

PRESS RELEASE

BANK OF SLOVENIA / NLB - unprecedented deceit of renowned international financial companies and investors - VZMD informed them of concealed facts, in its endeavor of protecting investors, and called for inacting supervision, proper sanctions of those responsible, alleviation of consequences, and thus preservation of the remaining reputation of the Republic of Slovenia

NLB, Slovenia's largest bank, continues with its irresponsible and deceitful attitudes towards investors, while the national banking regulator (Bank of Slovenia) refuses to recognize the serious problem and its potential disastrous consequences; this compelled the PanSlovenian Shareholders' Association (VZMD) to report the latest malpractices to the international financial institutions that unwittingly assist NLB with its new issuances to trusting investors.

On 15 November 2013, NLB officially reported that on 30 September 2013 its equity met all the capital requirements, yet on 18 December 2013, its investors were expropriated, with the national regulator Bank of Slovenia declaring that on 30 September 2013 NLB's equity was in fact negative. Thus, Bank of Slovenia found that NLB's Management Board overstated the equity by more than one billion € (+835 as opposed to -318 million €), but despite this it decided not to pursue any action whatsoever against any member of NLB's Management Board, who to this day all remain on this board, receiving the same salaries as before this discovery. Furthermore, Bank of Slovenia also did not recognize any need for compensation, or any other form of protection, of the expropriated investors, although it is more than obvious that they had been misinformed and deceived by NLB's official financial statements.

With regret and indignation, VZMD observes that NLB still continues with its deceitful practices towards investors, while Bank of Slovenia still keeps refusing to sanction these practices in any way, and even to recognize any wrongdoing. Namely, on 1 July 2014, NLB has again blatantly deceived its investors, issuing 300 million € of new bonds (XS1081728195) listed on the Luxembourg Stock Exchange based on the prospectus (also dated 1 July 2014) in which NLB's Management Board stated that there were three ongoing legal proceedings contesting the registration of the 18 December 2013 expropriation act, yet stressed that »As at the date of this Prospectus, it is not possible to predict the outcome of these (or any other) proceedings«.

NLB's Management Board has stated this untruth 27 days after the most important of the mentioned three proceedings had been decided, with the decision at that date already being final, uncontestable and legally binding. Namely, on 4 June 2014 the Higher Court of Ljubljana, by decision IV Cpg 474/2014, reversed the Registration Act Srg 2013/53822, by which on 18 December 2013, the recapitalization and auxiliary measures thereof were recorded in the Court Register of the District Court in Ljubljana. Official documentation of the District Court in Ljubljana (at disposal at the VZMD headquarters) reveals that on 27 June 2014, this decision was served to the members of NLB's Management Board, NLB's legal representatives, and the authorized officials of the Bank of Slovenia.

This indisputably ascertains that on 1 July 2014, the date of the issuance and of the prospectus, the court decision IV Cpg 474/2014 and its legal consequences had been known to the abovementioned persons for at least six days, yet they were not disclosed in the prospectus; on the contrary, it was stated explicitly that »at the date of this Prospectus, it is not possible to predict the outcome of these proceedings«. This misinformation certainly played a substantial role in convincing the investors (both Slovenian and foreign nationals) into subscribing as much as 300 million € of the offered bonds.

As Bank of Slovenia is acquainted with all the above-mentioned acts of NLB's irresponsibility and deceit, yet refuses to act or even recognize these acts as problematic, VZMD is compelled in its endeavor of protecting the small investors to report these malpractices to the international financial institutions that unwittingly assist NLB with its new bond issuances. The Letter informing these institutions about the failure by NLB to disclose an essential material fact in the latest bond issuance is available here: www.vzmd.si/images/Notification-NLB-20140912-Failure-to-disclose%20.pdf

In the first unofficial response, one of these institutions assured VZMD that to date, NLB has not informed them about the legally binding reversal of the 18 December 2013 registration act, and that this institution finds this highly troubling, as their mutual agreements with NLB certainly made it binding for NLB to notify them of all such events before the date of the issuance, yet they even failed to do so subsequently.