Report by the Management Board of NLB d.d. for the General Meeting of Shareholders of NLB d.d.

ABOUT THE REASONS FOR THE OPTION OF EXCLUDING THE SHAREHOLDERS' PRE-EMPTIVE RIGHT TO SUBSCRIBE NEW SHARES related to authorised capital

The Management Board of Nova Ljubljanska banka d.d., Ljubljana ("Management Board") adopted this Report on the reasons for the option of excluding the shareholders' pre-emptive right to subscribe new shares related to authorised capital ("Report") with the aim of submitting it to the General Meeting of Shareholders pursuant to Article 337 of the Companies Act ("ZGD-1").

The Management Board and the Supervisory Board of NLB d.d. ("Supervisory Board") propose that the 22nd General Meeting of Shareholders of NLB d.d. ("General Meeting of Shareholders") adopts the resolution supplementing Article 5 of the Articles of Association of NLB d.d. which stipulates the Management Board's authorisation to increase, subject to the consent of the Supervisory Board, the share capital of NLB d.d. by issuing new shares ("authorised capital") so that the new Article reads as follows:

"A new fourth paragraph shall be added after the third paragraph, reading as follows:

'Without prejudice to the provisions of the previous paragraph and independent of them, the Bank's Management Board is authorised to increase, during the period of five years after the entry in the Companies Register of the amendment to the Articles of Association which was adopted at the General Meeting of Shareholders on 11/06/2013 (eleventh June two thousand and thirteen), the Bank's share capital once or several times by no more than EUR 367,217,489.35 (authorised capital), subject to the approval of the Bank's Supervisory Board and not subject to the additional resolution of the General Meeting of Shareholders. For the amount of the authorised capital equalling the increased share capital, a total of no more than 44,000,000 new ordinary or preference shares may be issued at the issue price specified by the Bank's Management Board and subject to the approval by the Bank's Supervisory Board. The new shares shall be issued with the rights, under the conditions and in the manner specified in the Management Board's resolution on increasing the share capital and issuing new shares. New shares can be issued against payment in cash, non-cash contributions or real takeover, if this is in accordance with the regulations applicable at the time of adopting the resolution on increasing the share capital and on issuing new shares arising from the authorised capital. The issue of shares for non-cash contributions need not be reviewed by the auditor. The Management Board may decide to completely or partially exclude the existing shareholders' pre-emptive right to buy new shares, if the Supervisory Board approves this.'

The current fourth and fifth paragraphs shall become the fifth and sixth paragraphs respectively."

Article 353 of the ZGD-1 stipulates that the Articles of Association may authorise the Management Board, for a period of maximum five years after the entry of the amendment to the Articles of Association in the Register, to increase share capital up to a certain amount by issuing new shares for stakes (authorised capital). In order for a resolution on authorised capital to be valid, a majority of at least three-quarters of the share capital represented in the voting is required. The third paragraph of Article 353 of the ZGD-1 stipulates that the amount of authorised capital may not exceed half of the subscribed capital existing at the time the authorisation was given; however, pursuant to Article 43.a of the Banking Act (ZBan-1), the Articles of Association of the Bank can stipulate a Management Board's authorisation to increase share capital (authorised capital) regardless of the said limitations. Furthermore, the ZGD-1 also stipulates certain procedural requirements related to granting the Management Board authorisation for increasing share capital in the framework of authorised capital and also in relation to the subsequent actual implementation of share capital increase. In this respect, the most significant is the provision of the second paragraph of Article 354 of the ZGD-1, regulating the formal procedure in case the Management Board is also authorised to decide on the exclusion of the shareholders' pre-emptive right to subscribe new shares (subject to the consent of the Supervisory Board). If the Management Board is authorised to exclude the shareholders' pre-emptive right to subscribe the newly issued shares in the framework of the authorised capital, the provisions of the fourth paragraph of Article 337 of the ZGD-1 must therefore be applied, as appropriate, which oblige the Management Board to also submit a written report, justifying the reason for the exclusion of pre-emptive right, to the General Meeting of Shareholders.

This report had to be compiled according to ZGD-1 and also because the Management Board and the Supervisory Board proposed to the General Meeting of Shareholders to authorise, by amending the Articles of Association, the Management Board to adopt, subject to the consent of the Supervisory Board, decisions regarding the issue of new shares for stakes up to the specified amount, with the option to decide on the full or partial exclusion of the existing shareholders' pre-emptive right to subscribe new shares. The Management Board entitled it "Report on the reasons for the option of excluding the shareholders' pre-emptive right to subscribe new shares in relation to the authorised capital", since in this concrete case involves a justification of the authorisation to exclude pre-emptive right which is not necessarily going to be implemented.

For the purpose of improving capital adequacy, NLB d.d. is preparing to issue an initiative to apply the measures stipulated in The Measures to Strengthen the Stability of Banks Act ("ZUKSB") under which the Bank Assets Management Company ("BAMC") would assume against payment specific risk items from NLB d.d. In compliance with the Decree on the implementation of measures to strengthen the stability of banks ("Decree"), the BAMC can assume the risk items of the bank against payment only if the measures for increasing share capital or other equity instruments of the bank are carried out at the same time in the bank pursuant to the Decree, so that capital adequacy of the bank is guaranteed in line with the requirements of the supervisor of the banking system. In line with the above, NLB d.d. intends to increase its share capital in the amount defined based on the appraisal report of an independent appraiser of companies. As the amount of the projected capital increase will have to be determined based on the elements of the BAMC's assumption of risk items against payment, the Management Board and the Supervisory Board propose that the General Meeting of Shareholders adopts the above stated resolution on authorised capital for the purpose of increasing share capital.

Given the above, in the framework of the increase in share capital from authorised capital, the new shares of NLB d.d. will presumably be paid up by the BAMC. The fourth and fifth paragraph of Article 5 envisage that the subscription and payment of ordinary shares and other equity instruments of the bank based on public offering (prospectus) are first offered to the existing shareholders and other (private) investors, whereas the BAMC based on such public offering of equity instruments subscribes those equity instruments of the bank that have not been subscribed by the said investors, provided that the previously published prospectus defines the adequate reduction in the issue value of shares or appropriately higher return of other equity instruments of the bank that are subscribed by the BAMC. Moreover, if the new shares are directly or indirectly subscribed by the Republic of Slovenia, NLB d.d. must also abide by the EU regulations on state aid. In the opposite case, the European Commission could conclude that such participation of the Republic of Slovenia in the capital increase of NLB d.d. is considered a prohibited state aid and that NLB d.d. must return this (and the past) aid. The EU regulations on state aid envisage that the recipient of a state aid compensates the state for the received financial aid, whereas part of the burden of re-establishment of long-term business operations ("viability") of the recipient of state aid is also shouldered by the shareholders of the recipient ("burden sharing").

If NLB d.d. offers new shares at a discounted price only to the BAMC (and not to the existing shareholders too), this in substantive terms represents an exclusion of the existing shareholders' pre-emptive right to subscribe new shares.

Moreover, after the publication of the proposed resolution of the General Meeting of Shareholders on authorised capital, some amendments to the ZUKSB and the Decree are possible; it is also not completely defined, for other reasons, who and under what conditions will be invited to subscribe new shares when the share capital of NLB d.d. is increased based on authorised capital (under special conditions in line with relevant regulations perhaps also with exclusion of existing shareholders' pre-emptive right).

To improve its capital adequacy, NLB d.d. must carry out the capital increase, whereby its Management Board needs an opportunity to exclude the existing shareholders' pre-emptive right to subscribe new shares under the conditions that comply with relevant regulations.

Based on the above, the granting of the possibility to the Management Board to exclude the existing shareholders' pre-emptive right to subscribe new shares is in the interest of NLB d.d. and all of its shareholders, and not merely in the interest of individual shareholders or bodies of the company. Given the above we believe that substantive bases exist for granting of such possibility to the Management Board.

As the Management Board presents this report in relation to the authorised capital, the issue amount has not yet been proposed. It will be defined in the future, which is why the Management Board has not justified it in this report.

Ljubljana, 30/04/2013

Management Board of NLB d.d.