

NLB, d.d.
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1000 Ljubljana

Ljubljana, 5 May 2020

Subject: Counterproposal by VZMD Shareholder to the Resolution Proposed Under Item 3 of the Agenda of the Convened 35th General Meeting of NLB, d.d.

The VZMD, shareholder of the NLB, d.d. (hereinafter Shareholder-Proposer), hereby submits – in accordance with provisions of Article 300 of the Companies Act (Slov. ZGD-I) – a counterproposal to Resolution 3.1. proposed under Item 3 of the Agenda of 35th General Meeting of NLB, d.d., scheduled for Monday, 15/6/2020, at the following address: CANKARJEV DOM, kulturni in kongresni center, Prešernova cesta 10, Ljubljana.

The Shareholder-Proposer is going to object at the General Meeting to the original proposal and is going to convince other shareholders to vote in favour of this proposal. The Shareholder-Proposer expects this proposal to be published and communicated in the manner provided by Article 296 of the Companies Act (Slov. ZGD-I).

COUNTERPROPOSAL

to Resolution No. 3.1. proposed under Item 3 of the Agenda: Decision on the allocation of distributable profit for 2019 and granting a discharge from liability to the Management Board of NLB d.d. and Supervisory Board of NLB d.d.

Resolution proposed under 3.1.:

“The distributable profit of NLB d.d. as at 31 December 2019 amounts to EUR 228,039,879.73 and consists of NLB net profit for 2019 in the amount of EUR 176,148,615.15 and retained earnings from previous years in the amount of EUR 51,891,264.58. The total distributable profit shall be distributed as follows:

- a total of EUR 50,000,000 shall be paid to the Shareholders as dividends, which is EUR 2.50 gross per share,
- a total of EUR 178,039,879.73 shall remain undistributed representing the profit carried forward.”

NLB d.d. shall pay out dividends to persons that are as NLB Shareholders registered in the KDD on the fifth working day after the said General Meeting (22/6/2020, cut-off date). The NLB’s liability towards its Shareholders shall fall due for payment on the sixth working day after the General Meeting (23/6/2020, Execution Date). The day the corporate action shall be announced to the systemic members of the KDD is the first working day after the said General Meeting has been completed (16/6/2020, Announcement Date). The No-Ex date shall be the fourth working day after the said General Meeting (19/6/2020, No-Ex Date).«

Grounds:

In 2019, the NLB – compared to the previous year – increased its distributable profit, and at the same time the proposal submitted by the Management Board and Supervisory Board regarding non-payment of dividends is in explicit contradiction to the assurances given by the representatives of the company at the General Meetings in the past years.



Consequently, the VZMD is convinced that it would be appropriate and desirable that the company allocate for dividend distribution at least the amount allowing a payment per dividend in the same amount as last year. The Bank of Slovenia, as the regulator, adopted a macroprudential measure prohibiting any distribution of profit generated in 2019 and 2020, but we nevertheless propose allocating to dividends at least the profit carried forward from the previous years. As the proposers we would like to express our conviction that the company is capable of such dividend payment to the shareholders without suffering negative effects or presenting obstacles to the regular plans of the company.

Given some of the recommendations, requirements and even general orders from various institutions and associations on non-payment of dividends, the VZMD would like to point out that the decision on dividend distribution is exclusively the decision to be made by the owners, therefore shareholders. At the same time, we have already informed the said institutions and associations that were sending out such warnings that they should make available relevant analyses and information, if they exist, on the basis of which they have taken such an ad-hoc and harmful decision. Until the time this proposal was drafted we had not received any explanation or analysis in this regard, which would in any way justify the said disputable views and decisions, with extremely long-term harmful consequences - for the trust of investors, company, macro-economic situation, prospects and broader community.

The Macroprudential Measure imposed by the Bank of Slovenia makes the regulator look strange in the case of Gorenjska banka, which on 27/3/2020 (therefore during the time of COVID-19 epidemic) paid out as much as €41 million of dividends out of a total of €48 million of distributable profit! The latter practically paid out no dividends before last year's squeeze-out of small shareholders (or they were symbolic), which makes us in the VZMD wonder if only foreign-owned companies are and will be paying out dividends or only those companies from which the small shareholders have been and will have been squeezed out (now another such case is SKB banka, d.d.) – often under questionable enough conditions, which are, inter alia, subject to court proceedings initiated by the VZMD, that have been suspended until further notice.

Last but not least, please note, as duly noted by the VZMD as the proposer, Article 399 of the Companies Act, which, inter alia, explicitly provides that the Resolution of the General Meeting can be challenged if the profit is not distributed to the shareholders as a minimum of 4 % of the company's core equity.

Sincerely yours,

mag. Kristjan Verbič
Predsednik VZMD



