sentence of the first paragraph.

In **Article 23**, the text “or represented” is deleted in the first sentence of the second paragraph.

In **Article 24**:

- The second paragraph is revised to read: “In order to execute the power of reviewing and verifying the books and documentation of the Bank, its cash register, stored securities and goods and other things, the Supervisory Board can empower an individual Supervisory Board member, Supervisory Board Committee or a special expert for certain tasks. The Supervisory Board shall decide upon making a contract with a special expert, which shall be concluded between the expert and the President of the Supervisory Board as the representative of the company. In other cases, the Supervisory Board sends a motion to the Management Board to hire legal or other advisors and institutions required by the Supervisory Board and its Committees to carry out their tasks, and decides on giving consent to the Management Board decisions related to hiring such advisors or institutions.”
- The fourth paragraph is revised to read: “In addition to the powers invested in the Supervisory Board according to this Statute and by the law regulating banking and the law regulating companies, the Supervisory Board shall also have other powers:
 - o Monitor the adequacy of procedures and efficiency of the performance of the Internal Audit;
 - o Deliberate upon the findings by the Bank of Slovenia and European Central Bank, when in accordance with Regulation (EU) No. 1024/2013 executing the powers and monitoring tasks relating to the Bank, Tax Inspection and other supervisory bodies in the procedures of monitoring the Bank;
 - o Verify the annual and other financial reports of the Bank and produce a written report on their status for the Shareholders Assembly;
 - o Explain their opinion relating to the Internal Audit’s Annual Report and the Management Board’s Annual report to the Shareholders Assembly;
 - o Act in accordance with the highest ethical governance standards, aiming to prevent the conflict of interest;
 - o Accept and monitor the implementation of general remuneration policy principles.”

In **Article 32**, the second paragraph shall be revised as follows: “The Management Board of the Bank in agreement with the Supervisory Board, after receiving a prior opinion by the Audit Committee of the Supervisory Board, adopts the Annual Plan of the Internal Audit and may require from the Internal Audit to deliver special tasks.”

Grounds:

The change to the title of Article 1 of the Statute is editing by nature. In Article 13, the new Paragraph 5 explicitly regulates the special features of the so-called Universal Shareholders Assembly. The Statute provision in Article 15, Paragraph 2, is unnecessary, as this issue is properly regulated by the law, and it shall therefore be deleted. A more suitable solution is that the Shareholders Assembly at the beginning of their meeting elects the President of the Assembly; therefore the provisions of Article 17, Paragraph 1 shall be revised accordingly. Since the law regulates the Shareholders Assembly in detail, a document such as the Rules of Procedure of Shareholders Assembly is not required; therefore the Paragraph 3 of Article 17 of the Statute shall be deleted. Changes to Article 23 of the Statute present a more consistent regulation of the quorum of the Supervisory Board, as the function of the Supervisory Board member is strictly personal, which is why (regardless of the awkward formulation in the Companies Act, Article 257, Paragraph 6) it cannot be conducted via proxies or on the basis of entitlement to representation). The Statute change, Article 24, Paragraph 2, follows the changes of the Companies Act related to the powers of the Supervisory Board. The Statute change, Article 24, Paragraph 4 is only introducing a more consistent regulation saying that the tasks under this provision are conducted by the Supervisory Board as a body. The Statute change in Article 32 is introducing a more consistent regulation of issues stipulated by this provision related to the approval of the Annual Plan of the Internal Audit, bringing it in line with the Banking Act, Article 144, Paragraph 2.

- After Item 2a. of the Agenda, a new Item 2b. of the agenda shall be added, which reads as follows:

“2b. Recall of NLB Supervisory Board Members”

The Slovenian Sovereign Holding, d.d. (Slov. abbrev. SDH) hereby proposes to the Shareholders Assembly to adopt the following Resolution:

Gorazd Podbevšek, Miha Košak and Tit Andrej Erker are hereby recalled from the position of Supervisory Board Members.

Grounds:

In accordance with the provisions of the Banking Act, Article 34, Paragraph 1, the composition of the Supervisory Board of a bank has to be rendered in such a way that the whole body has the required know-how, skills and experience required for in-depth understanding of the Bank's operations and risks that the bank is exposed to. The Supervisory Board has to be composed also in such a way that the Committees of the Supervisory Board stipulated by the law can be nominated and composed in accordance with the law and that they can be efficient at work, which is particularly important for the Banks, as the members of these Committees can only be the members of the Supervisory Board (without any external experts). In accordance with the NLB Statute amendments, voted by the Shareholders Assembly under Item 2 of the Agenda at this Shareholders Assembly, the number of the Supervisory Board members is increased from 7 to 9. This is a very important Statute change, which is required to satisfy the quoted provisions of the Banking Act related to the composition of the Supervisory Board and its Committees. The regulator also believes that the number of the Supervisory Board members should be increased as soon as possible, due to a large number of Committees, and its current composition should be enhanced. Given such an important statute change as increasing the number of Supervisory Board members and given that one of the Supervisory Board members resigned and the vacant position has not been filled so far, the SDH believes that the Supervisory Board should be partly renewed to make it possible to compose it in accordance with the quoted statutory requirements thus making it efficient in the implementation of their tasks. The SDH has assessed that the goal of having an adequately composed Supervisory Board in this Bank can be achieved by recalling from the function of the Supervisory Board members its current members specified in the proposed decision and the Supervisory Board can then be renewed and completed in accordance with the motion made by the SDH, voted by the Shareholders Assembly at this Shareholders Assembly under Item 3 of the Agenda.

- After Item 4 of the Agenda, a new Item 5 of the agenda shall be added, which reads as follows:

“5. Decision on Vote of No Confidence to the CEO of NLB d.d.”

The Slovenian Sovereign Holding, d.d. (Slov. abbrev. SDH) hereby proposes to the Shareholders Assembly to adopt the following Resolution:

The Shareholders Assembly passes the vote of no-confidence to Janko Medja, the CEO of NLB d.d.

Grounds:

In the period when the Management Board of NLB d.d. was led by Janko Medja as its Chairman, the Bank has carried out and abandoned a number of actions that have made the trust invested by SDH, d.d. in Janko Medja, the Chairman of the Management Board, or his ability and willingness to lead this Bank (efficiently) in the best interest of the Bank in the future, waver considerably if not even disappear altogether. An important and difficult period of time lies ahead, especially with the complex privatisation process as planned, which is why it is paramount to install the management deemed by

the shareholder or SDH capable of achieving the optimal goals to the benefit of the Bank and its current and future shareholders. A detailed explanation of the reasons because of which the SDH no longer trusts Janko Medja, CEO, will be presented by the SDH at the Shareholders Assembly. At this Shareholders Assembly the SDH will not decide regarding the remaining Management Board members, as it is believed that the vote of no confidence given to the Chairman of the Board should be a strong enough message for the Supervisory Board that change is required in the management of the Bank, at the same time making sure that the Bank continues to operate as usual by other Management Board members carrying out their work undisturbed.

Slovenian Sovereign Holding

Marko Jazbec
President of Management Board

Mag. Nada Drobne popovič
Management Board Member