



Material

**for the 14th Annual General Meeting of Shareholders of NLB d.d.
on 30 June 2009**



PUBLICATION OF THE AGENDA AND PROPOSED RESOLUTIONS TO BE PASSED AT THE 14TH ANNUAL GENERAL MEETING OF SHAREHOLDERS OF NLB D.D.

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

14th Annual General Meeting of Shareholders of NLB d.d.

scheduled for Tuesday, 30 June 2009, at 1 p.m. in the Conference Hall on the ground floor of the building at Trg republike 3 in Ljubljana

with the following agenda:

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

The Management Board and the Supervisory Board propose the following resolution:

The working bodies of the Annual General Meeting of Shareholders are elected as follows:

- Milan Jerman, member of the Credentials Committee, and
- Luka Harej, member of the Credentials Committee.

2. Presentation of the 2008 Annual Report and the Supervisory Board's Report on the results of examining the 2008 Annual Report and Information on the receipts of the members of the Management Board and Supervisory Board in 2008

The General Meeting of Shareholders of NLB d.d. hereby acknowledges the adopted 2008 Annual Report and the report by the Supervisory Board of NLB d.d. in the results of examining the 2008 Annual Report. Furthermore, the General Meeting of Shareholders of NLB d.d. hereby acknowledges the **Information on the receipts of the members of the Management Board and Supervisory Board in the previous year, taking into account the** regulations governing protection of personal data and business secret.

3. Decision on the distribution of net accumulated profit for 2008 and granting a discharge to the Management Board and the Supervisory Board

The Management Board and the Supervisory Board propose the following resolution:

- 3.1. Accumulated profit of NLB d.d. for 2008 equalling EUR 24,780,715.04 shall be distributed as follows:
- A portion of the accumulated profit equalling EUR 2,927,439.24 or EUR 0.33 per share shall be distributed to the shareholders of the Bank entered in the Share Register as at end of the day the Annual General Meeting is closed; the Bank's liability to the shareholders falls due on 15 September 2009;
 - The remaining accumulated profit in the amount of EUR 21,853,275.80 shall be allocated to other reserves from profit.

The amount of accumulated profit allocated to revenue reserves shall be adjusted for the part of the accumulated profit under the first item hereunder which relates to the difference resulting from the rounding of dividend per share to two decimals.

3.2. A discharge from liability is hereby granted to the Management and Supervisory Boards for the 2008 financial year.

4. Authorised capital

The Management Board and the Supervisory Board propose the following resolution:

The third paragraph of Article 5 of the Articles of Association of NLB 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 30 June 2009, the Bank’s share capital once or several times by no more than EUR 37,163,879.15 (thirty-seven million one hundred and sixty-three thousand eight hundred and seventy-nine euros 15/100) (authorised capital), subject to the approval of the 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 4,452,976 (four million four hundred and fifty-two thousand nine hundred and seventy-six) new ordinary or preference shares may be issued at the issue price specified by the Management Board subject to the approval of the Supervisory Board. The new shares shall be issued with the pertaining rights, under the conditions and in the manner specified in a relevant resolution on capital increase and the issue of new shares adopted by the Management Board. The new shares can be issued against payment in cash, assets in kind or real takeover, if this is in accordance with the regulations applicable at the time of adopting the resolution on increasing the share capital and on issuing new shares arising from the authorised capital. The Management Board may adopt a resolution on the exclusion of the pre-emptive right of existing shareholders to new shares, subject to the consent of the Supervisory Board.”

5. Amendments and supplements to the Articles of Association

The Management Board and the Supervisory Board propose the following resolution:

The applicable Articles of Association shall be supplemented and amended as follows:

- The fifth paragraph of Article 1 shall be amended to read:
“In legal transactions, the Bank’s branch offices add their corporate name to the Bank’s corporate name. The Bank’s branch offices shall have their own business addresses specified by the Management Board of the Bank.”
- The last sentence of the sixth paragraph of Article 1 shall be amended to read:
“The basic objective of the Bank is to independently perform a profitable activity on the market, as its sole activity.
- The third paragraph of Article 2 shall be stricken out and the previous fourth paragraph shall become the third paragraph.
- In the second sentence of the first paragraph of Article 7, the word ‘internal’ shall be stricken out and in the first sentence of the second paragraph the phrase: *“regulations on internal organisation”* shall be replaced by the wording *“act on the organisation of the Bank”*.
- In the second sentence of the first paragraph of Article 8, the wording *“regulations on the organisation and the rules on authorisations and signing in the Bank”* shall be replaced by the wording *“act on the organisation of the Bank and act on authorisations and signing in the Bank”*.
- In the first sentence of the third paragraph of Article 13 the word *“month”* shall be replaced by *“30”*.
- Article 14 shall be amended to read as follows:

“The shareholders collectively holding at least one twentieth of the share capital are entitled to request in writing that the Management and Supervisory Boards convene the General Meeting of Shareholders. Together with their request, they must submit a written agenda for each proposed item on the agenda 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.

In such a case as described in the preceding paragraph, the Management and Supervisory Boards must convene the General Meeting of Shareholders within a period not exceeding two months from the receipt of a complete request in writing. The Management and Supervisory Boards may decide that the proposers must deposit in advance the funds to cover the costs of the notice of convocation and of the meeting of the General Meeting of Shareholders.”

- The second paragraph of Article 16 shall be stricken out and the existing first paragraph of Article 16 shall be amended to read as follows:

Shareholders may exercise their rights at the General Meeting of Shareholders in person, through a proxy or through a legal representative. Entitlement to representation is to be proven by delivering an appropriate document to the Bank. The description of the required appropriate document may be defined in the published notice of the General Meeting of Shareholders. Regarding the proof on the entitlement of the proxy to represent the shareholder, the shareholder or the proxy shall be enabled to submit such proof to the Bank using electronic channels.

- In the ninth indent of the first paragraph of Article 19, the wording “*members of the Supervisory Board*” shall be stricken out.

- In the first paragraph of Article 20, the typing error in the Slovenian word for “Supervisory” shall be corrected; in the third paragraph, the word “*may*” shall be stricken out and the typing error in the Slovenian word for “*adopt*” shall be corrected.

- In the fourth paragraph of Article 20, the words “*and outsourced experts appointed by the Supervisory Board to the committees of the Supervisory Board,*” are added after the words “*members of the Supervisory Board*”.

- The first paragraph of Article 21 shall be amended to read as follows:

“The members of the Supervisory Board shall be elected for the period lasting from the day of their election until the end of the Bank’s Annual General Meeting of Shareholders, which decides on the use of accumulated profit for the fourth business year since they have been elected, unless otherwise stipulated at the time of appointment of individual members. In this context the first year shall be the business year during which members of the Supervisory Board were elected.»

- Item 14 of the first paragraph of Article 1 shall be amended to read as follows:

“appoint and discharge members of the Management Board of the Bank”.

- Item 16 of the first paragraph of Article 1 shall be amended to read as follows:

“lay down the criteria for remunerations to the Management Board and regularly checks that they are met”.

- A new indent shall be added after the last one in the first paragraph of Article 24, which reads as follows:

“signs contracts made with the members of the Bank’s Management Board, while the Bank shall be obliged to disclose the information on individual receipts of the members of the Management Board and Supervisory Board in its Annual Report together with the explanations of the criteria specified in Item 16 hereunder”.

- the second paragraph of Article 26 shall be amended to read as follows:

“The president and other members of the Management Board of the Bank shall be appointed and recalled by the Supervisory Board; the President of the Management Board may propose to the Chairman of the Supervisory Board to appoint or recall an individual member or the remaining members of the Management Board.”

- In item c (i) of the second paragraph of Article 27 the phrase “*financial organisation*” shall be replaced by the phrase “*financial company*”.

- Article 31 shall be amended to read as follows:

“The Management Board of the Bank shall organise internal audit as an independent organisational unit. The Internal Audit shall operate in accordance with the provisions of the Banking Act, the International Standards for the Professional Practice of Internal Auditing, the Code of Professional Ethics of Internal Auditors, the Code of Internal Auditing Principles and the Charter of the Internal Audit of NLB d.d. Based on the preliminary opinion of the Audit Committee of the Supervisory Board, the Management Board and the Supervisory Board of the Bank shall approve the annual action plan of the Internal Audit and may request that the Internal Audit perform specific tasks.”

- 2. In the second and the fourth paragraphs of Article 32 the wording “*and International Accounting Standards*” shall be added after the wording “*Slovenian Accounting Standards*”.

- In the second paragraph of Article 34 the wording “*and the Bank’s web portal*” shall be added before the full stop.

6. Appointment of the auditor for the 2009 financial year

The Supervisory Board proposes the following resolution be adopted:

The auditing company PricewaterhouseCoopers d.o.o. Ljubljana shall be appointed the auditor of NLB d.d. for 2009.

7. Discussion of the Internal Audit’s Report for 2008 and the opinion of the Supervisory Board

The Annual General Meeting of Shareholders of NLB d.d. hereby acknowledges the adopted Internal Audit's Report on Internal Auditing for 2008 and the opinion of the Supervisory Board of NLB d.d.

8. Election of the Supervisory Board members

The Supervisory Board proposes the following resolution be adopted:

The following persons shall be elected members of the Supervisory Board of NLB d.d. for the term of office as of the day of their election until the end of the Bank's Annual General Meeting of Shareholders where the use of accumulated profit for the fourth business year since they have been elected shall be decided, whereby the first year shall be the business year during which the Supervisory Board members were elected:

- Gregor Dolenc,
- Rasto Ovin,
- Marko Simoneti,
- Stanislava Zadavec – Capriolo,
- Boris Škapin,
- Branko Drobnak,
- Andrej Baričič,
- Jan Vanhevel,
- Riet Docx,
- John Hollows,
- Stojan Petrič.

9. Report on the Supervisory Board’s examination of the adequacy of paid out fixed and variable part of the salary of the members of the Management Board in the period from 2004 to 2008 and short explanation of the criteria applied to the calculation of the salary

The General Meeting of Shareholders of NLB d.d. hereby acknowledges the submitted Report on the Supervisory Board’s examination of the adequacy of paid out fixed and variable part of the salary of the



members of the Management Board in the period from 2004 to 2008 and short explanation of the criteria applied to the calculation of the salary.

In compliance with the Companies Act (ZGD-1), the proposer of the resolutions referred to in Items 6 and 8 is the Supervisory Board, Items 2, 7 and 9 are for information only and the General Meeting of Shareholders does not vote on them, whereas the remaining items on the agenda are proposed by the Management Board and the Supervisory Board.

All shareholders entered in the Share Register kept by KDD-Centralna klirinško depotna družba, d.d., Ljubljana (Central Securities Clearing Corporation) on the day of submitting the application and by the end of the General Meeting of Shareholders shall have the right to participate in and to vote at the General Meeting of Shareholders provided that they have, either personally or through a proxy or a legal representative, submitted a written application for their participation at the head office of NLB d.d., Ljubljana, Trg republike 2, 1520 Ljubljana, during the period from the day of publication of this convocation until and including no later than three days 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, up until and including three days prior to the General Meeting of Shareholders.

The shareholders will receive the confirmations of the number of their shares by post.

Proxies shall register with written proxy statements in the same manner and by the same deadline as shareholders.

Votes shall be made either personally or by proxy or legal representative. Proxy statements shall be specific and submitted to the Bank in writing and shall state the name and surname, permanent address or company name and registered office of the shareholder and their proxy, personal ID number or company registration number of the shareholder and their proxy, place and date of the proxy statement and signature of the shareholder or their legal representative. Legal representatives of natural persons or legal entities must, on the day of the General Meeting of Shareholders, produce a public document evidencing that they have the right to represent the respective shareholder; the document in question must not be older than 14 (fourteen) days as of the proxy statement date. NLB d.d. shall store the proxy statement.

Substantiated proposals for the adoption of resolutions with explanations and other material on the basis of which resolutions will be passed by the General Meeting of Shareholders according to individual items of the agenda are available to the shareholders for inspection from the day of publishing this convocation on, at the Bank's Secretariat, NLB d.d., Ljubljana, Trg republike 2, Ljubljana, on business days from 8 a.m. to 2 p.m., on the website www.nlb.si and in the electronic notification system of the Ljubljana Stock Exchange (SEOnet).

Ljubljana, 29 May 2009

Management Board of NLB d.d.



**FOUNDATIONS FOR THE PROPOSED RESOLUTIONS
FOR THE 14TH ANNUAL GENERAL MEETING OF SHAREHOLDERS OF NLB D.D.**

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

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 Annual General Meeting of Shareholders are elected as follows:*
- *Milan Jerman, member of the Credentials Committee, and*
 - *Luka Harej, member of the Credentials Committee.*

Explanation

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 convenor of the General Meeting of Shareholders. The Management Board and the Supervisory Board shall propose to the General Meeting of Shareholders the adoption of resolutions according to the Companies Act (ZGD-1) and according to the Rules of Procedure also the election of working bodies of the General Meeting of Shareholders, i.e. members of the Credentials Committee. The Management Board and the Supervisory Board propose Mr. Milan Jerman from General Secretariat and Mr. Luka Hare from the Legal Compliance Institute, as members of the Credentials Committee of the 14th Annual General Meeting of Shareholders.

In line with the Articles of Association and the Rules of Procedure, the Management Board is, as the convenor, competent to appoint the Chairperson of the General Meeting of Shareholders and ensure that a notary public is present. The Management Board appointed Mr. Anton Ribnikar, Head of the Legal Compliance Office, Chairman of the General Meeting of Shareholders and invited Miro Košak, a notary public from Ljubljana, to attend the General Meeting of Shareholders, who accepted the invitation and confirmed his attendance.

Supervisory Board of NLB d.d.

Management Board of NLB d.d.

Item 2 on the agenda: Presentation of the 2008 Annual Report and the Supervisory Board's Report on the results of examining the 2008 Annual Report and Information on the receipts of the members of the Management Board and Supervisory Board in 2008

Explanation

Since the amendment F to the Companies Act which entered into force in 2001 places the competence for the adoption of the Annual Report primarily onto the Supervisory Board and since the General Meeting of Shareholders decides on the adoption of the Annual Report only in specific cases, of which this is not one, the General Meeting of Shareholders shall under this item of the agenda only acknowledge the adopted 2008 Annual Report and the Report of the Supervisory Board of NLB d.d.

In 2008, the Supervisory Board of NLB d.d. supervised the operations of NLB d.d. and the NLB Group in the scope of authorisations and powers specified in the legal regulations and the Articles of Association.

Due to all above stated findings the Supervisory Board of NLB d.d. at its 27th regular meeting held on 8 April 2009 adopted the 2008 Annual Report without comments and in the form submitted by the Management Board.

In line with Article 282 of the Companies Act the Supervisory Board prepared its Report for the General Meeting of Shareholders.

Furthermore, the General Meeting of Shareholders of NLB d.d. acknowledges the Information on the receipts of the members of the Management Board and Supervisory Board in the previous year, taking into account the regulations governing protection of personal data and business secret. Such disclosure is provided for in the amendment to ZGD-1C and the Bank obtained for it suitable consent from the members of management and supervision bodies for the past business year.

Total accounted receipts of the Management Board members for 2008 (in EUR)

Marjan Kramar	gross salaries	174,455.99
	other receipts and bonuses	16,447.89
	remuneration	0.00
	TOTAL	190,903.88
Matej Narat	gross salaries	194,559.24
	other receipts and bonuses	18,787.19
	remuneration	0.00
	TOTAL	213,346.43
Claude Deroose	gross salaries	206,279.72
	other receipts and bonuses	25,858.63
	remuneration	0.00
	TOTAL	232,138.35
Alojz Jamnik	gross salaries	202,880.41
	other receipts and bonuses	28,523.04
	remuneration	0.00
	TOTAL	231,403.45
Miran Vičič	gross salaries	197,634.24
	other receipts and bonuses	24,603.66
	remuneration	0.00
	TOTAL	222,237.90

TOTAL	gross salaries	975,809.60
	other receipts and bonuses	114,220.41
	remuneration	0.00
	TOTAL	1,090,030.01

Payment of session fees and reimbursement of travel expenses to the members of the Supervisory Board in 2008 (in EUR)

No	SB member	Appointed on	Appointed until	Gross session fees	Gross remuneration for 2007	Gross travel exp.	TOTAL (gross)
1	Darko Tisaj	30.6.2008	31.12.2008	5,160.75	0.00	399.48	5,560.23
2	Rita Paula Clementina Docx	1.1.2008	31.12.2008	19,875.26	8,495.86	4,129.44	32,500.56
3	Frans Florquin	1.1.2007	30.6.2008	5,306.37	9,765.06	0.00	15,071.43
4	Peter Ješovnik	1.1.2007	31.12.2008	7,677.75	8,434.02	25.81	16,137.58
5	Igor Marinšek	1.1.2007	31.12.2008	10,725.00	8,325.06	0.00	19,050.06
6	Marko Rus	30.8.2007	31.12.2008	22,771.06	404.90	3,396.71	26,572.67
7	John Arthur Hollows	1.1.2007	31.12.2008	9,899.37	10,590.06	2,672.88	23,162.31
8	Jean O.C. Vanhevel	1.1.2007	31.12.2008	7,781.37	9,790.46	175.50	17,747.33
9	Katja Božič	1.1.2007	31.12.2008	13,352.20	2,654.14	0.00	16,006.36
10	Anne Fossemalle	1.1.2007	7.10.2008	20,522.42	12,055.40	0.00	32,577.82
11	Iztok Bricl	30.8.2007	31.12.2008	10,210.84	1,160.29	0.00	11,371.13
12	Žiga Lavrič	29.6.2005	30.8.2007	0.00	6,843.80	0.00	6,843.80
13	Matija Tasič	30.8.2007	31.12.2007	120.00	561.61	0.00	681.61
14	Matjaž Rotar	28.6.2006	31.7.2007	0.00	7,453.36	0.00	7,453.36
15	Zvonko Ivanušič		31.7.2007	0.00	7,783.54	0.00	7,783.54
	TOTAL						238,519.79
16*	Sergeja Slapničar			4,442.20		361.17	4,803.37
	TOTAL			137,845.00	94,318.00	11,161.00	243,323.16

* not a SB member (Audit Committee of the SB)

Enclosures:

1. The NLB Group 2008 Annual Report
2. The Report of the Supervisory Board of NLB d.d.

Enclosure 2: The Report of the Supervisory Board of NLB d.d.

On 29 June 2005 the Supervisory Board of NLB d.d. was appointed until the conclusion of the Bank's Annual General Meeting of Shareholders, which decides on the Annual Report for the fourth business year from the election of members, and started 2008 in the following composition: Igor Marinšek, Peter Ješovnik, Katja Božič, Marko Rus, Iztok Bricl, John Hollows, Jan Vanhevel, Riet Docx, Frans Florquin and Anne Fossemalle.

In 2008 the statement of resignation was submitted by two members of the Supervisory Board (Frans Florquin and Anne Fossemalle)¹, and at the 13th Annual General Meeting of Shareholders of NLB d.d. on 30 June 2008, Darko Tisaj, MSc., was elected to substitute Matic Tasič, who resigned from the position of member in 2007. The term of office of all members lasts until the expiry of the term of office of the Supervisory Board members appointed at the 10th Annual General Meeting of Shareholders of NLB d.d..

The framework for the operations of the Supervisory Board as well as its competences and duties are besides the generally applicable laws (*Banking Act, Companies Act, Regulation on the diligence of management and supervisory board members of banks and savings banks*) defined also by the internal rules of the Bank (*Articles of Association of NLB d.d. and the Rules of Procedure of the Supervisory Board and its committees*) as well as other legal standards referring to the operations of the Bank in Slovenia and internationally.

Expert support to decision-making was provided to the Supervisory Board by four committees: Audit Committee, Risk Committee, Remuneration Committee and Development Committee.

In 2008, the Supervisory Board held seven regular and five correspondence meetings, where it discussed the operations of NLB d.d., its subsidiaries and the NLB Group as a whole.

The Supervisory Board adopted the 2007 Annual Report and assessed the work of the Management Board and the achieved business results as very successful, especially from the point of view of further dynamic growth in the volume of operations in all areas, profitability, cost-effectiveness and development of the NLB Group. It also approved all proposals of the Management Board at the General Meeting of Shareholders.

In relation to the set strategic goals of NLB d.d., especially the development of the NLB Group, the Supervisory Board acknowledged the *Corporate Governance Policy of the NLB Group* and the *Code of Ethical Conduct of the Employees of the NLB Group*.

Special attention was paid to the management of the Bank's capital adequacy as a key condition for the realisation of the set business and development goals. Thus, it discussed and approved the proposal of the Management Board for capital increase of NLB d.d. by the issue of new ordinary shares in the amount of EUR 300 million, which provided for additional volume of own funds needed for further implementation of the business plans of NLB d.d. and the NLB Group.

The Supervisory Board discussed and approved the Plan of NLB d.d. and the NLB Group for next year and acknowledged the *Information Technology Strategy* as well as the *HR Management Policy at NLB d.d.*

The Supervisory Board - according to its legally defined role and competence - monitored risk management, while actively co-operating with expert committees and following the recommendations of internal audit services, acknowledged the findings of bank supervision bodies (Bank of Slovenia) and the reports of the external auditor. It also regularly discussed the reports about the audits of NLB d.d. and the NLB Group, prepared by the Internal Audit according to the approved action plan.

¹ The member Frans Florquin submitted the statement of resignation on 29 June 2008, and the member Anne Fossemalle on 7 August 2008.

The Supervisory Board assessed its operations in 2008 on the basis of a questionnaire modelled based on best international practice. It determined that in 2008 it operated effectively and in accordance with the requirements of corporate governance as well as in line with the expectations of the NLB Group.

The Supervisory Board discussed also the expiry of the five-year terms of office of the President of the Management Board, Marjan Kramar, and at its last meeting in 2008 appointed Dr. Draško Veselinovič the new President of the Management Board, granting him a five-year term of office for managing NLB d.d. as of 1 February 2009.

On 8 April 2009, the Management Board of NLB d.d. submitted the *2008 Annual Report* to the Supervisory Board, including the audited financial statements of NLB d.d., the consolidated financial statements of the NLB Group and the auditor's opinions. According to the auditor, the financial statements with notes give a true and fair view of the financial position of the Bank and the NLB Groups as at 31 December 2008 and are in compliance with the International Financial Reporting Standards. It is also established on the basis of the audit of the business report that the information contained in the business section of the Annual Report is consistent with the financial statements of the Bank and the NLB Group. On this basis, the Supervisory Board approved the *2008 Annual Report* and the proposal of the Management Board on the allocation of accumulated profit, which is proposed to be adopted by the General Meeting of Shareholders of NLB d.d.

The Supervisory Board of NLB d.d. finds that in spite of extremely demanding financial crisis situation the operations of NLB d.d. were good in 2008 and it continues pursuing the key orientations of its development both in Slovenia and abroad.

The Supervisory Board of NLB d.d. commends the Management Board of the Bank and all employees for their contribution and achievements in 2008, in particular in view of the altered conditions in the environment, which will warrant greater adaptability and readiness for challenges awaiting the Bank and the Group in 2009.



Igor Marinšek
Chairman of the Supervisory Board of NLB d.d



Item 3 on the agenda: Decision on the allocation of accumulated profit for 2008 and granting a discharge from liability to the Management Board and the Supervisory Board

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

3.1. Accumulated profit of NLB d.d. for 2008 equalling EUR 24,780,715.04 shall be distributed as follows:

- *A portion of the accumulated profit equalling EUR 2,927,439.24 or EUR 0.33 per share shall be distributed to the shareholders of the Bank entered in the Share Register as at end of the day the Annual General Meeting is closed; the Bank's liability to the shareholders falls due on 15 September 2009;*
- *The remaining accumulated profit in the amount of EUR 21,853,275.80 shall be allocated to other reserves from profit.*

The amount of accumulated profit allocated to revenue reserves shall be adjusted for the part of the accumulated profit under the first item hereunder which relates to the difference resulting from the rounding of dividend per share to two decimals.

3.2. A discharge from liability is hereby granted to the Management and Supervisory Boards for the 2008 financial year.

Explanation

Pursuant to the provisions of the Companies Act, the General Meeting of Shareholders decides about the allocation of accumulated profit, based on the audited 2008 Annual Report, adopted by the Supervisory Board at its 27th regular meeting held on 8 April 2009.

The shareholders are entitled to participation in accumulated profit (dividends). Their participation in accumulated profit is proportional to their equity stakes.

In line with Article 294 of the Companies Act, the General Meeting of Shareholders decides also about the granting of discharge from liability to the Management Board and Supervisory Board for their work in the past business year.

Supervisory Board of NLB d.d.

Management Board of NLB d.d.



Item 4 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 4

The third paragraph of Article 5 of the Articles of Association of NLB 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 30 June 2009, the Bank’s share capital once or several times by no more than EUR 37,163,879.15 (thirty-seven million one hundred and sixty-three thousand eight hundred and seventy-nine euros 15/100) (authorised capital), subject to the approval of the 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 4,452,976 (four million four hundred and fifty-two thousand nine hundred and seventy-six) new ordinary or preference shares may be issued at the issue price specified by the Management Board subject to the approval of the Supervisory Board. The new shares shall be issued with the pertaining rights, under the conditions and in the manner specified in a relevant resolution on capital increase and the issue of new shares adopted by the Management Board. The new shares can be issued against payment in cash, assets in kind or real takeover, if this is in accordance with the regulations applicable at the time of adopting the resolution on increasing the share capital and on issuing new shares arising from the authorised capital. The Management Board may adopt a resolution on the exclusion of the pre-emptive right of existing shareholders to new shares, subject to the consent of the Supervisory Board.”

Explanation

Under this item on the agenda, the General Meeting of Shareholders decides on the amendment to the Articles of Association by means of which the General Meeting of Shareholders authorises the Management Board to increase, during the period of five years after the entry in the Companies Register of the amendment to the Articles of Association 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 the maximum of one half of the Banks share capital as at the time the amendment to the Articles of Association are adopted. Pursuant to the ZGD-1, the Management Board must prepare for the Supervisory Board a written report describing the 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.

Supervisory Board of NLB d.d.

Management Board of NLB d.d.



Enclosure:

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



Enclosure:

Report by 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

The Management Board of Nova Ljubljanska banka d.d., Ljubljana (hereinafter: NLB d.d.) adopted this Report on the reasons for the option of excluding the 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 and the Supervisory Boards of NLB d.d. propose that the third paragraph of Article 5 of the Articles of Association of NLB d.d. be amended at the 14th General Meeting of Shareholders in 2009, in relation to 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 30 June 2009, the Bank's share capital once or several times by no more than EUR 37,163,879.15 (thirty-seven million one hundred and sixty-three thousand eight hundred and seventy-nine euros 15/100) (authorised capital), subject to the approval of the 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 4,452,976 (four million four hundred and fifty-two thousand nine hundred and seventy-six) new ordinary or preference shares may be issued at the issue price specified by the Management Board subject to the approval of the Supervisory Board. The new shares shall be issued with the pertaining rights, under the conditions and in the manner specified in a relevant resolution on capital increase and the issue of new shares adopted by the Management Board. The new shares can be issued against payment in cash, assets in kind or real takeover, if this is in accordance with the regulations applicable at the time of adopting the resolution on increasing the share capital and on issuing new shares arising from the authorised capital. The Management Board may adopt a resolution on the exclusion of the pre-emptive right of existing shareholders to new shares, subject to the consent of the Supervisory Board."

Article 353 of 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, by itself, share capital up to a certain nominal 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. ZGD-1 also regulates 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 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 ZGD-1 must therefore be applied, as appropriate, which oblige the Management Board to also submit a special written report, justifying the reasons for the option of such exclusion, 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 maximum number of shares (up to the half of the share capital existing at the time of deciding on the amendment to the Articles of Association), 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. entitled it "Report on the reasons for the option of excluding the shareholders' pre-emptive right to subscribe new shares" because the purpose of this specific authorisation is to justify a merely hypothetical option of increasing share capital which is not necessarily going to be implemented and, simultaneously, there is a hypothetical option of deciding on the exclusion of the existing shareholders' pre-emptive right to subscribe new shares. For the same reason (i.e. at the time of the 2009 General Meeting of Shareholders there exists no actual case of issuing new shares and potentially excluding the existing shareholders' pre-emptive rights) this report is not and cannot be as specific as stipulated by the fourth paragraph of Article 337 of ZGD-1.

According to the first paragraph of Article 337 of ZGD-1 all shareholders have in principle the pre-emptive right to subscribe new shares in proportion to their stakes in the share capital. Such shareholders' pre-emptive right may also be excluded in the event of ordinary share capital increase by stakes, while in the case of authorised capital, such exclusion is possible pursuant to the second paragraph of Article 354. The Act also stipulates that the approval of the Supervisory Board is required for a decision by the Management Board on the exclusion of the pre-emptive right to subscribe new shares, as envisaged in the wording of the proposed amendment to the Articles of Association.

The Management and the Supervisory Boards of NLB d.d. propose to the General Meeting of Shareholders to grant the Management Board the option to exclude the existing shareholders' pre-emptive right to subscribe new shares issued on the basis of a resolution potentially adopted by the Management Board to increase the share capital subject to the consent of the Supervisory Board and without an additional resolution passed by the General Meeting of Shareholders. The essence of share capital increase by means of authorised capital is quick response to the market situation and new investment opportunities, which cannot be achieved through a demanding and time-consuming procedure of an ordinary share capital increase by stakes, and through a procedure involving the exercise of the pre-emptive right of the existing shareholders to subscribe new shares, especially when a company needs new fresh capital that the existing shareholders are either not capable or do not wish to provide.

In order to increase the benefits of the company and its shareholders, NLB d.d. is obliged to at least maintain, and if possible improve its market position. This also means that it is not possible to exclude the need for taking over other banks, which might arise in the future and prove to be the best opportunity for strengthening the position of NLB d.d. The same applies to activities which are deemed less important than takeovers, i.e. increasing capital stakes in other banks. The Banking Act allows for the possibility of increasing a bank's share capital by means of non-cash stakes that are shares of another bank upon prior authorisation of the Bank of Slovenia. Thus, one of the methods of implementing a takeover or increasing a stake (from the point of view of the Bank's and the existing shareholders' interests) can be an increase in the capital of NLB d.d. by means of non-cash stakes - shares of another bank in exchange for shares issued by NLB d.d. and delivered to the shareholders of the other bank on the basis of a resolution adopted by the Management Board of NLB d.d. If the General Meeting of Shareholders adopts the proposed amendment to the Articles of Association regarding authorised capital, there would be no need to invest cash assets of the existing shareholders for such an operation.

We believe that we have presented all substantial assumptions for the option of excluding the existing shareholders' pre-emptive right, as the potential exclusion is primarily in the interest of the company's set goals, and consequently all of its shareholders, and not merely in the interest of individual shareholders or bodies of the company. In the opinion of NLB d.d., the above described specific interest of NLB d.d. in acquiring such capital stakes in other banks can only be effectively exercised provided that there is the option to exclude the pre-emptive right, although in legal terms there are also other options. It must be emphasised that at the moment it is not at all possible to estimate the issue amount of potential new NLB shares, referred to in the fourth paragraph of Article 337 of ZGD-1, as it depends on the market situation existing at the time the decision on a share capital increase is adopted. It is nevertheless clear that the Management Board and the Supervisory Board must, when



adopting decisions on the use of authorisation related to authorised capital, act with due care stipulated by ZGD-1.

It should also be noted that at the moment of adopting decisions at the 14th General Meeting of Shareholders in 2009 it will not be known whether there exists the need for increasing share capital and whether the existing shareholders' pre-emptive right would actually be excluded in such case. The Management Board of NLB d.d. may thus only be granted the right to act in a certain way, which is in any case subject to control and approval by the Supervisory Board, as stipulated by the provisions of ZGD-1. Besides, in all above cases it is indispensable to follow the principle of equal treatment of all shareholders, at which the Management Board of NLB d.d. will aim at all times.

In our opinion, this Report gives a satisfactory substantial justification of the proposed amendment to the Articles of Association.

Management Board of NLB d.d.



Item 5 on the agenda: Amendments and supplements to the Articles of Association

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 5

The applicable Articles of Association shall be supplemented and amended as follows:

- *The fifth paragraph of Article 1 shall be amended to read:
“In legal transactions, the Bank’s branch offices may add their firm name to the Bank’s firm name. The Bank’s branch offices shall have their own business addresses specified by the Management Board of the Bank.”*
- *The last sentence of the sixth paragraph of Article 1 shall be amended to read:
“The basic objective of the Bank is to independently perform a profitable activity on the market, as its sole activity.*
- *The third paragraph of Article 2 shall be stricken out and the previous fourth paragraph shall become the third paragraph.*
- *In the second sentence of the first paragraph of Article 7, the word ‘internal’ shall be stricken out and in the first sentence of the second paragraph the phrase: “regulations on internal organisation” shall be replaced by the wording “act on the organisation of the Bank”.*
- *In the second sentence of the first paragraph of Article 8, the wording “regulations on the organisation and the rules on authorisations and signing in the Bank” shall be replaced by the wording “act on the organisation of the Bank and act on authorisations and signing in the Bank”.*
- *In the first sentence of the third paragraph of Article 13 the word “month” shall be replaced by “30”.*
- *Article 14 shall be amended to read as follows:
“The shareholders collectively holding at least one twentieth of the share capital are entitled to request in writing that the Management and Supervisory Boards convene the General Meeting of Shareholders. Together with their request, they must submit a written agenda for each proposed item on the agenda 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.
In such a case as described in the preceding paragraph, the Management and Supervisory Boards must convene the General Meeting of Shareholders within a period not exceeding two months from the receipt of a complete request in writing. The Management and Supervisory Boards may decide that the proposers must deposit in advance the funds to cover the costs of the notice of convocation and of the meeting of the General Meeting of Shareholders.”*

- The second paragraph of Article 16 shall be stricken out and the existing first paragraph of Article 16 shall be amended to read as follows:

Shareholders may exercise their rights at the General Meeting of Shareholders in person, through a proxy or through a legal representative. Entitlement to representation is to be proven by delivering an appropriate document to the Bank. The description of the required appropriate document may be defined in the published notice of the General Meeting of Shareholders. Regarding the proof on the entitlement of the proxy to represent the shareholder, the shareholder or the proxy shall be enabled to submit such proof to the Bank using electronic channels.

- In the ninth indent of the first paragraph of Article 19, the wording "members of the Supervisory Board" shall be stricken out.

- In the first paragraph of Article 20, the typing error in the Slovenian word for "Supervisory" shall be corrected; in the third paragraph, the word "may" shall be stricken out and the typing error in the Slovenian word for "adopt" shall be corrected.

- In the fourth paragraph of Article 20, the words "and outsourced experts appointed by the Supervisory Board to the committees of the Supervisory Board," are added after the words "members of the Supervisory Board".

- The first paragraph of Article 21 shall be amended to read as follows:

"The members of the Supervisory Board shall be elected for the period lasting from the day of their election until the end of the Bank's Annual General Meeting of Shareholders, which decides on the use of accumulated profit for the fourth business year since they have been elected, unless otherwise stipulated at the time of appointment of individual members. In this context the first year shall be the business year during which members of the Supervisory Board were elected.«

*- Item 14 of the first paragraph of Article 1 shall be amended to read as follows:
"appoint and discharge members of the Management Board of the Bank".*

*- Item 16 of the first paragraph of Article 1 shall be amended to read as follows:
"lay down the criteria for remunerations to the Management Board and regularly checks that they are met".*

- A new indent shall be added after the last one in the first paragraph of Article 24, which reads as follows:

"signs contracts made with the members of the Bank's Management Board, while the Bank shall be obliged to disclose the information on individual receipts of the members of the Management Board and Supervisory Board in its Annual Report together with the explanations of the criteria specified in Item 16 hereunder".

- the second paragraph of Article 26 shall be amended to read as follows:

"The president and other members of the Management Board of the Bank shall be appointed and recalled by the Supervisory Board; the President of the Management Board may propose to the Chairman of the Supervisory Board to appoint or recall an individual member or the remaining members of the Management Board."

- In item c (i) of the second paragraph of Article 27 the phrase "financial organisation" shall be replaced by the phrase "financial company".

- Article 31 shall be amended to read as follows:

“The Management Board of the Bank shall organise internal audit as an independent organisational unit. The Internal Audit shall operate in accordance with the provisions of the Banking Act, the International Standards for the Professional Practice of Internal Auditing, the Code of Professional Ethics of Internal Auditors, the Code of Internal Auditing Principles and the Charter of the Internal Audit of NLB d.d.

Based on the preliminary opinion of the Audit Committee of the Supervisory Board, the Management Board and the Supervisory Board of the Bank shall approve the annual action plan of the Internal Audit and may request that the Internal Audit perform specific tasks.”

- 2. In the fourth paragraph of Article 32 the wording “and International Accounting Standards” shall be added after the wording “Slovenian Accounting Standards”.

- In the second paragraph of Article 34 the wording “and the Bank’s web portal” shall be added before the full stop.

Explanation

Among other things, the General Meeting of Shareholders is competent to adopt amendments and supplements to the Bank’s basic corporation act, i.e. the Articles of Association, proposed by the Management Board and the Supervisory Board.

We give the explanation of each item of the proposed amendments and supplements in the same order as in the enclosure to this material.

1. Amendment to the fifth paragraph of Article 1 of the Articles of Association is due to the alignment of the text with the Companies Act (Official Gazette of the Republic of Slovenia no. 42/2006, hereinafter the ZGD-1) according to which only subsidiaries are entered in the Companies Register as lower organisational units, while amendment to the last sentence of the sixth paragraph is, in our opinion, a more appropriate description of the Bank’s goals in accordance with the ZGD-a (Article 3).
2. The list of activities that a bank may perform on the basis of the standard classification of activities is not a mandatory part of the Articles of Association and we there propose it be stricken out. Accordingly the former fourth paragraph shall become the third paragraph.
3. Amendments to Articles 7 and 8 of the Articles of Association are merely terminological.
4. On 19 March 2009, the Government of the Republic of Slovenia sent to the National Assembly the proposal of amendments to ZGD-1C. Some of the proposed amendments concern the statutory area. The proposal separates between the cogent provisions, in the case of which any other regulation would be illegal, and the dispositive provisions, which allow for a different statutory regulation than the one defined by law. The proposed act amends the currently valid provision according to which the General Meeting of Shareholders must be published one month prior to the actual meeting. According to the current proposal, the convocation of the General Meeting of Shareholders must be published at least 30 days in advance. The third paragraph of Article 13 of the Articles of Association follows this proposal for amendments to ZGD-1C.
5. The amendment of the third and fourth paragraphs of Article 14 of the Articles of Association also follows this proposal for amendments to ZGD-1C. The shareholders collectively holding at least one twentieth of the share capital are entitled to demand in writing that the Management and Supervisory Boards convene the General Meeting of Shareholders of the Bank. The request must be submitted together with the agenda and the proposed resolutions to be decided by the General Meeting of Shareholders, together with their explanations. Pursuant to the ZGD-1, the General Meeting of Shareholders must be convened within two months after receiving the request from the minority shareholders.
6. The second paragraph of Article 16 of the Articles of Association is not compliant with the actual state and is therefore redundant. On the other hand, the first paragraph of the same

article shall be amended appropriately in accordance with the proposed amendments to the ZGD-1C, so that the shareholders or their proxies are able to send to the Bank a proof of the proxy form issued by the shareholder to the proxy through electronic channels.

7. The proposed amendment to Article 284 of ZGD-1C expressly stipulates that the members of the Supervisory Board may not participate in the company's profit, which is why the note on the Supervisory Board being entitled to participate in the Bank's profit must be stricken out from the text of the ninth indent of the first paragraph of Article 19.
8. The amendment to the first and third part of Article 20 is merely the correction of a spelling error while in the second part, it follows the Bank's practice that the Supervisory Board adopts its Rules of Procedure, which is why we propose this provision be defined as obligation and not merely as possibility. The amendment to the fourth paragraph follows the practice that the companies engage outsourced experts to help the supervisors, who are also entitled to cost reimbursement.
9. Amendment to the first paragraph of Article 21 is the result of the existing legislation. Until 2001, the General Meeting of Shareholders was competent to adopt the annual report of the company, while afterwards this was done in practice by the Supervisory Board (also in our bank), due to which there could be a dilemma if the existing diction of the duration of the term of office of Supervisory Board members were not changed; therefore, we propose adequate correction.
10. Amended Item 14 of Article 24 is a correction and amended Item 16 and new Item 17 are the result of the proposed ZGD-1C which stipulates that the companies must disclose their wage policy in the annual report.
11. According to our estimate, the amendment to the second paragraph of Article 26 is useful as it introduced the system of nomination and appointment to the Management Board, i.e. the term of office.
12. Amendment to the second paragraph of Article 27 means alignment with the notions as defined by the ZBan-1.
13. The proposed amendments to Article 31 were submitted by the Internal Audit as a result of their alignment with the applicable provisions.
14. In the preparation of the financial statements and annual reports the Slovenian Accounting Standards are applied as well as the International Accounting Standards in accordance with the applicable provisions and the established practice. The supplement to this provision is thus needed to align the wording of the Articles of Association with the applicable provisions and the established practice.
15. The Bank has always published the convocation of the General Meeting of Shareholders on its website. According to the proposed amendments to the ZGD-1, such publication will be mandatory (fourth paragraph of Article 296). Amendment to Article 34 of the Articles of Association is in line with the proposed amendment to the Act as well as with the Bank's established practice.

Supervisory Board of NLB d.d.

Management Board of NLB d.d.

Enclosure:

1. Material on amendments and supplements to the Articles of Association



**Enclosure: AMENDMENTS AND SUPPLEMENTS TO THE ARTICLES OF ASSOCIATION OF
NLB d.d.**

Article 1

The fifth paragraph shall be amended to read:

“In legal transactions, the Bank’s branch offices may add their firm name to the Bank’s firm name. Branch offices of the Bank shall have their own business addresses specified by the Management Board of the Bank.”

The last sentence of the sixth paragraph shall be amended to read:

The basic objective of the Bank is to independently perform a profitable activity on the market, as its sole activity.

Article 2

The third paragraph shall be stricken out and the previous fourth paragraph shall become the third paragraph.

Article 7

The word “*internal*” in the second sentence of the first paragraph shall be deleted.

In the first sentence of the second paragraph, the wording “*regulations on internal organisation*” shall be replaced by the wording “*act on the internal organisation of the Bank*”.

Article 8

In the second sentence of the first paragraph, the wording “*regulations on internal organisation and the rules on authorisations and signing in the Bank*” shall be replaced by the wording “*act on the internal organisation of the Bank and act on authorisations and signing in the Bank*”.

Article 13

The word “*month*” in the first sentence of the third paragraph shall be replaced by “*30*”.

Article 14

The article shall be amended to read:

“The shareholders collectively holding at least one twentieth of the share capital are entitled to request in writing that the Management and Supervisory Boards convene the General Meeting of Shareholders. Together with their request, they must submit a written agenda for each proposed item on the agenda 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.

In such a case as described in the preceding paragraph, the Management and Supervisory Boards must convene the General Meeting of Shareholders within a period not exceeding two months from the receipt of a complete request in writing. The Management and Supervisory Boards may decide that the proposers must deposit in advance the funds to cover the costs of the notice of convocation and of the meeting of the General Meeting of Shareholders.”

Article 16

The second paragraph shall be stricken out and the existing first paragraph shall be amended to read:

“Shareholders may exercise their rights at the General Meeting of Shareholders in person, through a proxy or through a legal representative. Entitlement to representation is to be proven by delivering an appropriate document to the Bank. The description of the required appropriate document may be

defined in the published notice of the General Meeting of Shareholders. Regarding the proof on the entitlement of the proxy to represent the shareholder, the shareholder or the proxy shall be enabled to submit such proof to the Bank using electronic channels.”

Article 19

The wording “members of the Supervisory Board” in the ninth indent of the first paragraph shall be deleted.

Article 20

In the first paragraph, the typing error in the Slovenian word for “Supervisory” is corrected; in the third paragraph, the word “may” is deleted and the typing error in the Slovenian word for “adopt” is corrected. In the fourth paragraph, the words “*and outsourced experts appointed by the Supervisory Board to the committees of the Supervisory Board,*” are added after the words “members of the Supervisory Board”.

Article 21

The first paragraph shall be amended to read:

“The members of the Supervisory Board shall be elected for the period lasting from the day of their election until the end of the Bank’s Annual General Meeting of Shareholders, which decides on the use of accumulated profit for the fourth business year since they have been elected, unless otherwise stipulated at the time of appointment of individual members. In this context the first year shall be the business year during which members of the Supervisory Board were elected.«

Article 24

Item 14 in the first paragraph shall be amended to read:

“appoint and discharge members of the Management Board of the Bank,”.

Item 16 in the first paragraph shall be amended to read:

“lay down the criteria for remunerations to the Management Board and regularly checks that they are met.”.

A new indent shall be added after the last one in the first paragraph, which reads as follows:

“signs contracts made with the members of the Bank’s Management Board, while the Bank shall be obliged to disclose the information on individual receipts of the members of the Management Board and Supervisory Board in its Annual Report together with the explanations of the criteria specified in Item 16 hereunder.”.

Article 26

The second paragraph shall be amended to read:

“The president and other members of the Management Board of the Bank shall be appointed and recalled by the Supervisory Board; the President of the Management Board may propose to the Chairman of the Supervisory Board to appoint or recall an individual member or the remaining members of the Management Board.”

Article 27

In the second paragraph, item c (i) the phrase “financial organisation” is replaced by the phrase “financial company”.

Article 31

The article shall be amended to read:

“The Management Board of the Bank shall organise internal audit as an independent organisational unit. The Internal Audit shall operate in accordance with the provisions of the Banking Act, the International Standards for the Professional Practice of Internal Auditing, the Code of Professional Ethics of Internal Auditors, the Code of Internal Auditing Principles and the Charter of the Internal Audit of NLB d.d.



Based on the preliminary opinion of the Audit Committee of the Supervisory Board, the Management Board and the Supervisory Board of the Bank shall approve the annual action plan of the Internal Audit and may request that the Internal Audit perform specific tasks.”

Article 32

The second and the fourth paragraph shall be amended by adding the wording “*and International Accounting Standards*” after the wording “*Slovenian Accounting Standards*”.

Article 34

The wording “*and the Bank’s web portal*” shall be added at the end of the second paragraph.



Item 6 on the agenda: Appointment of the auditor for the 2009 financial year

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 6

6. The auditing company PricewaterhouseCoopers d.o.o. Ljubljana shall be appointed the auditor of NLB d.d. for 2009.

Explanation

Pursuant to Article 298 of the Companies Act, this resolution was proposed by the Supervisory Board of NLB d.d., which proposed the General Meeting of Shareholders to appoint the auditing company PricewaterhouseCoopers d.o.o., Ljubljana, since this company belongs to an international auditing group and because NLB d.d. has co-operated with it in the past.

Supervisory Board of NLB d.d.

Enclosure:

1. Credentials of the External Auditor



Enclosure: Credentials of the External Auditor

Company name: **PRICEWATERHOUSECOOPERS d.o.o.**
Registered office: Cesta v Kleče 15, 1000 LJUBLJANA

Credentials:

- 1.) The company is an international auditing company with a lot of experience in the field of the auditing of financial institutions, and familiar with the International Financial Reporting Standards.
- 2.) It has professional and quality audit teams.
- 3.) It has offices in all countries in which the members of the NLB Group are operating.
- 4.) Good knowledge of the NLB Group.
- 5.) Good co-operation, quick responsiveness and provision of quality services.
- 6.) Other clients in Slovenia in the past three years:

Banks:

Nova Ljubljanska banka d.d., Banka Celje, Abanka Vipava, Banka Koper, Gorenjska banka, Factor banka;

Insurance companies:

Generali, ARAG, Adriatic Slovenica d.d., KD - Živiljenje, NLB Vita, Skupna pokojninska družba;

Financial holdings:

KD Group, KD Holding, Infond Holding, Maksima Invest;

Management companies:

NFD, KD Investments, Abančna družba za upravljanje, NLB Skladi;

Investment funds:

All investment and mutual funds managed by the abovementioned management companies.



Item 7 on the agenda: Discussion of the Internal Audit's Report for 2008 and the opinion of the Supervisory Board

Explanation

This is an informative item on the agenda which is according to the Companies Act and the Banking Act not voted on by the General Meeting of Shareholders.

Article 201 of the Banking Act stipulates that the Internal Audit Department must formulate an annual report on internal auditing and submit it to the Management Board and the Supervisory Board. The Management Board must submit to the General Meeting of Shareholders the said report together with the opinion of the Supervisory Board, the Annual Report of the Bank and the Report of the Supervisory Board. 74. Article 74 of the Banking Act further requires that the members of the Supervisory Board explain to the General Meeting of Shareholders their opinion on the Internal Audit's Annual Report.

At its 27th regular meeting held on 8 April 2009 the Supervisory Board of NLB d.d. discussed and approved the Internal Audit's Report for 2008.

Enclosure:

1. Internal Audit's Report for 2008



Enclosure:

Internal Audit's Report for 2008

Tatjana Jamnik Skubic
Director of Internal Audit

1. IMPLEMENTATION OF THE ANNUAL PLAN

In 2008 the Internal Audit performed regular internal audits in line with the adopted Action Plan as well as unscheduled (extraordinary) audits and other regular and extraordinary activities.

The IA conducted a total of 78 audits in different areas of operations of NLB d.d. and other NLB Group members and thus implemented the corrected annual plan. The Audit Committee and the Supervisory Board of NLB d.d. regularly monitored the implementation of the audit plan and promptly discussed and adopted the IA's quarterly reports.

Audit type	Planned number of audits	Number of implemented audits
Completing the audits started in 2007	3	7
Regular audits	70	64
Extraordinary audits	-	7
Total	73	78
Audits of contractual exchange offices		44

2. SUMMARY OF MAJOR AUDIT FINDINGS

Below we present the assessment of the efficiency of risk management and the functioning of the internal control system in individual areas of NLB d.d. and the NLB Group. The estimates are based on completed audits carried out by the Internal Audit in 2008.

2.1. NLB d.d.

Credit risks

In 2008, the requirements based on Basel II were introduced into the Bank's operations. Within this framework some work procedures were redefined and work instructions supplemented, particularly in the area of loan collaterals. In the second half of 2008, responding to the situation appearing on the financial markets, the bank actively began to monthly assess loan collaterals. For the loan management area, a new information support, Globus, was introduced due to which changes were made in the work process and will also continue to be made in the future.

Further operations will require regular supplementing of the internal rules, introduction of changes in area organisation because of the new software support, an appropriate delimitation of the functions of loan granting and loan evaluating, establishment of additional supervision controls in the acquisition and monitoring of loan collaterals, and organisation of training seminars for account managers on contents referring to loan granting.

Non-credit risks

As regards trading in foreign exchange, securities and derivatives, the Bank established basic organisational structure as required by the Minimum trading standards in banks and savings banks and independent controls of its operations, and the projects of comprehensive modernisation of IT support in securities and derivatives trading are underway. Also underway are the supplementing of the internal regulations, work and process instructions, and the implementation of the recommendations concerning the annual reviewing and approving of policies and strategies in all areas of trading. The method of and supervision over securing forward transactions with securities are improving, and the process of ensuring the assessment of non-marketable equity securities in line with the Minimum trading standards is also underway.

Branch network

In 2008, the upgrading of NBO and Banca generally improved the procedures and controls in the areas of personalised services, private banking and savings account operations. The procedures concerning account opening procedures, implementation and confirmation of ordered services as well as cancellation of deposit and savings agreements are improving. We introduced an application for managing and supervising of inactive and unidentified accounts, eliminated during migration to the new IT support due to incomplete basic client data. The Bank adopted measures for the improvement of the organisation and management of these accounts as well as data protection.

In coin operations, depository of the Bank of Slovenia and treasury operations in the dislocated treasury departments, all key controls have been established, and the existing equipment and security of operations are also good.

The area of card operations saw organisational changes (centralisation of risk management) and upgrading of the computer support for the early detection of frauds (also for merchants). The instructions for points of sales were amended and the policies and strategies for 2009-2011 were formulated. With the introduction of smart cards and replacing ATMs and POS terminals, the possibilities for frauds are reduced.

Financial management

The risks in the accounting system for monitoring retail operations are managed adequately. The daily checking of bookkeeping balances and the centralised monitoring constitute an adequate control system and supervision over account balances. The Bank has already adopted measures for a more integral bookkeeping concerning individual products.

The Bank has a solid system for recording received and issued invoices, however, it is also necessary to improve the system for record-keeping of issued invoices by organisational segment and the substance control over deals.

The Bank started systematically organising the area of income tax accounting and transfer prices to ensure adequate, complete and accurate data for the needs of accounting with the strengthening of substance controls.

For the calculation of capital requirement for operating risk the Bank chose the standardised approach, while the simple approach was used for the NLB Group. The Bank launched a project of establishing the calculation system, using the Data Warehouse database. The Bank is preparing an analysis for any potential need for supplementing the internal methodology.

Management of operating risks and information communication technology

The operating risk management was improved and upgraded in 2008. The strong support by the Bank's management to the regulation of this area was reflected in the work of the Operating Risk Committee and in the fact that the Operating Risk Department was established. Improvements in the area of outsourced services are underway.

To ensure efficient bases for the protection of property, the Bank appointed a Security Manager whose position in the organisational structure allows them to promptly access the Bank's management as well as provide advice and take appropriate measures when deficiencies or loss events occur in relation to protection of the Bank's employees and property. The crisis plan and the business continuity plans are available and are regularly tested, whereas the identified deficiencies are promptly done away with. The

recommended measures leading to improvements in the field of protection, fire safety and internal regulations are being implemented.

The system for monitoring and supervising cash transport in the Bank is good. However, the supervision over the persons responsible for weapon handling and security in the cash handover/acceptance areas needs to be improved.

The activities for improving the quality of communication and IT services continued successfully (the Bank was awarded certificates BS EN ISO 9001 and TickIT Guide in this area). Improvements are being introduced in the areas of the management of backup copies, physical protection of magnetic media, supervision of IT architects over the development of solutions, strategy of AC NLB in the Bank, safety of NLB Klik as electronic banking system, supervision over remote accesses to information sources, record-keeping and management of audit trails, certain user solutions (local databases), and the quality of data management.

2.2. Other members of the NLB Group

The Internal Audit supervises the work of internal audit departments in the NLB Group as follows:

- gradual introduction of uniform work methodology and internal auditing standards,
- Organisation of multi-day training sessions;
- Practical training of internal auditors;
- Active participation in the process of merging domestic and foreign banks (for internal and external auditing);
- Expert participation in the audits within the NLB Group;
- Examining reports of internal audit departments (annual and long-term action plans, quarterly and annual activity reports, quarterly reports on implementation of audit recommendations, material for supervisory bodies of members, etc.).

Other bank members of the NLB Group saw improvements in all areas of operations in 2008. In all banks, except for NLB Prishtina, the targeted organisation was established, ensuring organisational separation of the functions relevant to individual transactions. The banks must continue increasing the level of organisation of operations, ensure education and training to their employees and intensify adequate supervisory and operating controls.

The activities in information technology were geared towards ensuring stability and availability of the system, upgrading of computer support and setting up of BCPs and backup locations. What needs to be established is an efficient system to ensure logical security – issue authorisations for working with data on the system, upgrade the support for reporting to supervisory institutions on money laundering prevention and ensure licence programmes in full.

In the branch network, the planned investments in harmonisation and improvement of safety of operations started, and this will serve as a basis for the harmonisation of the corporate identity of branches in all NLB Group's members. In particular, there were improvements in the counter and treasury operations. The banks have already adopted measures for an even better implementation of the Money Laundering Prevention and Terrorism Financing Act, and established supervisory controls.

In credit function, the work instructions for loan granting and monitoring were supplemented and thus provided a better foundation for work. Organisational units for bad debt management as well as account management system for loan granting and credit portfolio management were established. In the field of acquiring and monitoring of collaterals they started to intensify the supervisory controls and to upgrade the area of assessment of property pledged as collateral.

As regards non-credit risks, the framework documents needed were adopted for management of currency risk and capital at the level of the NLB Group. Operation of the control system for preparing data and reporting of capital requirements for currency risk is appropriate in banking members of the Group.

The banks have established good environment and IT system (Pexim, Abacus) for the implementation of the accounting function. The massive data processing is largely automated and the bases for the operations and the crucial controls in subsidiary books of account and the general ledger have been defined. To ensure quality of the accounting function, the banks adopted the Rules on accounting and established the bases for reporting on a consolidated basis (Cognos).

In 2008, **pension insurance companies** drew up and adopted internal regulations and instructions which served as a basis for the companies' operations. The IT support to operations was upgraded and the accuracy and correctness of the data reported to the regulators and NLB d.d. were improved.

In the **leasing activity**, internal regulations were adopted or supplemented (business policy of leasing, rules on transfer prices, rules on accounting, rules on keeping of files, rules on debt recovery), updated accounting records and reporting to NLB d.d. by deadlines were ensured, the framework controlling was established at the level of the NLB Group (cost aspect), the risk management department at the level of the Group strengthened in NLB Leasing Ljubljana.

In the **factoring activity**, the rules and other internal regulations governing risk management were updated, the reporting of subsidiaries to the parent company improved, the Accounting Rules were adopted in all factoring companies and the IT support to granting and monitoring of factoring transactions was implemented.

3. IMPLEMENTATION OF AUDIT RECOMMENDATIONS

The Internal Audit regularly monitors the implementation of audit/inspection recommendations given by the Internal Audit, the Bank of Slovenia and the external auditor, until they are finally implemented. The Internal Audit regularly/quarterly informs the Management Board and the Audit Committee of the Supervisory Board, respectively, on the status of audit recommendations implementation. For that purpose, the competent and responsible management bodies of the Bank are obligated to report to the Internal Audit on the implementation of the recommendations quarterly (or when the task is completed). Any extension of the implementation deadline is subject to the prior written approval of the competent Management Board member.

In 2008, a total of 421 audit recommendations were issued by the Internal Audit, the Bank of Slovenia and the external auditor and 245 of them were implemented. It is estimated that the issued recommendations were implemented at an appropriate pace, which was also proved by the average share of non-implemented recommendations that was relatively low in 2008, ranging around 5% (about 6% in 2007).

4. WORK ORGANISATION AND PERSONNEL

In 2008, the Centre's internal organisation remained unchanged. Formally, the IA functions as a single management support service, and it is informally divided into 6 areas of operations, as shown in the table below. Each area has a manager responsible for professional and efficient work in their area and further development of internal audit standards and procedures.

As at 31 December 2008, the internal Audit had 32 employees, from which 10 were licensed by the Slovenian Institute of Auditors. Allocation of employees by area is presented in the table below.

Area of work	Number of auditors
Management of the Internal Audit	2
Administration	1
Branch network	5
Credit risks	6
Information technology	5
Non-credit risks & payment transactions	6

Financial management and accounting	6
NLB Group – Business Line	2
Total	33

In 2008, the Internal Audit saw some personnel changes in the area of financial management (one departure and two arrivals), non-credit risks (one departure and substitution), information technology (one departure and substitution) plus the usual maternity leave absences.

5. DEVELOPMENT ACTIVITIES OF THE INTERNAL AUDIT

In 2007, the audit company KPMG carried out an independent audit of operation of the Internal Audit in accordance with the rules on internal auditing adopted by “The Institute of Internal Auditors” with the registered office in the USA, and the Slovenian Institute of Auditors. On the basis of this audit the company KPMG assessed that the Internal Audit in all material respects operated in compliance with all Standards for the Professional Practice of Internal Auditing, the Code of Internal Auditing Principles and the Code of Professional Ethics of Internal Auditors as well as with regard to cost-effectiveness, efficiency and effectiveness of operations.

The written report of the company KPMG on the audit conducted also included some proposals for upgrading the work of internal auditors, which the Internal Audit already implemented in 2008.

6. OTHER ACTIVITIES

In 2008, the Internal Audit carried out many other activities among which the following should be emphasised:

- a. Co-ordination of inspections by the Bank of Slovenia (gathering and compiling appropriate documentation, organising meetings, defining deadlines and persons in charge of implementing the recommendations given as well as monitoring the implementation of set tasks and recommendations made and reporting);
- b. Co-ordination of the work of external auditors in the entire NLB Group;
- c. Consultancy and issuing of expert opinions to the draft internal regulations and rules;
- d. Participation in expert committees within the Bank Association of Slovenia and the Slovenian Institute of Auditors.

Ljubljana, May 2009



Item 8 on the agenda: Election of the Supervisory Board members

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 8

The following persons shall be elected members of the Supervisory Board of NLB d.d. for the term of office as of the day of their election until the end of the Bank's Annual General Meeting of Shareholders where the use of accumulated profit for the fourth business year since they have been elected shall be decided, whereby the first year shall be the business year during which the Supervisory Board members were elected:

- *Gregor Dolenc,*
- *Rasto Ovin,*
- *Marko Simoneti,*
- *Stanislava Zadavec – Capriolo,*
- *Boris Škapin,*
- *Branko Drobnak,*
- *Andrej Baričič,*
- *Jan Vanhevel,*
- *Riet Docx,*
- *John Hollows,*
- *Stojan Petrič.*

Explanation

Pursuant to Article 21 of the Articles of Association, the term of office of the current members of the Supervisory Board shall expire on the day of this 14th General Meeting of Shareholders, which is why the General Meeting must elect new members. Pursuant to the provisions of the Companies Act, such resolution is proposed by the Supervisory Board of NLB d.d., which proposes to the General Meeting of Shareholders to elect the proposed members.

Supervisory Board of NLB d.d.

Enclosure:

1. Description of candidates for the members of the Supervisory Board of NLB d.d.



Item 9 on the agenda: Report on the Supervisory Board's examination of the adequacy of paid out fixed and variable part of the salary of the members of the Management Board in the period from 2004 to 2008 and short explanation of the criteria applied to the calculation of the salary

Explanation

This is an informative item on the agenda which is according to the Companies Act (ZGD-1) not voted on by the General Meeting of Shareholders.

The General Meeting of Shareholders of NLB d.d. hereby acknowledges the submitted Report on the Supervisory Board's examination of the adequacy of paid out fixed and variable part of the salary of the members of the Management Board in the period from 2004 to 2007 and short explanation of the criteria applied to the calculation of the salary. The information for 2008 for the members of the Management Board and the Supervisory Board is given in Item 2 on the agenda of the General Meeting of Shareholders of NLB d.d.

Enclosure:

1. Report on the Supervisory Board's examination of the adequacy of paid out fixed and variable part of the salary of the members of the Management Board in the period from 2004 to 2008 and short explanation of the criteria applied to the calculation of the salary

Enclosure 1: Report on the Supervisory Board's examination of the adequacy of paid out fixed and variable part of the salary of the members of the Management Board in the period from 2004 to 2008 and short explanation of the criteria applied to the calculation of the salary

The Supervisory Board of NLB d.d. by a resolution dated 16 February 2009, amended on 8 April 2009 and 14 April 2009, assigned the Remuneration Committee of the Supervisory Board of NLB d.d. (hereinafter: the Committee) to audit the adequacy of salary calculation (fixed and variable), allowances and the amount of these for the members of the Management Board of NLB d.d. in the period between 1 January 2006 and 31 December 2008 in co-operation with external auditing experts and in conjunction with the legal experts from the Institute for Comparative Law at the Faculty of Law of the University of Ljubljana.

Based on the resolution of the Supervisory Board of NLB d.d. the Committee obtained separate opinions of the auditing company PWC d.o.o. and the Institute for Comparative Law at the Faculty of Law of the University of Ljubljana, which it discussed at its meeting, and came to the following conclusions:

1. In line with the employment contracts concluded between the Bank and the members of the Management Board of NLB d.d., individual members and the President of the Management Board were for performance of their function entitled to a gross salary comprised of a fixed and variable part. The variable part of the salary was defined as performance bonus, paid depending on the achievement or exceeding of specified criteria (the ratio between each actual value of EPS (earnings per share) pursuant to the consolidated financial statements of the NLB for a specific year (according to the applicable accounting standards applying to banks in the RS) and the target value of EPS). The number of monthly gross salaries to which a member or President of the Management Board was entitled as performance bonus depended on the ratio between the actual and target value of EPS based on the results of operations of the NLB Group in a specific year.
2. No irregularities were established in relation to the calculations and payments (fixed and variable part) of salaries to the Management Board members. The legal opinion states that the process for determining the variable part of salary was in line with the law and the opinion of the external auditor states that the variable parts of salaries have been paid according to the contract.
3. On the basis of the findings of the extraordinary auditors and the independent legal expert for the period between 1 January 2006 and 31 December 2008 we can draw a conclusion on the adequacy of payments for the period between 1 January 2004 and 31 December 2005, given the fact that the same contracts applied in this period and that the criteria for the calculation and payment of salaries were identical as those applying to the period examined.
4. Data about the receipts of the members of the Management Board and Supervisory Board in the 2004–2007 period as published in the annual reports of NLB d.d.:

	In '000 of EUR			
	2004	2005	2006	2007
Management Board of the Bank	1,536	1,653	3,644	2,004
Supervisory Board	14	26	23	236

5. The variable parts of salaries as defined under contracts were not paid for 2008.
6. The amount of payments to the Management Board is comparable to similar companies in Slovenia and lower than in comparable companies abroad.

As stated above, according to the findings of legal and auditing experts and based on the findings of the Remuneration Committee of the Supervisory Board of NLB d.d. and of the Supervisory Board of NLB d.d. there were no illegalities or irregularities in the calculation and payment of salaries (fixed and variable parts).

Supervisory Board of NLB d.d.