



Material

**for the 20th Annual General Meeting of Shareholders of NLB d.d.
on 14/12/2012**



PUBLICATION OF THE AGENDA AND PROPOSED RESOLUTIONS TO BE PASSED AT THE 20TH GENERAL MEETING OF SHAREHOLDERS OF NLB D.D.

Pursuant to Article 295 of the Companies Act (ZGD-1) and Article 13 of the Articles of Association of NLB d.d., the Management Board of NLB d.d. hereby convenes the

20th General Meeting of Shareholders of NLB d.d., Trg republike 2, 1520 Ljubljana,

scheduled for Friday, 14/12/2012, at 13.00 in the Conference Hall on the ground floor of the Bank's office building at Trg republike 3 in Ljubljana

Agenda:

1. Opening, establishment of quorum and election of the bodies of the General Meeting of Shareholders of NLB d.d.

The Management and Supervisory Boards of NLB d.d. propose that the following resolution be adopted:

The working bodies of the General Meeting of Shareholders of NLB d.d. shall be elected as follows:

- Marko Jerič, member of the Credentials Committee,
- Mr. Jure Košar, member of the Credentials Committee.

2. Increase in share capital by cash contributions to ensure compliance with the Decision of the European Commission

The Management and Supervisory Boards of NLB d.d. propose that the following resolution be adopted:

The Tier 1 capital of NLB d.d. which totals EUR 104,731,512.92 upon the adoption of this resolution and is divided into 12,548,930 ordinary no-par value registered shares with voting rights is to be increased through cash contributions by EUR 1,858,178.92 to EUR 106,589,691.84, by issuing new ordinary freely transferable registered no-par value shares with voting rights that are of the same class as the existing shares.

The increase shall be carried out by issuing 222,647 ordinary freely transferable registered no-par value shares with voting rights so that after the increase in Tier 1 capital, NLB d.d. shall have a total of 12,771,577 issued ordinary freely transferable registered no-par value shares with voting rights.

The issue price of one new share shall be EUR 8.35. The total issue value of all new issued shares shall be EUR 1,859,102.45.

All newly issued shares grant their holders the same entitlements and rights as the previously issued shares of the same class. New shares shall be issued in book-entry form and entered in the register kept by KDD d.d. following the entry of the increase in Tier 1 capital into the companies register.

The existing shareholders shall not have the pre-emptive right to subscribe the new shares. Subscription and payment of new shares pursuant to this resolution shall be carried out without the publication of a prospectus, based on the exceptions stipulated by the applicable legislation.

The deadline for subscribing and paying new shares shall be 90 days following the date this resolution on the increase of Tier 1 capital is passed by the General Meeting of Shareholders. The subscribers of new shares shall be obliged to pay the entire issue price of each subscribed new share upon such subscription.

The increase in Tier 1 capital pursuant to this resolution shall be deemed successful if all new shares are subscribed and paid in full no later than 90 days of the adoption of this resolution on the increase of Tier 1



capital by the General Meeting of Shareholders. If the increase in Tier 1 capital hereunder is not entered in the companies register by 31/12/2013 at the latest, the subscription shall become non-binding.

The Supervisory Board of NLB d.d. Ljubljana is authorised to adopt the amendments and supplements to the Articles of Association of NLB d.d. with the aim of aligning the new text with the implemented increase in Tier 1 capital.

3. Authorised capital

The Management and Supervisory Boards of NLB d.d. propose that the following resolution be adopted:

The current third paragraph of Article 5 of the Articles of Association of Nova Ljubljanska banka d.d. shall be replaced by a new text so as to read as follows:

»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 adopted at the General Meeting of Shareholders held on 14/12/2012, the Bank's share capital once or several times by no more than EUR 79,938,506.98 (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 9,578,232 new ordinary shares may be issued at the issue price specified by the Management Board of the Bank subject to the approval of the Supervisory Board of the Bank. 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 Tier 1 capital and issuing new shares; it is understood, however, that new shares can be issued solely for the purpose of swapping them into the receivables under the Agreement on the hybrid loan concluded between the Bank and the Republic of Slovenia on 28/06/2012 (non-cash contribution). The Management Board of the Bank may decide to exclude the existing shareholders' pre-emptive right to buy new shares, if the Supervisory Board of the Bank approves this.»

4. Election of substitute members of the Supervisory Board of NLB d.d.

The Supervisory Board of NLB d.d. proposes the adoption of the following resolution:

4.1. The Annual General Meeting of Shareholders of NLB d.d. hereby establishes that Mr Jan Vanhevel, Member of the Supervisory Board, submitted his letter of resignation on 07/02/2011. The elected substitute member of the Supervisory Board shall be Gaël de Pontbriand whose term of office shall expire on the same date as the term of office of the originally elected members of the Supervisory Board of NLB d.d. who were elected at the 14th Annual General Meeting of NLB d.d. held on 30/06/2009.

4.2. The Annual General Meeting of Shareholders of NLB d.d. hereby establishes that Mr Matjaž Schroll, Member of the Supervisory Board, submitted his letter of resignation on 02/08/2012. The elected substitute member of the Supervisory Board shall be Ms. Marianne Økland whose term of office shall expire on the same date as the term of office of the originally elected members of the Supervisory Board of NLB d.d. who were elected at the 14th Annual General Meeting of NLB d.d. held on 30/06/2009.

In compliance with the provisions of the Companies Act (ZGD-1), the resolutions under the first three items on the agenda are proposed by the Management Board and the Supervisory Board with the exception of Item 4 which is proposed solely by the Supervisory Board.

Material

The proposed resolutions and other material for the General Meeting of Shareholders are available to the shareholders for inspection at the Bank's registered office at Trg republike 2, 1520 Ljubljana, Secretariat, every working day from 9 a.m. to 12 noon, and are also published in the electronic notification system of the Ljubljana Stock Exchange, Ljubljana, SEOnet and on the website www.nlb.si with all explanations.

Conditions for participation

Those shareholders who are registered in the central register of dematerialised securities kept by the Klirinško depotna družba, d.d., as at the end of the fourth day prior to the General Meeting of Shareholders (hereinafter: the cross-section date), i.e. at the end of 10/12/2012, or their legal representatives or authorised persons who shall present a written power of attorney can attend the General Meeting of Shareholders and vote. The attendance must be notified to the Bank's Management Board using an application form which must be submitted to the Bank's registered office at least by the end of the fourth day prior to the General Meeting of Shareholders. The applications shall be accepted as timely if they are sent to the Bank's registered office (at Trg republike 2, Ljubljana), addressed to Secretariat, by the end of the fourth day prior to the General Meeting of Shareholders. The legal representatives of natural persons or legal entities must, on the day of the General Meeting of Shareholders, present a public document wherefrom it is evident that they have the right to act as a shareholder's representative; the document in question must not be older than 3 (three) days.

Supplements to the agenda:

The shareholders whose total interest accounts for at least one-twentieth of the share capital can, after the publication of the notice of convocation, make a written request to add an item to the agenda. The request must be enclosed with a written proposed resolution to be decided upon by the General Meeting of Shareholders or an explanation to the item on the agenda if no resolution is adopted in relation to such item by the General Meeting of Shareholders. The shareholders who meet the conditions for making a request to add an item to the agenda must send the respective request to the Bank within seven days after the publication of the notice to convene the meeting at the latest, i.e. by 19/11/2012.

Shareholders' proposals:

The shareholders may submit written proposals for resolutions to each item on the agenda, in compliance with Article 300 of the Companies Act (ZGD-1) (hereinafter: counterproposal). The counter proposal shall be published and notified in the manner laid down in Article 296 of the Companies Act (ZGD-1), but only if the shareholder sends to the Bank a proposal for publication in compliance with Article 300 of ZGD-1 within seven days after the publication of the notice to convene the General Meeting of Shareholders, i.e. by 19/11/2012 at the latest.

Shareholders' right to be informed:

During the General Meeting of Shareholders the shareholders can exercise their right to be informed in compliance with the first paragraph of Article 305 of the ZGD-1.

Information on the procedure for exercising the right through an authorised person:

The shareholders may exercise their voting right also through an authorised person after they have signed and submitted a written form which is available on the website www.nlb.si and sent it to the Bank's registered office by the end of the fourth day prior to the General Meeting of Shareholders. They may submit the power of attorney to the Bank via electronic mail by the same deadline as applicable for the written form, namely by sending a scan of the power of attorney to the following e-mail: Skupscina2012@nlb.si. The Bank shall reserve the right to verify the authenticity of the shareholder or the person who has authorised another person and submitted the power of attorney by electronic mail.

Use of electronic media for sending additional items on the agenda and counterproposals:

The shareholders may submit additional items of the agenda and counterproposals to the Bank via electronic mail by the same deadline and with the same contents as applicable to the written form, namely by sending an attached scan to the following e-mail: Skupscina2012@nlb.si. The Bank shall reserve the right to verify the authenticity of the shareholder or the sender of additional items of the agenda and counterproposals by electronic mail



**GROUNDS FOR THE PROPOSED RESOLUTIONS
FOR THE 20TH ANNUAL GENERAL MEETING OF SHAREHOLDERS OF NLB D.D.**

Item 1 on the agenda: Opening, establishment of quorum and election of the bodies of the General Meeting of Shareholders of NLB d.d.

The Management Board and the Supervisory Board of NLB d.d.

hereby propose to the

General Meeting of Shareholders of NLB d.d.
to discuss and pass the following

proposed resolution under Item 1

1. The working bodies of the General Meeting of Shareholders of NLB d.d. shall be elected as follows:

- *Marko Jerič, member of the Credentials Committee,*
- *Mr. Jure Košar, member of the Credentials Committee.*

Statement of grounds

Pursuant to the Companies Act (ZGD-1), the Articles of Association of NLB d.d. (Articles of Association) and the Rules of Procedure of the General Meeting of Shareholders of NLB d.d. (Rules of Procedure), the Management Board is the convener of the General Meeting of Shareholders. The Management Board and the Supervisory Board must propose to the General Meeting of Shareholders the adoption of resolutions according to the Companies Act (ZGD-1), including, according to the Rules of Procedure, the election of the working bodies of the General Meeting of Shareholders, i.e. members of the Credentials Committee. The Management Board and the Supervisory Board propose Mr. Marko Jerič and Mr. Jure Košar from the Legal Affairs Centre, as members of the Credentials Committee of the 20th General Meeting of Shareholders.

In line with the Articles of Association and the Rules of Procedure, the Management Board is, as the convener, competent to appoint the Chairperson of the General Meeting of Shareholders and ensure that a notary public is present. The Management Board appointed Ms. Aleksandra Hrovatin, Director of the Legal Affairs Centre, Chair of the General Meeting of Shareholders and invited Miro Košak, a notary public from Ljubljana, to attend the General Meeting of Shareholders. He accepted the invitation and confirmed his attendance.

Supervisory Board of NLB d.d.

Management Board of NLB d.d.



Item 2 on the agenda: Increase in share capital by cash contributions to ensure compliance with the Decision of the European Commission

The Management Board and the Supervisory Board of NLB d.d.

hereby propose to the

General Meeting of Shareholders of NLB d.d.
to discuss and pass the following

proposed resolution under Item 2

2. *The Tier 1 capital of NLB d.d. which totals EUR 104,731,512.92 upon the adoption of this resolution and is divided into 12,548,930 ordinary no-par value registered shares with voting rights is to be increased through cash contributions by EUR 1,858,178.92 to EUR 106,589,691.84, by issuing new ordinary freely transferable registered no-par value shares with Voting rights that are of the same class as the existing shares.*

The increase shall be carried out by issuing 222,647 ordinary freely transferable registered no-par value shares with voting rights so that after the increase in Tier 1 capital, NLB d.d. shall have a total of 12,771,577 issued ordinary freely transferable registered no-par value shares with voting rights.

The issue price of one new share shall be EUR 8.35. The total issue value of all new issued Shares shall be EUR 1,859,102.45.

All newly issued shares grant their holders the same entitlements and rights as the previously issued shares of the same class. New shares shall be issued in book-entry form and entered in the register kept by KDD d.d. following the entry of the increase in Tier 1 capital into the companies register.

The existing shareholders shall not have the pre-emptive right to subscribe the new shares. Subscription and payment of new shares pursuant to this resolution shall be carried out without the publication of a prospectus, based on the exceptions stipulated by the applicable legislation.

The deadline for subscribing and paying new shares shall be 90 days following the date this resolution on the increase of Tier 1 capital is passed by the General Meeting of Shareholders. The subscribers of new shares shall be obliged to pay the entire issue price of each subscribed new share upon such subscription.

The increase in Tier 1 capital pursuant to this resolution shall be deemed successful if all new shares are subscribed and paid in full no later than 90 days of the adoption of this resolution on the increase of Tier 1 capital by the General Meeting of Shareholders. If the increase in Tier 1 capital hereunder is not entered in the companies register by 31/12/2013 at the latest, the subscription shall become non-binding.

The Supervisory Board of NLB d.d. Ljubljana is authorised to adopt the amendments and supplements to the Articles of Association of NLB d.d. with the aim of aligning the new text with the implemented increase in Tier 1 capital.



Statement of grounds

NLB d.d. had to improve its capital adequacy by the end of June 2012, as required by the regulators. In accordance with the order of the Bank of Slovenia it had to provide for a capital adequacy ratio of 11.2% and the Core Tier 1 ratio of 9% by 30 June 2012. The European Banking Authority (the EBA) required from NLB d.d. in December 2011 to achieve the Core Tier 1 ratio of 9% and demanded that NLB d.d. increase its share capital by EUR 320 million by the end of June 2012. NLB d.d. carried out at the end of June 2012 a number of coordinated activities to provide for the required capital adequacy. These activities of NLB d.d. among other comprised also the increase in share capital of NLB d.d. in the framework of which NLB d.d., on the basis of the resolution passed by the General Meeting of Shareholders on 27/06/2012, issued 1,487,805 new, ordinary, registered, freely transferable no-par value shares with voting rights that form the same class with the shares already issued. As it was necessary to ensure capital adequacy of NLB d.d., these shares were at the issue amount (price) of one new share equalling EUR 41.00 subscribed and paid by Kapitalska družba, d.d. in Slovenska odškodninska družba, d.d. The European Commission temporarily approved the said indirect subscription of shares by the Republic of Slovenia under the assumption that another share capital increase of NLB d.d. is carried out, where the shares would be directly or indirectly subscribed by the Republic of Slovenia and where the issue price per share would be EUR 8.35, and with other elements, meaning that the average issue price per share that would be directly or indirectly subscribed by the Republic of Slovenia, taking into account the above-mentioned increase in share capital of NLB d.d. that has already been carried out and the share capital increase according to the proposed resolution, would be EUR 36.75, corresponding to a 25% discount on the share price corrected for the dilution effect. It is only possible to implement the share capital increase in this manner, including by considering the ratios between the (direct and indirect) participation of the Republic of Slovenia in the share capital of NLB d.d. before and after the Share Capital Increase of NLB d.d. and the share issue price as considered also by the EC, if the issue share price is set at EUR 8.35 and if the pre-emptive right of the existing shareholders to subscribe new shares is excluded. If NLB d.d. fails to follow the decisions adopted by the European Commission, this could lead to the European Commission's conclusion that (direct or indirect) participation of the Republic of Slovenia in the increase of the NLB's capital counts as prohibited state aid and that NLB d.d. must return such aid. Pursuant to the ZGD-1, the Management Board must submit to the General Meeting a written report on the justified reason for excluding the current shareholders' pre-emptive right to subscribe new shares.

Supervisory Board of NLB d.d.

Management Board of NLB d.d.

Attachment:

1. Report of the Management Board of NLB d.d. for the General Meeting of Shareholders of NLB d.d. on the reasons for the exclusion of the existing shareholders' pre-emptive right to subscribe new shares



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

ON THE REASONS FOR EXCLUDING THE CURRENT SHAREHOLDERS' PRE-EMPTIVE RIGHT
TO SUBSCRIBE NEW SHARES

The Management Board of Nova Ljubljanska banka d.d., Ljubljana adopted this Report on the reasons for excluding the current shareholders' pre-emptive right to subscribe new shares (hereinafter: the 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. propose that at the 20th General Meeting of Shareholders of NLB d.d., the shareholders adopt a resolution on the increase of share capital by cash contributions which reads as follows:

"The Tier 1 capital of NLB d.d. which totals EUR 104,731,512.92 upon the adoption of this resolution and is divided into 12,548,930 ordinary no-par value registered shares with voting rights is to be increased through cash contributions by EUR 1,858,178.92 to EUR 106,589,691.84, by issuing new ordinary freely transferable registered no-par value shares with voting rights that are of the same class as the existing shares.

The increase shall be carried out by issuing 222,647 ordinary freely transferable registered no-par value shares with voting rights so that after the increase in Tier 1 capital, NLB d.d. shall have a total of 12,771,577 issued ordinary freely transferable registered no-par value shares with voting rights.

The issue price of one new share shall be EUR 8.35. The total issue value of all new issued shares shall be EUR 1,859,102.45.

All newly issued shares grant their holders the same entitlements and rights as the previously issued shares of the same class. New shares shall be issued in book-entry form and entered in the register kept by KDD d.d. following the entry of the increase in Tier 1 capital into the companies register.

The existing shareholders shall not have the pre-emptive right to subscribe the new shares. Subscription and payment of new shares pursuant to this resolution shall be carried out without the publication of a prospectus, based on the exceptions stipulated by the applicable legislation.

The deadline for subscribing and paying new shares shall be 90 days following the date this resolution on the increase of Tier 1 capital is passed by the General Meeting of Shareholders. The subscribers of new shares shall be obliged to pay the entire issue price of each subscribed new share upon such subscription.

The increase in Tier 1 capital pursuant to this resolution shall be deemed successful if all new shares are subscribed and paid in full no later than 90 days of the adoption of this resolution on the increase of Tier 1 capital by the General Meeting of Shareholders. If the increase in Tier 1 capital hereunder is not entered in the companies register by 31/12/2013 at the latest, the subscription shall become non-binding.

The Supervisory Board of NLB d.d. Ljubljana is authorised to adopt the amendments and supplements to the Articles of Association of NLB d.d. with the aim of aligning the new text with the implemented increase in Tier 1 capital."

NLB d.d. had to improve its capital adequacy by the end of June 2012, as required by the regulators. In accordance with the order of the Bank of Slovenia it had to provide for a capital adequacy ratio of 11.2% and the Core Tier 1 ratio of 9% by 30 June 2012. The European Banking Authority (the EBA) required from NLB d.d. in December 2011 to achieve the Core Tier 1 ratio of 9% and demanded that NLB d.d. increase its share capital by EUR 320 million by the end of June 2012. NLB d.d. carried out



at the end of June 2012 a number of coordinated activities to provide for the required capital adequacy. These activities of NLB d.d. among other comprised also the increase in share capital of NLB d.d. in the framework of which NLB d.d., on the basis of the resolution passed by the General Meeting of Shareholders on 27/06/2012, issued 1,487,805 new, ordinary, registered, freely transferable no-par value shares with voting rights that form the same class with the shares already issued. As it was necessary to ensure capital adequacy of NLB d.d., these shares were at the issue amount (price) of one new share equalling EUR 41.00 subscribed and paid by Kapitalska družba, d.d. in Slovenska odškodninska družba, d.d. The European Commission temporarily approved the said indirect subscription of shares by the Republic of Slovenia under the assumption that another share capital increase of NLB d.d. is carried out, where the shares would be directly or indirectly subscribed by the Republic of Slovenia and where the issue price per share would be EUR 8.35, and with other elements, meaning that the average issue price per share that would be directly or indirectly subscribed by the Republic of Slovenia, taking into account the above-mentioned increase in share capital of NLB d.d. that has already been carried out and the share capital increase according to the proposed resolution, would be EUR 36.75, corresponding to a 25% discount on the share price corrected for the dilution effect. It is only possible to implement the share capital increase in this manner, including by considering the ratios between the (direct and indirect) participation of the Republic of Slovenia in the share capital of NLB d.d. before and after the Share Capital Increase of NLB d.d. and the share issue price as considered also by the EC, if the issue share price is set at EUR 8.35 and if the pre-emptive right of the existing shareholders to subscribe new shares is excluded, which is proposed by the Management Board and the Supervisory Board of NLB d.d. If NLB d.d. fails to follow the decisions adopted by the European Commission, this could lead to the European Commission's conclusion that (direct or indirect) participation of the Republic of Slovenia in the increase of the NLB's capital counts as prohibited state aid and that NLB d.d. must return such aid. Based on the above, the exclusion of the existing shareholders' pre-emptive right 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. In view of the above, we are of the opinion that the substantive assumptions for the exclusion of the pre-emptive right of the existing shareholders to subscribe new shares have been presented.

Ljubljana, 12/11/2012

Management Board of NLB d.d.



Item 3 on the agenda: Authorised capital

The Management Board and the Supervisory Board of NLB d.d.

hereby propose to the

General Meeting of Shareholders of NLB d.d.
to discuss and pass the following

proposed resolution under Item 3

3. The current third paragraph of Article 5 of the Articles of Association of Nova Ljubljanska banka d.d. shall be replaced by a new text so as to read as follows:

»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 adopted at the General Meeting of Shareholders held on 14/12/2012, the Bank's share capital once or several times by no more than EUR 79,938,506.98 (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 9,578,232 new ordinary shares may be issued at the issue price specified by the Management Board of the Bank subject to the approval of the Supervisory Board of the Bank. 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 Tier 1 capital and issuing new shares; it is understood, however, that new shares can be issued solely for the purpose of swapping them into the receivables under the Agreement on the hybrid loan concluded between the Bank and the Republic of Slovenia on 28/06/2012 (non-cash contribution). The Management Board of the Bank may decide to exclude the existing shareholders' pre-emptive right to buy new shares, if the Supervisory Board of the Bank approves this.»

Statement of grounds

Under this item on the agenda, the General Meeting of Shareholders decides on the amendment to the Articles of Association whereby the General Meeting of Shareholders authorises the Management Board to increase during the period of five years after the entry of the amendment to the Articles of Association in the Companies Register – subject to the approval of the Supervisory Board and not subject to an additional resolution of the General Meeting of Shareholders – the Bank's share capital by a maximum of EUR 79,938,506.98.

NLB d.d. had to improve its capital adequacy by the end of June 2012, as required by the regulators. In accordance with the order of the Bank of Slovenia it had to provide for a capital adequacy ratio of 11.2% and the Core Tier 1 ratio of 9% by 30 June 2012. The European Banking Authority (the EBA) required from NLB d.d. in December 2011 to achieve the Core Tier 1 ratio of 9% and demanded that NLB d.d. increase its share capital by EUR 320 million by the end of June 2012. NLB d.d. carried out at the end of June 2012 a number of coordinated activities to provide for the required capital adequacy. Among other, these activities of the NLB comprised the conclusion of the Hybrid Loan Agreement between the lender Republic of Slovenia and the borrower NLB d.d. of 28/06/2012, with the amount of the principal EUR 320 million. The content of the said agreement is compliant with the requirements of the EBA and the conditions under which the European Commission temporarily approved the hybrid loan. This Agreement thus stipulates that if certain conditions are met, the borrower must convert the principal of the hybrid loan into



ordinary no par-value shares of the borrower. If certain conditions are met, the borrower may convert the due amount of interest under the Hybrid Loan Agreement into ordinary no par-value shares of the borrower. The issue amount of one new share in the conversion under the Hybrid Loan Agreement is planned to be EUR 36.75, corresponding to a 25% discount on the share price corrected for the dilution effect. Thus, the Management Board of NLB d.d. should be, under the Articles of Association, authorised to increase share capital based on authorised capital, allowing for the issue of new shares in the total issue amount (price) of EUR 352 million (the said amount represents the sum of the principal and annual interest of the hybrid loan) with the issue price of one share equalling EUR 36.75. For the Management Board of NLB d.d. to be able to use the authorisation for the conversion in accordance with the Hybrid Loan Agreement and thus offer shares only to the borrower, such authorisation must also enable the Management Board of NLB d.d. to exclude the pre-emptive right of the existing shareholders to subscribe new shares.

If NLB d.d. fails to follow the decisions adopted by the European Commission, this could lead to the European Commission's conclusion that (direct or indirect) participation of the Republic of Slovenia in the increase of the NLB's capital counts as prohibited state aid and that NLB d.d. must return such aid.

On 27/06/2012 the General Meeting of Shareholders already passed a resolution of authorised capital, but not all conditions of the Hybrid Loan Agreement were known at that time, while this resolution aligns the authorised capital with the said agreement.

Pursuant to the ZGD-1, the Management Board must submit to the General Meeting a written report with grounded reasons due to which the amendment to the Articles of Association (related to authorised capital) foresees the possibility to exclude the pre-emptive right of the existing shareholders to subscribe new shares.

Supervisory Board of NLB d.d.

Management Board of NLB d.d.

Attachment:

1. Report of the Management Board of NLB d.d. for the General Meeting of Shareholders of NLB d.d. on the reasons for the option of excluding the shareholders' pre-emptive right to subscribe new shares in relation to authorised capital



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 adopted this Report on the reasons for the option of excluding the shareholders' pre-emptive right to subscribe new shares related to authorised capital (hereinafter: the 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. propose that the 20th General Meeting of Shareholders of NLB d.d. adopt the resolution on the amendment of the existing third paragraph of Article 5 of the Articles of Association of NLB d.d. stipulating 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 wording of this paragraph shall read as follows:

»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 adopted at the General Meeting of Shareholders held on 14/12/2012, the Bank's share capital once or several times by no more than EUR 79,938,506.98 (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 9,578,232 new ordinary shares may be issued at the issue price specified by the Management Board of the Bank subject to the approval of the Supervisory Board of the Bank. 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 Tier 1 capital and issuing new shares; it is understood, however, that new shares can be issued solely for the purpose of swapping them into the receivables under the Agreement on the hybrid loan concluded between the Bank and the Republic of Slovenia on 28/06/2012 (non-cash contribution). The Management Board of the Bank may decide to exclude the existing shareholders' pre-emptive right to buy new shares, if the Supervisory Board of the Bank approves this.»

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 it requires a majority of at least three-quarters of the share capital represented in the voting. 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, and can also lay down the conditions for increasing the share capital by means of authorised capital. 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 obliges 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 in view of the fact that the Management and the Supervisory Boards of NLB d.d. proposed to the General Meeting of Shareholders to authorise, by amending the Articles of Association, the Management Board of NLB d.d. 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 exclusion of the existing shareholders' pre-emptive right to subscribe new shares. The Management Board of NLB d.d. decided for the title "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 the purpose of this specific authorisation is to justify merely a hypothetical option of increasing share capital which is not necessarily going to be implemented.

NLB d.d. had to improve its capital adequacy by the end of June 2012, as required by the regulators. In accordance with the order of the Bank of Slovenia it had to provide for a capital adequacy ratio of 11.2% and the Core Tier 1 ratio of 9% by 30 June 2012. The European Banking Authority (the EBA) required from NLB d.d. in December 2011 to achieve the Core Tier 1 ratio of 9% and demanded that NLB d.d. increase its share capital by EUR 320 million by the end of June 2012. NLB d.d. carried out at the end of June 2012 a number of coordinated activities to provide for the required capital adequacy. Among other, these activities of the NLB comprised the conclusion of the Hybrid Loan Agreement between the lender Republic of Slovenia and the borrower NLB d.d. of 28/06/2012, with the amount of the principal EUR 320 million. The content of the said agreement is compliant with the requirements of the EBA and the conditions under which the European Commission temporarily approved the hybrid loan. This Agreement thus stipulates that if certain conditions are met, the borrower must convert the principal of the hybrid loan into ordinary no par-value shares of the borrower. If certain conditions are met, the borrower may convert the due amount of interest under the Hybrid Loan Agreement into ordinary no par-value shares of the borrower. The issue amount of one new share in the conversion under the Hybrid Loan Agreement is planned to be EUR 36.75, corresponding to a 25% discount on the share price corrected for the dilution effect. Thus, the Management Board of NLB d.d. should be, under the Articles of Association, authorised to increase share capital based on authorised capital, allowing for the issue of new shares in the total issue amount (price) of EUR 352 million (the said amount represents the sum of the principal and annual interest of the hybrid loan) with the issue price of one share equalling EUR 36.75. For the Management Board of NLB d.d. to be able to use the authorisation for the conversion in accordance with the Hybrid Loan Agreement and thus offer shares only to the borrower, such authorisation must also enable the Management Board of NLB d.d. to exclude the pre-emptive right of the existing shareholders to subscribe new shares.

If NLB d.d. fails to follow the decisions adopted by the European Commission, this could lead to the European Commission's conclusion that (direct or indirect) participation of the Republic of Slovenia in the increase of the NLB's capital counts as prohibited state aid and that NLB d.d. must return such aid.

Based on the above, the exclusion of the pre-emptive right 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. In view of the above, we are of the opinion that the substantive assumptions for the exclusion of the pre-emptive right of shareholders to subscribe new shares have been presented.

Ljubljana, 12/11/2012

Management Board of NLB d.d.



Item 4 on the agenda: Election of substitute members of the Supervisory Board of NLB d.d.

Supervisory Board of NLB d.d.

hereby proposes to the

General Meeting of Shareholders of NLB d.d.
to discuss and pass the following

proposed resolution under Item 4

4.

4.1. The Annual General Meeting of Shareholders of NLB d.d. hereby establishes that Mr Jan Vanhevel, Member of the Supervisory Board, submitted his letter of resignation on 07/02/2011. The elected substitute member of the Supervisory Board shall be Gaël de Pontbriand whose term of office shall expire on the same date as the term of office of the originally elected members of the Supervisory Board of NLB d.d. who were elected at the 14th Annual General Meeting of NLB d.d. held on 30/06/2009.

4.2. The Annual General Meeting of Shareholders of NLB d.d. hereby establishes that Mr Matjaž Schroll, Member of the Supervisory Board, submitted his letter of resignation on 02/08/2012. The elected substitute member of the Supervisory Board shall be Ms. Marianne Økland whose term of office shall expire on the same date as the term of office of the originally elected members of the Supervisory Board of NLB d.d. who were elected at the 14th Annual General Meeting of NLB d.d. held on 30/06/2009.

Statement of grounds

The following members of the Supervisory Board have submitted letters of resignation: Jan Vanhevel, on 07/02/2011, Matjaž Schroll, on 02/08/2012, Janko Medja on 01/10/2012, Miran Pleterski on 05/10/2012 and Albin Hojnik on 23/10/2012. Pursuant to Article 21 of the Articles of Association of NLB d.d., substitute members of the Supervisory Board must be appointed in their place and the Supervisory Board must propose at least as many members as to guarantee that there are 8 members of the Supervisory Board. Pursuant to the provisions of ZGD-1, such resolution is proposed by the Supervisory Board which proposes to the General Meeting to elect substitute members. The term of office of the substitute members shall be until the expiry of the originally elected members of the Supervisory Board replaced by the substitute members.

Supervisory Board of NLB d.d.

Attachment:

1. CVs of the proposed substitute members of the Supervisory Board in accordance with Article 297.a (2) 2. ZGD-1



De Pontbriand, Gaël

Date of Birth: 30/06/1947
Nationality: France
Languages: French – Native
German – Fluent
English - Fluent
Address: France

EDUCATION

1974 Master of Business Administration, Warton School,
University of Pennsylvania USA)

1971 Bachelor Degree and Master Degree in Economics,
University of Paris I (France)
Master Degree in Corporate Law, University of Paris I (France)

JOB HISTORY

1988 – 2007 PricewaterhouseCoopers, France, Partner

1982 - 1988 Continental Illinois National Bank and Trust Company (German Subsidiary)
General Manager for Austria/Switzerland/Germany

1976 - 1981 Continental Illinois National Bank and Trust Company (US Headquarter)
Several operational positions

SUPERVISORYBOARD MEMBERSHIPS

Current Member Banque AIG

Current Member Banka Credins (Albania)

Current Member Microinvest (Moldova)

1992 – 2000 Permanent Advisor to governments and central banks of Russia, Algeria,
Kazakhstan, Ukraine

Cofounder and Vice President of the Association of foreign banks in Germany



Økland, Marianne

Date of Birth: 03/05/1962
Nationality: Norwegian
Languages: Norwegian – Native
English – Fluent
French – Conversational
German – Conversational
Address: Great Britain

EDUCATION

1985 Master Degree in Economics, Norwegian School of Economics and Business Administration

JOB HISTORY

Since 2008	Avista LLP	Managing Director Debt Advisory & Capital Raising
1998 – 2008 2007 – 2008 2004 – 2007	JP Morgan	Debt Origination Nordic Region Debt Origination Speciality Finance Debt Capital Market
1994 – 1998 1993 – 1994	Union Bank of Switzerland (UBS)	Debt Origination Nordic Region, Australasia, South Africa Head of Debt Capital Market
1990 – 1993 1988 – 1990	Marsoft Limited	Managing Director Europe Consultant
1984 – 1988	Norwegian School of Business Administration	Lecturer, Research Assistant

SUPERVISORYBOARD MEMBERSHIPS

Current Member Islandsbanki
Current Member IDFC (Infrastructure Development Finance Corporation) India