

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 21st 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 share capital of NLB d.d. shall be increased by EUR 208,646,300.77 through cash contributions, by way of issue of new ordinary, registered, freely transferable, no-par value shares with voting rights, comprising the same class as the already issued shares.

The increase shall be made by issue of 25,000,000 ordinary, registered, freely transferable, no-par value shares with voting rights.

The issue value of a new share shall be EUR 15.00. The total issue value of all new shares shall be EUR 375,000,000.00.

All newly issued shares shall grant their holders the same entitlements and rights as the previously issued shares of the same class. The 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, in accordance with the exceptions stipulated by the applicable legislation.

The deadline for subscribing and paying new shares shall be 90 days of the adoption of this resolution on the increase of Tier 1 capital by the General Meeting of Shareholders. The subscribers of new shares shall 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 share 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."

The latest estimates of the result of operations and projection of the NLB Group's capital adequacy indicate that the capital adequacy ratios will drop to such a level that the conditions will be met for the conversion of receivables under the Hybrid Loan Agreement between the lender Republic of Slovenia and the borrower NLB d.d. of 28/06/2012 into NLB d.d. shares already at the end of 2012 and that the

NLB Group will not meet the expectations of the Bank of Slovenia and the European Banking Authority (EBA).

The non-achievement of goals represents no violation of contractual or regulatory obligations of the NLB Group. In the framework of the capital exercise from December 2011, the EBA expressed the expectation that the banks would reach the Core Tier 1 ratio of 9% by 30/06/2012. The non-achievement of this ratio did not result in the violation of regulatory requirements and the EBA does not formally expect the banks to permanently keep the ratio at this level. The non-achievement of this goal is a negative signal for the public and the financial markets, which significantly limits the possibilities of access to international financial markets.

The proposed increase in share capital by issuing new shares for the total issue amount of EUR 375 million will ensure the achievement of all capital goals. Due to the high level of uncertainty in the environment and unfavourable macroeconomic indicators, NLB d.d. assessed that in order to ensure its normal operations, capital must be increased in such scope that will also enable the establishment of safety reserve above the capital needed for meeting capital requirements in the event of additional negative impacts on the operations of NLB d.d. and consequently on capital adequacy.

NLB d.d. obtained the opinion of external financial consultant regarding the determination of the proposed issue amount of one new share, namely EUR 15.00, and also took into account the situation on the market of comparable banks when determining the final issue amount proposed.

For NLB d.d. to be able to include the payments of new shares under the proposed resolution in the calculation of its capital as at 31/12/2012, such payments must be made on that date at the latest. This is the only way for NLB d.d. to ensure the achievement of all capital goals on that day.

Furthermore, without excluding the pre-emptive right of the existing shareholders to subscribe new shares, it would be necessary to organise the process of public offering of new shares by issuing a prospectus, in which case it would be impossible to make the payments for the new shares on 31/12/2012, which is why it is necessary to exclude the pre-emptive right of the existing shareholders to subscribe new shares in order to achieve capital goals as at 31/12/2012.

Therefore, the exclusion of the pre-emptive right of the existing shareholders to subscribe new shares is definitely in the interest of NLB d.d. and all shareholders and not merely in the interest of individual shareholders or the Bank's bodies, as it is aimed at ensuring the achievement of capital goals as at 31/12/2012 in order to prevent the negative signal to the public and financial markets and the resulting severe limitations of access to international financial markets, caused by non-achievement of capital goals, which would negatively influence the value of NLB d.d. shares and the interest of their holders, i.e. all shareholders of NLB d.d. 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, 28/11/2012

Management Board of NLB d.d.