



Material

**for the 15th Annual General Meeting of Shareholders of NLB d.d.
on 30 June 2010**



PUBLICATION OF THE AGENDA AND PROPOSED RESOLUTIONS TO BE PASSED AT THE 15TH 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

15th Annual General Meeting of Shareholders of NLB d.d.

which will be held on Wednesday, 30 June 2010, at 1 p.m. in the conference room E1-2, 2nd lobby of Cankarjev dom in Ljubljana (entrance from the passage under Maximarket)

with the following agenda:

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

The Management and Supervisory Boards propose that the following resolution be adopted:

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

- Marko Jerič, member of the Credentials Committee,
- Jure Košar, member of the Credentials Committee.

2. Presentation of the 2009 Annual Report and the Supervisory Board's Report on the results of examining the 2009 Annual Report and Information on the receipts of the members of the Management Board and Supervisory Board in 2009

The General Meeting of Shareholders of NLB d.d. hereby acknowledges the adopted 2009 Annual Report and the report by the Supervisory Board of NLB d.d. on 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.

3. Decision on the allocation of net accumulated profit for 2009 and granting a discharge from liability to the Management and Supervisory Boards

The Management and Supervisory Boards propose that the following resolution be adopted:

3.1. The General Meeting of Shareholders of NLB d.d. is hereby informed that the net accumulated profit for 2009 totals EUR 0.00. NLB d.d. recorded an operating loss of EUR 23,621,000.00 in 2009 and, when it prepared its financial statements, it covered the net loss for the financial year by revenue reserves.

3.2. A discharge from liability is hereby granted to the Management and Supervisory Boards for the 2009 financial year.

4. Authorised capital

The Management and Supervisory Boards propose that the following resolution be adopted:

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 2010, 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 terms and conditions and in the manner specified in a relevant Management Board’s resolution on capital increase and issue of new shares. New shares can be issued against payment in cash, contribution 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. New shares shall be issued against contributions in kind only if the shares are paid by the Republic of Slovenia against its receivable and on the basis of realisation of guarantee referred to in Article 86.a of the Public Finance Act. The auditor shall not be obliged to audit the issue of shares against contributions in kind if the respective legal provisions have been met. In the case new shares are issued against contributions in kind, the pre-emptive right to the new shares shall be excluded.”

5. Appointment of the auditor for the 2010 financial year

The Supervisory Board proposes that the following resolution be adopted:

The auditing company PricewaterhouseCoopers d.o.o. Ljubljana shall be appointed the auditor of NLB d.d. for 2010.

6. Discussion of the Internal Audit’s Report for 2009 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 2009 and the opinion of the Supervisory Board of NLB d.d.

7. Election of a substitute member of the Supervisory Board

The Supervisory Board proposes that the following resolution be adopted:

The Annual General Meeting of Shareholders of NLB d.d. hereby establishes that Stanislava Zadavec Capriolo, Member of the Supervisory Board, submitted her letter of resignation on 16 November 2009.

The elected substitute member of the Supervisory Board shall be Mr Jurij Detiček his term of office shall expire on the same date as the term of office of the originally elected Supervisory Board members who were elected at the 14th Annual General Meeting of NLB d.d. held on 30 June 2009.

8. Determination of session fees of the members of the Supervisory Board and the committees of the Supervisory Board

The Management and Supervisory Boards propose that the following resolution be adopted:

As of 30 June 2010, the members of the Supervisory Board shall be entitled to session fees, namely members EUR 412.50 gross and the Chairman of the Supervisory Board EUR 536.25 gross for attending a regular or extraordinary meeting, and 80% of the regular session fee for attending a correspondence

meeting. The session fee of the Supervisory Board members for attending a committee of the Supervisory Board or an *ad hoc* working body of the Supervisory Board shall be EUR 429.00 gross for the chairman of a committee or working body and EUR 330.00 gross for a member thereof, and 80% of the regular session fee for attending a correspondence meeting of a committee or working body of the Supervisory Board. The session fee of the Supervisory Board members for attending a committee of the Supervisory Board or *ad hoc* working bodies of the Supervisory Board shall be EUR 536.25 gross for the chairman of a committee or working body and EUR 330.00 gross for a member thereof, and 80% of the regular session fee for attending a correspondence meeting of a committee or working body of the Supervisory Board.

On the day this resolution is adopted, the resolution on the determination of the Supervisory Board members' session fees which was adopted at the 14th Annual General Meeting of Shareholders of NLB d.d. of 30 June 2009 shall cease to be valid.

In compliance with the Companies Act (ZGD-1), the proposer of the resolutions referred to in Items 5 and 7 shall be the Supervisory Board; Items 2 and 6 are for information purpose only and the General Meeting of Shareholders does not vote on them, whereas the remaining items on the agenda shall be proposed by the Management and Supervisory Boards.

Material

The proposed resolutions and other material for the General Meeting of Shareholders are available to the shareholders for inspection at the Bank's registered office at Trg republike 2, 1520 Ljubljana, Secretariat, every working day from 9 a.m. to 12 noon, and are also published in the SEOnet electronic notification system of the Ljubljana Stock Exchange and on the website www.nlb.si (explanations included). A fair copy of the applicable Articles of Association of NLB d.d. and a fair copy of the Articles of Association with proposed amendments, if adopted eventually, are published on the Bank's website.

Conditions for participation

Those shareholders who are registered in the Share Register kept by the Klirinško depotna družba, d.d., Ljubljana, as at the end of the fourth day prior to the General Meeting of Shareholders (hereinafter: the cross-section day), i.e. by 26 June 2010, or their legal representatives or authorised persons who present a written power of attorney can attend the General Meeting of Shareholders and vote. The attendance must be notified to the Bank's Management Board using an application form which must be submitted to the Bank's registered office within the period from the publication of this notice to convene the meeting up until and including three days prior to the General Meeting of Shareholders at the latest. 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 legal representatives of natural persons or legal entities must, on the day of the General Meeting of Shareholders, present a public document wherefrom it is evident that they have the right to act as a shareholder's representative; the document in question must not be older than 3 (three) days.

Amendments to the Agenda:

The shareholders whose total interest accounts for at least one-twentieth of the subscribed capital can, after the publication of the notice to convene the meeting, make a written request to add an item to the agenda. The request must be enclosed with a written proposed resolution 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. The shareholders who meet the conditions for making a request to add an item to the agenda must send the respective request to the Bank within seven days after the publication of the notice to convene the meeting at the latest, i.e. by 4 June 2010.

Shareholders' proposals:

The shareholders may submit proposals for resolutions to each item on the agenda, in compliance with Article 300 of the Companies Act (ZGD-1) (hereinafter: the counter proposal). The counter proposal shall be published and notified in the manner laid down in Article 296 of the Companies Act (ZGD-1), but only if the shareholder sends to the Bank a proposal for publication in compliance with Article 300 of ZGD-1 within seven days after the publication of the notice to convene the General Meeting of Shareholders, i.e. by 4 June 2010.

Shareholders' right to be informed:

During the General Meeting of Shareholders the shareholders can exercise their right to be informed in compliance with the first paragraph of Article 305 of the Companies act (ZGD-1).

Information on the procedure for exercising the right to authorised person:

The shareholders may exercise their voting right also through an authorised person after they have signed and submitted a written form which is available on the website www.nlb.si and sent it to the Bank's registered office in the period from the publication of the notice to convene the meeting up until and including three days prior to the General Meeting of Shareholders. They may submit the power of attorney to the Bank via electronic mail by the same deadline as applicable for the written form, namely by sending a scan of the power of attorney to the following e-mail: Skupscina2010@nlb.si. The Bank shall reserve the right to verify the authenticity of the shareholder or the person who has authorised another person and submitted the power of attorney by electronic mail.

Use of electronic media for sending additional items on the agenda and publishing the proposals for the publication of counter proposals:

The shareholders may submit additional items on the agenda and counter proposals to the Bank via electronic mail by the same deadline and with the same contents as applicable to the written form, namely by sending a scan as an attachment to the following e-mail: Skupscina2010@nlb.si. The Bank shall reserve the right to verify the authenticity of the shareholder or the person who has sent additional items on the agenda and counter proposals by electronic mail.

Ljubljana, 28 May 2010

Management Board of NLB d.d.



**FOUNDATIONS FOR THE PROPOSED RESOLUTIONS
FOR THE 15TH 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 shall be elected as follows:

- *Marko Jerič, member of the Credentials Committee, and*
- *Jure Košar, 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. Marko Jerič and Mr. Jure Košar from the Legal Compliance Institute, as members of the Credentials Committee of the 15th 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.
of NLB d.d.

Management Board

Item 2 on the agenda: Presentation of the 2009 Annual Report and the Supervisory Board's Report on the results of examining the 2009 Annual Report and Information on the receipts of the members of the Management Board and Supervisory Board in 2009

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 2009 Annual Report and the Report of the Supervisory Board of NLB d.d.

In 2009, 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 10th regular meeting held on 7 April 2010 adopted the 2009 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. Such disclosure is foreseen by the provisions of the ZGD-1.

Attachments:

1. The NLB Group 2009 Annual Report
2. The Report of the Supervisory Board of NLB d.d.
3. Information on the receipts of the members of the Management Board and Supervisory Board of NLB d.d.

Attachment 2: Report of the Supervisory Board of the NLB

In the first half of 2009 the Supervisory Board of NLB d.d. operated in the following composition: Igor Marinšek (Chairman), Peter Ješovnik (Deputy Chairman), Katja Božič, Iztok Bricl, Riet Docx, John Hollows, Marko Rus, Darko Tisaj in Jan Vanhevel.

The new Supervisory Board was appointed at the Bank's General Meeting of Shareholders held on 30 June 2009 for the period lasting until the end of the Bank's Annual General Meeting which decides on the Annual Report for the fourth business year since they have been elected. Andrej Baričič, Riet Docx, Gregor Dolenc, John Hollows, Igor Masten, Rasto Ovin (Deputy Chairman), Stojan Petrič, Marko Simoneti, Boris Škapin, Jan Vanhevel and Stanislava Zadravec Capriolo were appointed members of the Supervisory Board. After the resignation of Stanislava Zadravec Capriolo in November 2009, Marko Simoneti was elected Chairman of the Supervisory Board.

In 2009, the Supervisory Board had the support of four committees. These were the Risk Committee, the Audit Committee, the Appointment and Remuneration Committee and the Strategy and Development Committee. Upon the appointment of the new Supervisory Board and the new members of individual committees, the competencies of individual committees were laid down anew and the Rules of Procedure were adequately supplemented.

Work of the Supervisory Board

In 2009, the Supervisory Board held eleven regular and ten correspondence meetings, where it discussed the regular reports on the operations of NLB d.d., the NLB Group and other important issues.

On this basis, it adopted a series of resolutions, including above all the following resolutions:

- discussed and adopted the Annual Report for 2008 and the report of the Supervisory Board on the examination of the Annual Report and the proposal for the use of distributable profit;
- approved the proposals for adopting resolutions at the General Meeting of Shareholders, including the amendments to the Articles of Association and the proposal for electing the new members of the Supervisory Board;
- gave approval to the issue of bonds with the guarantee of the Republic of Slovenia;
- acknowledged the findings of the special audit in the area of remunerating the Management Board and in the audit of certain operations;
- implemented personnel changes in the Management Board of the Bank: upon the expiry of the term of office of the President of the Management Board Marjan Kramar, appointed Draško Veselinovič new President of the Management Board and David Benedek the sixth member of the Management Board, accepted the resignation of Draško Veselinovič and appointed Božo Jašovič new President of the Management Board who submitted the proposal for the composition of the new Management Board on the basis of the implemented mandate system. In addition to the existing members of the Management Board David Benedek and Claude Deroose, Marko Jazbec and Robert Kleindienst were appointed new members of the Management Board;
- acknowledged the capital projection of the Bank and the Group by the end of 2009 and in the following years, and supported the proposal on increasing the Bank's capital;
- acknowledged the Bank's and the Group's plans for the 2009-2015 period, which shall be adequately supplemented after the approval of the new strategy to be devised by the end of the first quarter of 2010; in the meantime, the Management Board shall compile the plan of immediate short-term activities;
- adopted the business strategy for the period 2010-2012 and the operating action plan for the implementation of the business strategy of LHB Internationale Handelsbank;
- regularly discussed the reports on internal audit and acknowledged the letters of the Bank of Slovenia and the external audit regulators, and monitored the implementation of their recommendations;
- regularly acknowledged the reports on the co-operation of the Bank in the guarantee schemes of the Republic of Slovenia and the development of the Bank's credit activity;

- adopted a new system of Management Board remuneration and defined the criteria of Management Board remuneration in 2010.

Verification and Approval of the 2009 Annual Report

On 7 April 2010, the Management Board of NLB d.d. submitted the 2009 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 2009 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.

The Supervisory Board had no objections to the report of the auditing company PricewaterhouseCoopers d.o.o., Ljubljana. Following a careful examination of the audited annual report for the business year 2009, the Supervisory Board had no objections to it and approved it unanimously.

Assessment of the Supervisory Board's work

When discussing the Annual Report, the Supervisory Board also made a self-assessment of its work. It was established in the discussion that the co-operation of the members of the Supervisory Board in the past period was at a high level, which is understandable in view of the difficult operating situation, the changes in the strategic orientations of the Bank and the personnel changes in the Bank's corporate governance.

All members of the Supervisory Board actively contributed to the work of the Supervisory Board and its committees, by regularly attending the discussions at the meetings and drafting written proposals or comments to the issues discussed.

The efficient system of preliminary detailed discussion of individual issues by specialised committees was introduced into the work of the new Supervisory Board, with the competence of adopting decisions remaining exclusively with the Supervisory Board.

Among the opportunities for improving the work of the Supervisory Board, it was established during the discussion that it is possible to set up even better co-ordination between the work of the specialised committees of the Supervisory Board and additional training of the members of the Supervisory Board based on their assignments in the Bank bodies.

Conclusion

The difficult economic situation in the past year influenced the operations and results of the NLB. Taking into account the significantly changed circumstances, the NLB started proactively adopting short-term measures and activities, and defining the long-term strategic orientations in the framework of the new strategy, which will enable it to efficiently cope with the challenges it is about to face.

The Supervisory Board wishes to thank the Management Board and all the employees for their contribution and efforts in these difficult times. There are many great challenges awaiting us in the future and we will only be able to face them and achieve the set goals if we work together, are motivated and devoted to our job.

Supervisory Board of NLB

Dr. Marko Simoneti
Chairman of the Supervisory Board of the NLB

Attachment 3: Information on the receipts of the members of the Management Board and Supervisory Board of NLB d.d.

Disclosure of stated income of members of the management board from 1 January to 31 December 2009

	Name and surname	Income type	
1	Božo Jašovič 1.10.2009 - 31.12.2009	Short-term bonuses:	39,270.40
		Gross salary, benefits and holiday allowance	39,270.40
		Reimbursement of expenses	455.17
		Long-term bonuses:	434.10
		Severance pay	0.00
		Benefits after termination of employment	434.10
		Other benefits	0.00
		Bonuses	0.00
		Bonuses by shares and option schemes	0.00
		Session fees for supervision in subsidiaries	0.00
	Total	40,159.67	
2	Marjan Kramar 1.1.2009 - 31.1.2009	Short-term bonuses:	189,794.14
		Gross salary, benefits and holiday allowance	189,794.14
		Reimbursement of expenses	102.98
		Long-term bonuses:	217.05
		Severance pay	0.00
		Benefits after termination of employment	217.05
		Other benefits	0.00
		Bonuses	0.00
		Bonuses by shares and option schemes	0.00
		Session fees for supervision in subsidiaries	0.00
	Total	190,114.17	
3	Draško Veselinovič 1.2.2009 - 30.9.2009	Short-term bonuses:	135,236.31
		Gross salary, benefits and holiday allowance	135,236.31
		Reimbursement of expenses	688.34
		Long-term bonuses:	7,657.00
		Severance pay	0.00
		Benefits after termination of employment	7,657.00
		Other benefits	0.00
		Bonuses	0.00
		Bonuses by shares and option schemes	0.00
		Session fees for supervision in subsidiaries	1,545.00
	Total	145,126.65	
4	David Benedek 14.7.2009 - 31.12.2009	Short-term bonuses:	72,842.98
		Gross salary, benefits and holiday allowance	72,842.98
		Reimbursement of expenses	531.16
		Long-term bonuses:	5,747.15
		Severance pay	0.00
		Benefits after termination of employment	5,747.15
		Other benefits	0.00
		Bonuses	0.00
		Bonuses by shares and option schemes	0.00
		Session fees for supervision in subsidiaries	6,468.00
	Total	85,589.29	

5	Claude J C Deroose 1.1.2009 - 31.12.2009	Short-term bonuses:	179,911.76
		Gross salary, benefits and holiday allowance	179,911.76
		Reimbursement of expenses	769.64
		Long-term bonuses:	11,446.20
		Severance pay	0.00
		Benefits after termination of employment	11,446.20
		Other benefits	0.00
		Bonuses	0.00
		Bonuses by shares and option schemes	0.00
		Session fees for supervision in subsidiaries	6,258.00
Total		198,385.60	
6	Marko Jazbec 1.12.2009 - 31.12.2009	Short-term bonuses:	12,674.03
		Gross salary, benefits and holiday allowance	12,674.03
		Reimbursement of expenses	119.24
		Long-term bonuses:	0.00
		Severance pay	0.00
		Benefits after termination of employment	0.00
		Other benefits	0.00
		Bonuses	0.00
		Bonuses by shares and option schemes	0.00
		Session fees for supervision in subsidiaries	0.00
Total		12,793.27	
7	Robert Kleindienst 1.12.2009 - 31.12.2009	Short-term bonuses:	12,820.82
		Gross salary, benefits and holiday allowance	12,820.82
		Reimbursement of expenses	102.98
		Long-term bonuses:	0.00
		Severance pay	0.00
		Benefits after termination of employment	0.00
		Other benefits	0.00
		Bonuses	0.00
		Bonuses by shares and option schemes	0.00
		Session fees for supervision in subsidiaries	0.00
Total		12,923.80	
8	Matej Narat 1.1.2009 - 30.11.2009	Short-term bonuses:	156,972.40
		Gross salary, benefits and holiday allowance	156,972.40
		Reimbursement of expenses	986.44
		Long-term bonuses:	64,408.75
		Severance pay	53,961.70
		Benefits after termination of employment	10,447.05
		Other benefits	0.00
		Bonuses	0.00
		Bonuses by shares and option schemes	0.00
		Session fees for supervision in subsidiaries	10,935.00
Total		233,302.59	

9	Alojz Jamnik 1.1.2009 - 30.11.2009	Short-term bonuses:	167,254.52
		Gross salary, benefits and holiday allowance	167,254.52
		Reimbursement of expenses	1,018.96
		Long-term bonuses:	64,375.55
		Severance pay	53,959.10
		Benefits after termination of employment	10,416.45
		Other benefits	0.00
		Bonuses	0.00
		Bonuses by shares and option schemes	0.00
		Session fees for supervision in subsidiaries	19,277.00
	Total	251,926.03	
10	Miran Vičič 1.1.2009 - 30.11.2009	Short-term bonuses:	163,279.56
		Gross salary, benefits and holiday allowance	163,279.56
		Reimbursement of expenses	1,024.49
		Long-term bonuses:	64,425.47
		Severance pay	53,965.62
		Benefits after termination of employment	10,459.85
		Other benefits	0.00
		Bonuses	0.00
		Bonuses by shares and option schemes	0.00
		Session fees for supervision in subsidiaries	4,353.00
	Total	233,082.52	

Disclosure of stated income of members of the supervisory board from 1 January to 31 December 2009

	Name and surname	Income type	
1	Marko Simoneti 1.7.2009 - 31.12.2009	Session fees	7,680.75
		Bonuses	0.00
	16.11.2009 - 31.12.2009	Reimbursement of expenses	0.00
2	Stanislava Zadavec Capriolo 1.7.2009 -16.11.2009	Session fees	6,649.50
		Bonuses	0.00
		Reimbursement of expenses	0.00
3	Gregor Dolenc 1.7.2009 - 31.12.2009	Session fees	6,534.00
		Bonuses	0.00
		Reimbursement of expenses	10,214.13
4	Rasto Ovin 1.7.2009 - 31.12.2009	Session fees	5,073.75
		Bonuses	0.00
		Reimbursement of expenses	986.32
5	Boris Škapin 1.7.2009 - 31.12.2009	Session fees	8,250.00
		Bonuses	0.00
		Reimbursement of expenses	0.00
6	Andrej Baričič 1.7.2009 - 31.12.2009	Session fees	7,986.00
		Bonuses	0.00
		Reimbursement of expenses	2,656.37
7	Stojan Petrič 1.7.2009 - 31.12.2009	Session fees	7,590.00
		Bonuses	0.00
		Reimbursement of expenses	0.00
8	Igor Masten 1.7.2009 - 31.12.2009	Session fees	6,666.00
		Bonuses	0.00
		Reimbursement of expenses	0.00
9	Jean O C Vanhevel 1.1.2009 - 31.12.2009	Session fees	5,528.80
		Bonuses	0.00
		Reimbursement of expenses	2,477.74
10	Rita Paula C L Docx 1.1.2009 - 31.12.2009	Session fees	16,338.20
		Bonuses	0.00
		Reimbursement of expenses	13,415.08
11	John Artur Hollows 1.1.2009 - 31.12.2009	Session fees	10,825.90
		Bonuses	0.00
		Reimbursement of expenses	10,677.47
12	Igor Marinšek 1.1.2009 - 30.6.2009	Session fees	9,601.60
		Bonuses	0.00
		Reimbursement of expenses	567.24
13	Katja Božič 1.1.2009 - 30.6.2009	Session fees	8,264.00
		Bonuses	0.00
		Reimbursement of expenses	0.00

14	Peter Ješovnik 1.1.2009 - 30.6.2009	Session fees Bonuses Reimbursement of expenses	4,638.40 0.00 18.06
15	Iztok Bricl 1.1.2009 - 30.6.2009	Session fees Bonuses Reimbursement of expenses	6,232.20 0.00 96.78
16	Marko Rus 1.1.2009 - 30.6.2009	Session fees Bonuses Reimbursement of expenses	9,781.00 0.00 7,209.87
17	Darko Tisaj 1.1.2009 - 30.6.2009	Session fees Bonuses Reimbursement of expenses	7,486.80 0.00 1,137.30



Item 3 on the agenda: Decision on the allocation of accumulated profit for 2009 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. The General Meeting of Shareholders of NLB d.d. is hereby informed that the net accumulated profit for 2009 totals EUR 0.00. NLB d.d. recorded an operating loss of EUR 23,621,000.00 in 2009 and, when it prepared its financial statements, it covered the net loss for the financial year by revenue reserves.

3.2. A discharge from liability is hereby granted to the Management and Supervisory Boards for the 2009 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 2009 Annual Report which the Supervisory Board adopted at its 10th regular meeting held on 7 April 2010. Since the distributable profit for the previous year amounted to EUR 0.00, the shareholders shall not discuss the use of distributable profit at this year's General Meeting.

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 2010, 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 terms and conditions and in the manner specified in a relevant Management Board’s resolution on capital increase and issue of new shares. New shares can be issued against payment in cash, contribution 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. New shares shall be issued against contributions in kind only if the shares are paid by the Republic of Slovenia against its receivable and on the basis of realisation of guarantee referred to in Article 86.a of the Public Finance Act. The auditor shall not be obliged to audit the issue of shares against contributions in kind if the respective legal provisions have been met. In the case new shares are issued against contributions in kind, the pre-emptive right to the new shares shall be excluded.”

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. In particular, the proposal for the resolution envisages a situation when new shares would only be paid by the Republic of Slovenia based on the conversion of receivables of the Republic of Slovenia due from the Bank arising from realisation of guarantee (the Republic of Slovenia namely issued guarantee for the Bank's liabilities to the holders of the Bank's bonds issued last year).

In the Public Finance Act, the Republic of Slovenia laid down that a credit institution may receive state aid in the form of a guarantee, provided that the management boards of the credit institution oblige themselves to ensure legal conditions for the abovementioned conversion; we believe that the approved capital meets the above requirements.

Supervisory Board of NLB d.d.
of NLB d.d.

Management Board

Attachment:

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



Report by the Management Board of NLB d.d. for the 15th Annual 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 15th General Meeting of Shareholders in 2010, 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 2010, 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 terms and conditions and in the manner specified in a relevant Management Board's resolution on capital increase and issue of new shares. New shares can be issued against payment in cash, contribution 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. New shares shall be issued against contributions in kind only if the shares are paid by the Republic of Slovenia against its receivable and on the basis of realisation of guarantee referred to in Article 86.a of the Public Finance Act. The auditor shall not be obliged to audit the issue of shares against contributions in kind if the respective legal provisions have been met. In the case new shares are issued against contributions in kind, the pre-emptive right to the new shares shall be excluded."

Proposed resolution in the event of issue of new shares against contributions in kind provides for the exclusion of the existing shareholders' pre-emptive right to subscribe new shares.

Article 353 of the 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. The 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 the 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 the 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 the 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, if shares are paid up by contributions in kind.

The proposed amendment to the Articles of Association substitutes the current authorisation of the Management Board of NLB d.d. to increase share capital of NLB d.d., granted at the last General Meeting of Shareholders on 30 June 2009. In terms of contents, the proposed amendment is without prejudice to the granted authorisation, but adds an authorisation to the Management Board of NLB d.d. to increase, in the same period, the share capital of NLB d.d. by contributions in kind, namely by a receivable of the Republic of Slovenia due from NLB d.d. arising from paid guarantee referred to in Article 86.a of the Public Finance Act, which the Republic of Slovenia issued to NLB d.d. for liabilities arising from bonds issued by NLB d.d. last July. If this guarantee is paid, the Republic of Slovenia will have the right to claim that its receivables due from NLB d.d. be converted into shares of NLB d.d. The proposed resolution is consistent with the statement adopted by the Management Board of NLB d.d., whereby it undertook to propose the General Meeting of Shareholders to adopt suitable legal conditions based on which the Republic of Slovenia can pay up shares by contribution in kind, which was one of the conditions for obtaining guarantee. By proposing the cited resolution, which enables the increase in share capital by contribution in kind for the stated purpose, the Management Board of NLB d.d. fulfilled its commitment mentioned in the statement referred to above.

The proposed amount by which the Management Board of NLB d.d. may subject to the approval of the Supervisory Board of NLB d.d. increase share capital by contributions in kind equals the amount of capital increase possible by cash stakes based on the authorisation adopted at the last General Meeting of Shareholders and represents the highest legally permitted amount which would enable the Republic of Slovenia at least partial conversion of its receivable, if the guarantee were paid in full. Since the increase in share capital by contributions in kind is projected only in the event that shares are paid by the Republic of Slovenia, it is necessary to exclude the pre-emptive right of the existing shareholders, as only thus the Republic of Slovenia will be able to enter the capital structure of NLB d.d. if the given guarantee is paid. If the existing shareholders maintain the pre-emptive right in capital increase by contributions in kind and would exercise it, the receivable of the Republic of Slovenia could not be converted into shares of NLB d.d.

The Management Board is not planning a capital increase by contributions in kind by existing shareholders or third parties, but the proposed resolution is merely the consequence of discharging liabilities to the Republic of Slovenia arising from issued shares with the guarantee of the Republic of Slovenia.

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

Ljubljana, 25 May 2010

Management Board of NLB d.d.



Item 5 on the agenda: Appointment of the auditor for the 2010 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 5

5. The auditing company PricewaterhouseCoopers d.o.o. Ljubljana shall be appointed the auditor of NLB d.d. for 2010.

Explanation

Pursuant to Article 297.a 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.

Attachment:

1. Credentials of the External Auditor



Attachment: 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, Gorenjska banka, Factor banka, Hypo Alpe Adria Bank;

Insurance companies:

Generali, ARAG, Adriatic Slovenica d.d., KD - Življenje, 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 6 on the agenda: Discussion of the Internal Audit's Report for 2009 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. Article 74 of the Banking Act (ZBan-1) 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 11th regular meeting held on 27 May 2010 the Supervisory Board of NLB d.d. discussed and approved the Internal Audit's Report for 2009.

Attachment:

1. Internal Audit's Report for 2009



Internal Audit

Internal Audit's Report for 2009

Polona Kurtevski
Director of Internal Audit

1. IMPLEMENTATION OF THE ANNUAL PLAN

In 2009 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.

In 2009 the Internal Audit conducted 85 regular and extraordinary audits in different business lines of the NLB and other NLB Group members. The Internal Audit regularly reported the findings from the audits and recommended measures to the Management Board, the Audit Committee and the Supervisory Board of the NLB. Because of the large amount of extraordinary tasks and other duties in the past year, 11 audits will be concluded in 2010.

The Management Board, the Audit Committee and the Supervisory Board of the NLB regularly (quarterly) monitored the implementation of the Internal Audits' annual plan.

Audit type	Planned number of audits	Number of implemented audits
Completing the audits started in 2008	5	11
Regular audits	74	65
Extraordinary audits	-	9
Total	79	85

2. SUMMARY OF MAJOR AUDIT FINDINGS

Below are brief summaries of the key findings and recommendations arising from the completed audits of the Internal Audit in 2009.

2.1. NLB d.d.

Credit risks

In 2009 two projects were implemented in the Bank, namely:

- the project of centralised monitoring of the credit portfolio, whose goal is to establish a uniform identification number for all clients of the NLB Group;
- the project of centralised custody system for the clients of the NLB Group which, in addition to the centralised account management at the level of the NLB Group, is also to ensure obligatory formation of groups of related persons and an adequate computer support for managing these groups.

In the loan management area, a new information support, Globus, was introduced and is still being upgraded and will continue to require further changes to the work processes. In the area of collaterals, the Bank approached to the management of the fair values of collaterals, which required certain changes in the work processes and upgrading of the IT support.

The recommendations made are related to: improvement and current supplementation of the existing instructions for granting loans, improvement of the updatedness of the client rating, unification of the determination of the client credit worthiness (uniformly for all products), adjustment of authorisations, organisational changes due to the concentration of work at account managers, ensuring of completeness and accuracy of data in the proposals for the granting of loans, and regular and complete transfer of documents to the back office. In the field of loan collaterals, supervision controls over the completeness of the collateral documents and entry of data on collaterals into databases must be established, and regular evaluation of the existing collaterals must be ensured.

Non-credit risks

According to the requirements of the Market in Financial Instruments Act, in 2009 the Bank created and adjusted anew all the internal regulations and existing contracts on the provision of investment services, defined the methodology, adopted the rules to ensure the implementation of orders under the most favourable terms, and introduced a system for informing the clients on novelties. The recommendations made refer to the fulfilment of the regulatory requirements concerning the

monitoring of compliance of operations with the regulations, measures for the management of conflicts of interest and prevention of trading on the basis of inside information.

Progress has been found in the field of the calculation of capital and capital requirements for currency risks in the NLB Group. The Bank automated the procedure of calculating the capital requirement for currency risks. In the future, efforts will have to be directed in the improvement of internal controls in the members of the NLB Group in order to provide complete and accurate input data for the calculation of capital and capital requirement.

In the field of trading in derivatives of securities, the basic organisational delimitation in line with the standards of the Bank of Slovenia has been ensured. The conclusion of deals, their monitoring and bookkeeping has been arranged, organised and takes place according to well established written procedures. The Bank has established an independent supervision control over the compliance of the operations with the adopted policies, authorisations and applicable limits. The recommendations made primarily refer to the definition of the rules of conduct and bookkeeping in the case of administrative receivership, early realisation and failure to implement futures.

In the field of trading on behalf of and for the account of clients, the basic organisational delimitation in line with the standards of the Bank of Slovenia has been ensured. The conclusion of contracts, accepting of orders and monitoring of transactions take place in an organised manner and according to well-established procedures. The process of stock brokerage is almost entirely automated. Cash and securities settlement takes place on time and within the prescribed deadlines, and recording and resolving of client complaints is timely and appropriate. We recommended revision of outdated instructions and their strict respect in practice.

The conclusion of deals and their monitoring in the field of managing client assets take place in an organised manner and according to well established procedures. The employees are constantly trained and, in addition to regular work, also participate in the integral IT modernisation of securities dealing project. Since the existing IT support does not enable an automated performance of controls, it is necessary to strengthen manual controls of the compliance of the client portfolio structure with all contractual provisions.

The field of corporate finance services is well organised. The working procedures of internal control are implemented in line with the legislation and the process instructions which, however, will have to be completed and revised in some areas.

The processing of SEPA cross-border credit payments is technologically well supported and ensures an automated processing of transactions. The Bank has established a system of key internal controls which ensures an appropriate supervision over the processing of payments. We recommended additional control of the accuracy of charging commissions to clients and better supervision over the updating of changes in the development of business applications for payment transactions in the field of IT architecture.

In the field of Bank liquidity and cash flows management, the liquidity situation is regularly monitored and reported. Formally, the field is regulated with the appropriate internal regulations. The regulations of the Bank of Slovenia concerning the provision of an adequate amount of obligatory reserves and liquidity ratios are being complied with. The recommendations made refer to the implementation of the provisions of the Liquidity Risk Management Strategy of the NLB Group and the reporting of the members of the NLB Group in the field of operational liquidity.

Deposits of corporate and retail clients

In the field of deposits of retail clients, the upgrading of the NBO computer support and, consequently, abolishment of the BTM support will improve the procedures of concluding deposit contracts and opening of accounts. Likewise, the Bank will strengthen internal controls in deposits with extension of the period of tying up, posting of transactions in the deposit period and allocation of individual interest rates. In the field of corporate deposits, controls are integrated in the Globus system; improvements of

procedures and controls must be ensured in the changing of conditions of deposit deals and interest rates.

Accounts of corporate and retail clients

Last year we continued with the procedures of collecting and organising older and inactive/unidentified client accounts so that the Bank complied with the requirements of the Prevention of Money Laundering and Terrorism Financing Act. Operating controls in the opening of accounts have improved. By providing a more detailed definition of account management, a more careful entering of data in the register and the Bancs support as well as by ensuring control trails the bank will additionally strengthen its internal control system.

Cash and treasury operations

The field is the subject of constant audits in the branch network. A considerable improvement in the functioning of internal controls has been found for the previous year. Automated controls of procedures were introduced with the new support NBO, with will be reflected in the completeness and accuracy of documentation, and in the improvement of the procedures of keeping counter documentation. The recommendations referred to better organisation of the counter documentation in daily closures, more consistent implementation of client identification and improvement of the security conditions in certain branches.

Depository and safe deposit operations

Most of the procedures are still manual, however, appropriate internal controls have been established and are sufficiently reliable for the Bank to manage the key risks in this area. Currently, the development of new IT support and optimisation of processes are underway.

Financial management

In the field of managing tangible and intangible assets, risks are adequately managed. Subsidiary bookkeeping is taking place in line with the International Financial Reporting Standards and internal regulations. For significant assets and investments in existing fixed assets, the useful life must be examined more strictly. The completion of the accounting architecture redesign project (new General Ledger) will among other contribute to better transparency, comparability and quality of data in the reports on maintenance costs and capital expenditure of the Bank.

Management of operating risks and information communication technology

Also in 2009, the management of operational risks was upgraded and improved in all business and management processes of the Bank. We recommended the quality and attitude towards management to be further improved. The methodology of managing operational risks will be transferred to all members of the NLB Group included in consolidation. In the revised Policy on managing operational risk, the Bank defined the ceiling of operational risk tolerance, which it will, in connection with the recording of loss events, monitor regularly.

The established business continuity system is regularly tested and complemented; the auditors' recommendations are promptly implemented.

The Bank has started upgrading its procedures for managing risks arising from outsourced service providers.

The Bank has set up new basis for complementing the system of information protection, within which supervision controls over access to extranet and other remote accesses to the Bank's ICT network will primarily have to be complemented, and the completion of the data on audit trails will have to be

ensured.

In managing and implementing the ICT processes, the Bank follows the ISO 9001 quality standard. The process of reducing the dependence on outsourced providers of IT support to operations is successfully continuing. To improve the control system, we recommended acceleration of the activities of abolishing BTM (existing user interface for the use of the support for managing the relations with retail clients) and transferring the functionalities to NBO (the new user interface).

General operations

The human resources function in the Bank is decentralised, with the transfer of authorisations to individual heads of organisational units. The procedures are conducted in line with the legislation and collective agreements. The Bank has its Code of Ethical Conduct of the Employees and Policy for prevention of sexual and other harassment and maltreatment. The system of accounting for salaries, contributions and other costs is reliable. The Bank will strive to implement the fundamental principles concerning the policy of payment and remuneration – in line with the guidelines of the Committee of European Banking Supervisors (CEBS).

The audit of the construction of one of the financial centres of the NLB Group showed that the Bank will have to adopt appropriate rules on the management and supervision of such projects. Due to their absence, complexity of the project, number of participants and changing of the original plans, the project has been implemented in a non-transparent way, and has not been appropriately managed and supervised. The bank has already appointed a project team which will continue implementing the project and complete it, defined the roles and responsibilities of all involved and started preparing the necessary project documentation and financial construction.

2.2. Other members of the NLB Group

In 2009, the members of the NLB Group were adjusting their operations to the standards and guidelines of the NLB. The operation of the business line was oriented in the improvement of the reporting to the NLB for the needs of consolidated supervision of the operations of the Group and improvement of the organisation of operations of individual members.

The field of credit function saw activities of unifying the work procedures with minimum standards applying to the area of risk management and corporate and financial institutions BL. Accordingly, the members supplemented their internal instructions for the following areas: calculation of impairments and provisions, granting and monitoring of loans, account management, collateralisation of loans and management of problem loans. For the needs of monitoring the quality of credit portfolio, it will be necessary in the future to strengthen the supervision controls over the data reported by the members to the NLB, improve the documentation of the calculated impairments and loan collaterals, and ensure regular monitoring of the value of collaterals. Simultaneously, it will be necessary to upgrade the existing system of managing problem loans.

In the branch network, the investments started in 2008 to further improve the safety of operations and ensure harmonisation with the NLB standards continued. The implementation of the NLB standards will contribute to the harmonisation of the counter and vault operations. The banks have adopted measures for compliance with the Money Laundering Prevention and Terrorism Financing Act, and began to establish additional supervision controls.

In the field of managing non-credit risks in the members of the NLB Group (banks, leasing and factoring companies), progress is evident in the area of the implementation of minimum standards prescribed by the NLB. Formally, the area is generally well-supported by internal policies and instructions. The recommendations made refer to the improvement of the system of internal controls and further harmonisation of the operations with the NLB standards.

The activities in information technology were geared towards ensuring stability and availability of the system, upgrading of the existing IT support, production of BCPs and setting up of backup locations (DRP). Recommendations relate to: improvement of security in accessing the system, upgrading of IT

support to the Bank's operations in order to reduce the possibility of errors, provision of IT support to reporting to supervisory institutions in the field of money laundering prevention, and ensuring of a full use of licence programmes.

For the needs of reporting accounting data, the members of the NLB Group use a uniform IT support, ensuring appropriate reporting both during the year and at the end of the year, when the members must report additional data needed for the preparation of disclosures in the NLB Group annual report. Deviations from the prescribed procedures of bookkeeping were only detected in individual cases (e.g. a new deal where the analytical procedures were not defined in advance).

3. IMPLEMENTATION OF AUDIT RECOMMENDATIONS

The Internal Audit regularly monitored 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) reported to the Management Board, the Audit Committee and the supervisory Board of the NLB on the status of the audit recommendations made. For that purpose, the competent and responsible management bodies of the Bank reported to the Internal Audit on the status and implementation of the recommendations quarterly (or when an individual task was completed).

The Internal Audit, the Bank of Slovenia and the external auditor issued a total of 430 audit recommendations and requirements in 2009, with 555¹ open recommendations and requirements being implemented. The average share of overdue outstanding recommendations in 2009 was around 2.8% (in 2008 around 5%).

4. WORK ORGANISATION AND PERSONNEL

In 2009, the Internal Audit's internal organisation remained unchanged. Formally, the Internal Audit 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 2009, the internal Audit had 32 employees, from which 8 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	2
Branch network	5
Credit risks	6
Information technology	4
Non-credit risks & payment transactions	6
Financial management and accounting	5
NLB Group – Business Line	2
Total	32

In 2009, the Internal Audit saw some personnel changes in the area of financial management (retirement of one employee) and information technology (one departure, substituted in the beginning of 2010), plus the usual maternity leave absences.

¹ Also taking into account the recommendations from the previous years completed in 2009.

5. DEVELOPMENT ACTIVITIES OF THE INTERNAL AUDIT

In the beginning of the previous year, the internal instructions were added by additional checks which internal auditors must obligatorily perform during all audits. The contents of the checks refer to the following areas: prevention of money laundering, introduction of new products, obligatory reporting to external regulators, operational risk management, protection of persons, property, information and IT systems, BCP, operation of business line in the NLB Group and management of outsourced activities (SLA). In connection to this, a special training of all Internal Audit's employees was conducted in 2009.

To improve the quality of work and upgrade the existing know-how, in 2009 internal training was also conducted in the following areas: internal capital, operational risks, prevention of money laundering, improvement of audit reports and following of internal auditing best practice.

6. OTHER ACTIVITIES

In 2009, the Internal Audit carried out many other activities, among which the following should be emphasised:

- a. supervision over Internal Audit Departments in the members of the NLB Group:
 - gradual introduction of uniform work methodology and internal auditing standards,
 - organisation of trainings,
 - practical training of internal auditors,
 - 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.).
- b. 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 as well as monitoring the implementation of the requirements and recommendations and reporting to the Bank of Slovenia, the Management Board, the Audit Committee and the Supervisory Board of the NLB),
- c. co-ordination of the work of external auditors in the NLB Group,
- d. consultancy and issuing of expert opinions to the draft internal regulations and rules,
- e. participation in expert committees within the Bank Association of Slovenia and the Slovenian Institute of Auditors.

In 2009, the Bank of Slovenia issue the Decision Amending the Decision on Disclosures by Banks and Savings Banks, in which it, among other, defined the obligation of internal audit department to check the authenticity of information in disclosures that banks publish on their websites. Previously, that was the duty of the external auditor. According to the explanation of the Bank of Slovenia, in most European countries this is the duty of internal audit. Accordingly, the Internal Audit verified the completeness and accuracy of information in the NLB Group's disclosures for 2009 by checking the completeness and accuracy of the information and thus the consistency of data in the disclosures with other data in the annual report and the publication of correct data in general.



Item 7 on the agenda: Election of a substitute member of the Supervisory Board

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 7

The Annual General Meeting of Shareholders of NLB d.d. hereby establishes that Stanislava Zdravec Capriolo, Member of the Supervisory Board, submitted her letter of resignation on 16 November 2009.

The elected substitute member of the Supervisory Board shall be Mr Jurij Detiček his term of office shall expire on the same date as the term of office of the originally elected Supervisory Board members who were elected at the 14th Annual General Meeting of NLB d.d. held on 30 June 2009.

Explanation

In the period between the 14th General Meeting of Shareholders of NLB d.d. and today, one member of the Supervisory Board submitted a letter of resignation, namely Stanislava Zdravec Capriolo on 16 November 2009. A substitute member must be appointed to her position in line with Article 21 of the Articles of Association of NLB d.d. 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 substitute member. The term of office of the substitute member shall according to the Articles of Association of NLB d.d. last until the expiry of the term of office of the originally elected member of the Supervisory Board of NLB d.d., who shall be replaced by substitute member.

Supervisory Board of NLB d.d.

Attachment:

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



Jurij DETIČEK BSEcon.
Haizingergasse 50/3/6
1180 Vienna, Austria

Ažmanova 28
1000 LJUBLJANA
Slovenia

CURRICULUM VITAE

Name and surname: Jurij DETIČEK
Date of birth: 9 June 1959, Celje, Slovenia
Marital status: married, two children
Employed: Adria Bank Aktiengesellschaft
1010 Wien, Gonzagagasse 16, Austria
Education: Bachelor of Economy, Faculty of Economics, Ljubljana

Work experience:

NOVA LJUBLJANSKA BANKA D.D., 1520 Ljubljana, Trg republike 2, Slovenia

- joined the Bank in 1974, soon afterwards Director of DVR (LDC)
- 1983 Assistant Director of International Operations
- 1985 Deputy Director of International Operations
- 1987 Director of International Operations
- 1992 Member of the Management Board
- 1994 Executive Director (International Operations, Treasury, Capital Markets and Finance)
- 1997 Senior Executive Director (Financial Institutions and International Operations) and Person authorised by the Management Board
- since 1999 President of the Management Board of Adria Bank Aktiengesellschaft, Vienna

Responsibilities in the Nova Ljubljanska banka Group at home and abroad:

- Member of the Supervisory Board of LBS Bank, New York
- Member of the Credit Committee of LB InterFinanz AG, Zürich
- Chairman of the Supervisory Board of LB Factors d.d., Ljubljana
- Chairman of the Supervisory Board of LB Leasing d.o.o., Ljubljana
- Chairman of the Supervisory Board of LB Splošna banka Velenje d.d., Velenje
- Deputy Chairman of the Supervisory Board of Adria Bank Aktiengesellschaft, Vienna

Other responsibilities:



- Deputy Chairman of the Supervisory Board of Slovenska izvozna družba, Ljubljana
- Chairman of the Supervisory Board of Finmedia d.d., Ljubljana
- Chairman of the Supervisory Board of DZS d.d., Ljubljana
- Member of the Supervisory Board of KB 1909, Gorizia, Italy

Other important data:

Practical work and training at home and abroad / New York, London, Paris, Fontainebleau, Frankfurt/Main, Stockholm, Hamburg

Foreign language skills:

speaking and understanding: English, German, Serbian Croatian

Item 8 on the agenda: Determination of session fees of the members of the Supervisory Board and the committees of 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 8

As of 30 June 2010, the members of the Supervisory Board shall be entitled to session fees, namely members EUR 412.50 gross and the Chairman of the Supervisory Board EUR 536.25 gross for attending a regular or extraordinary meeting, and 80% of the regular session fee for attending a correspondence meeting. The session fee of the Supervisory Board members for attending a committee of the Supervisory Board or an ad hoc working body of the Supervisory Board shall be EUR 429.00 gross for the chairman of a committee or working body and EUR 330.00 gross for a member thereof, and 80% of the regular session fee for attending a correspondence meeting of a committee or working body of the Supervisory Board. The session fee of the Supervisory Board members for attending a committee of the Supervisory Board or ad hoc working bodies of the Supervisory Board shall be EUR 536.25 gross for the chairman of a committee or working body and EUR 330.00 gross for a member thereof, and 80% of the regular session fee for attending a correspondence meeting of a committee or working body of the Supervisory Board.

On the day this resolution is adopted, the resolution on the determination of the Supervisory Board members' session fees which was adopted at the 14th Annual General Meeting of Shareholders of NLB d.d. of 30 June 2009, shall cease to be valid.

Explanation

The last year's General Meeting adopted the resolution which determined the session fees of the members of the Supervisory Board for participation in the (regular and correspondence) meetings, but the basis for the session fees for the meetings of committees was not defined. As this item on the agenda was included on request of the shareholder (RS), whereby the agenda had been expanded, the Bank could not influence the contents of this item (and supplement it). We therefore propose the last year's resolution of the General Meeting be annulled through the adoption of a new resolution which will regulate the issue fully and enter into force on the next day following the General Meeting.