



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

ON THE REASONS FOR EXCLUSION OF PREEMPTION RIGHT OF THE CURRENT SHAREHOLDERS TO ACQUIRE THE SHARES OF NLB d.d.

The Management Board of Nova Ljubljanska banka d.d., Ljubljana, has adopted this Report on the reasons for exclusion of pre-emption right of the current shareholders to acquire the shares of NLB d.d. (hereinafter: the Report) to present it to the General Meeting of NLB d.d. in accordance with provisions of Articles 247 and 337 of the Companies Act (ZGD-1).

The Management and Supervisory Boards of NLB d.d. hereby propose that the 33rd General Meeting of NLB d.d. pass a resolution authorising NLB d.d. to acquire its own shares, in the following wording:

"In view of ensuring own shares of NLB d.d. for disbursement of variable remuneration to the employees of NLB d.d. in the form of NLB d.d. shares, the General Meeting of NLB d.d. hereby authorises the Management Board of NLB d.d. to be able to acquire own shares of NLB d.d. in the period of 36 months from the day this resolution was adopted through transactions on the organised market, whereby respective purchase price for NLB d.d. share may deviate (upside or downside) from the closing NLB d.d. share price on the organised market on the last trading day before the acquisition date by less than 4%.

The Power of Attorney applies for acquisition of not more than 36,542 own shares of NLB d.d., whereby the total portion of shares acquired on the basis of this Power of Attorney together with other own shares already in possession of NLB d.d. shall not exceed 10% of share capital of NLB d.d. (2,000,000 shares).

NLB may dispose of its own shares acquired on the basis of this Power of Attorney by disbursing variable remuneration to the employees of NLB d.d. in the form of NLB d.d. shares.

In disposal of own shares acquired by NLB d.d. based on this Power of Attorney, the pre-emptive right of the current shareholders is entirely excluded if own shares have been disposed of in order to disburse variable remuneration to the employees of NLB d.d. in the form of NLB d.d. shares."

As the shares of NLB d.d. are listed on the organised market, NLB d.d. is in accordance with the rules bound to allocate and disburse part of the variable remuneration, if it exceeds a certain level, in own shares to its employees, who can within their competences or duties and activities considerably affect the risk profile of NLB d.d. In order to be able to do so, NLB needs its own shares. Therefore the Management and Supervisory Boards of NLB d.d. propose to the General Meeting of NLB d.d. to authorise NLB d.d. to acquire its own shares for this purpose.

NLB d.d. will acquire its own shares on the organised market, therefore all shareholders will be subject to equal treatment.

Pursuant to the rules NLB d.d. may only disburse part of variable remuneration to the above-mentioned employees in its own shares if the pre-emption right of the current shareholders to acquisition of shares has been entirely excluded for this case. Only this way the relevant aim, which is objectively in the best interest of NLB d.d. as it meets the regulations on the form of disbursement of variable remuneration, can be achieved. Therefore, deprivation that the current shareholders are going to suffer due to exclusion of the pre-emption right is proportional to the objective for which the pre-emption right is being excluded.

Based on everything above, the Management and Supervisory Boards of NLB d.d. propose that the pre-emption right of the current shareholders to acquire these shares be excluded entirely.

The number of shares NLB d.d. can acquire in line with the proposal above equals the highest estimated volume of own shares that NLB d.d. will need for the purpose set out by the proposed resolution at the time of validity of the power of attorney. The value of the share will be based on the price of the NLB d.d. share on the organised market on the last trading day before shares have been allocated to an individual employee. This meets the criterion of equal treatment of NLB d.d. shareholders as well as the guidelines on sound remuneration policies in accordance with Articles 74(3) and 75(2) of the Directive 2013/36/EU, and disclosures in accordance with Article 450 of the Regulation (EU) No. 575/2013 (EBA/GL/2015/22), which are relevant in connection with disbursement of variable remuneration to employees.

Ljubljana, 26 -03- 2019



László Pelle
Member of the
Management Board



Archibald Kremser
Member of the
Management Board



Andreas Burkhardt
Member of the
Management Board



Blaž Brodnjak
Chief Executive Officer