

GROUNDING OF THE PROPOSALS TO BE ADOPTED AT THE 11TH GENERAL MEETING OF SHAREHOLDERS OF NLB D.D.

1. Opening

The chairperson of the General Meeting of Shareholders will open the meeting and the President of the Management Board of NLB d.d. shall address the shareholders and others present.

2. Establishment of quorum and confirming the presence of Notary Public Miro Košak from Ljubljana, who will take the minutes

At this point, the chairperson of the General Meeting shall establish whether there is a quorum. The resolutions of the 11th General Meeting shall be notarised by the notary Miro Košak from Ljubljana in line with Article 304 of the Companies Act (Official Gazette of the Republic of Slovenia no. 42/2006, hereinafter: the ZGD -1).

3. Election of the bodies:

Proposed resolution:

The General Meeting of Shareholders hereby appoints:
Members of the Credentials Committee: Mojca Zajc and Laura-Delphina Senica.

Grounds for the proposal:

This item involves the proposal for the appointment of the members of the Credentials Committee which confirms the results of the voting at the General Meeting in accordance with the Rules of Procedure of the General Meeting of Nova Ljubljanska banka d.d., Ljubljana.

4. Informing the General Meeting of Shareholders of the annual report for the business year 2005 and the report of the Supervisory Board of Nova Ljubljanska banka d.d., Ljubljana

Proposed resolution:

The General Meeting of Shareholders hereby acknowledges the annual report for the business year 2005 and the report of the Supervisory Board of Nova Ljubljanska banka d.d., Ljubljana.

Grounds for the proposal:

The Annual Report of NLB d.d. was approved by the Supervisory Board of Nova Ljubljanska banka d.d., Ljubljana, at its session held on 3 May 2006 pursuant to Article 293 of the Companies Act (Official Gazette of the RS, no. 42/2006, with amendments, hereinafter: the ZGD-1). The General Meeting of Shareholders is merely to be acquainted with the adopted Annual Report, which is also true of the report of the Supervisory Board

on the results of checking the Annual Report. Both documents are attached hereto (as Enclosures 1 and 2).

5. Proposed distribution of balance sheet (net distributable) profits, and granting a relief to the Management Board and the Supervisory Board

Proposed resolution:

The balance sheet profit generated by Nova Ljubljanska banka d.d. Ljubljana in 2005, amounting to SIT 5,816,965,705.21, shall be used as follows:

- SIT 4,653,518,964.16 shall be distributed to the Bank's shareholders entered in the share register as at the end of the day on which the General Meeting of Shareholders is concluded, which represents a gross amount of SIT 605.76 SIT per share. The Bank's liability to the shareholders shall fall due on 30 September 2006.
- A portion amounting to SIT 1,163,446,741.05 shall be allocated to other reserves from profit.

The amount of profit allocated to increasing profit reserves shall be adjusted to the part of the balance sheet profit under the first indent hereunder which relates both to the difference resulting from rounding dividend per share to two decimals and to any payment for own shares of Nova Ljubljanska banka d.d. Ljubljana.

The General Meeting of Shareholders of Nova Ljubljanska banka d.d., Ljubljana hereby grants a relief to the Management Board and Supervisory Board for the business year 2005.

Grounds for the proposal:

Net distributable profit of NLB d.d. for 2005

	<i>Amount in SIT</i>
Net profit for the year	11,633,797,410.41
+ Retained net profit from previous years	67,000.00
- Increase in other reserves from profit	5,816,898,705.20
= BALANCE SHEET (NET DISTRIBUTABLE) PROFIT	5,816,965,705.21

Employment of net distributable profit of NLB for 2005

	<i>Amount in SIT</i>
Net distributable profit amounting to	5,816,965,705.21
shall be allocated by the General Meeting Of Shareholders to:	
- payment to shareholders	4,653,518,964.16
- other reserves from profit	1,163,446,741.05

The above tables show the net distributable profit of NLB d.d. for 2005 and the Management Board and the Supervisory Board hereby propose to the General Meeting of Shareholders to adopt the proposed distribution of this profit and grant relief to the Management Board and the Supervisory Board of NLB d.d. in line with Article 294 of ZGD-1.

6. Retained profit arising from the transition to the IFRS

Proposed resolution:

The General Meeting of Shareholders hereby establishes that the retained profit arising from the transition to the IFRS amounts to SIT 39,895,000,000.00 and is posted to account 9045 and that, according to this resolution, such a profit is not subject to distribution to shareholders or other persons, and agrees that it remains undistributed. In line with the Bank of Slovenia's Decision on capital adequacy of banks and savings banks, such a profit thus remains an element of the Bank's capital and is, as such, taken into account in the calculation of the Bank's capital adequacy.

Grounds for the proposal:

The introduction of the International Financial Reporting Standards (IFRS) in Slovenia is regulated in ZGD-1. In accordance with this Act and the regulations of the Bank of Slovenia, the banks are obliged to compile their accounting statements according to the IFRS for the first time for the business year starting on 1 January 2006.

The amended Decision of the Bank of Slovenia on Capital Adequacy of Banks and Savings Banks (hereinafter: the Decision) also stipulates that the calculation of capital adequacy may also take into account retained profit established upon transition to the IFRS which based on the decision by the General Meeting of Shareholders would not be distributed to shareholders or other persons and will remain an element of capital. In view of the fact that pursuant to the ZGD-1 the General Meeting of Shareholders will only be allowed to decide on retained profit at its meeting in 2007 when net distributable profit for 2006 will be allocated, the Bank of Slovenia requests that this decision be adopted already at the 2006 General Meeting of Shareholders.

7. Proposed amendments to the Articles of Association of Nova Ljubljanska banka d.d., Ljubljana

Proposed resolution:

The General Meeting of Shareholders of Nova Ljubljanska banka d.d., Ljubljana hereby adopts the amendments and supplements to the Articles of Association of Nova Ljubljanska banka d.d., Ljubljana, in the wording which is a constituent part hereof.

Grounds for the proposal:

- 1. Amended 6th paragraph and new 7th paragraph of Article 1 of the Articles of Association:**

Changes in the signs and symbols which are, besides the firm, used by NLB d.d. in its operations, are in line with the changes and updates to the Bank's integral corporate image. The new paragraph 7 introduces a new matter into the Articles of Association - the basic goals of the Bank's existence, which is the maximising of its value for the shareholders as required by the Corporate Governance Code.

2. Amended 1st paragraph of Article 4 of the Articles of Association:

The amendment concerns the harmonisation with the new Companies Act which stipulates in its Article 172 that a company is allowed to have no-par value shares (no nominal value). The option of transfer to no-par value shares is proposed by the Management Board and the Supervisory Board to the General Meeting of Shareholders due to the fact that the nominal amount on the share tells practically nothing about the actual value of a shareholder's financial investment. Paragraph 4 of Article 694 of the Companies Act also lays down that public limited companies may introduce no-par value shares before the day euro is introduced or even before the day of setting the final exchange rate.

3. Amended 1st and 3rd paragraphs of Article 5 of the Articles of Association:

These two amendments only involve the implementation of the no-par value (no nominal value) share regime.

4. Amendments to Article 6 of the Articles of Association:

The provisions on the Share Register of NLB d.d. have become obsolete and have, for a long time, related to a non-existing materialised share environment. The Bank's Share Register is kept by KDD. As the relevant provisions regulate all the issues concerning the changes in the ownership in KDD and in respect to the insight in the Share Register, the statutory regulation that does not correspond to the actual state should be deleted.

5. Introduction of a new 4th paragraph of Article 20 of the Articles of Association:

In line with the legislation, members of the Supervisory Board may be provided with payment for their work, which is determined by the Articles of Association or the General Meeting. According to this rule, the Articles of Association may also stipulate the reimbursement of expenses to the members of the Supervisory Board, which seems to be an appropriate decision, particularly with regard to the principle that the members of the Supervisory Board were not supposed to carry their costs arising from the performance of their tasks as members of the Supervisory Board. The proposed statutory provision in Article 20 of the Articles of Association constitutes the basis for the reimbursement of travel expenses, daily subsistence allowances and costs of overnight stays. Such costs should be reimbursed up to the level set by the relevant regulation of the Government of the Republic of Slovenia enabling the reimbursement of these costs to count as the Bank's expenditure according to the tax regulations, with the members of the Supervisory Board thus being levelled with the members of the Management Board.

6. Amended 2nd paragraph of Article 28 of the Articles of Association:

The proposed amendment concerns the interference with the existing arrangement where approval of the Supervisory Board is needed to "raise loans and assume other obligations for the Bank which in a single business year individually or in total exceed a certain amount set by the Supervisory Board or, if this amount is not specified, 25% of

the Bank's capital". Actually the provision is not feasible in practice as, considering the volume of all transactions carried out by NLB d.d., is it impossible to know the percentage of the Bank's capital constituting "assumed obligations" in a certain year, which includes all liabilities, from long-term loans to the purchase of office material. Thus it is also impossible to know from which point onwards one needs the approval of the Supervisory Board to assume further obligations, and even if that were known, we would get into a situation where Supervisory Board's approval would be necessary for each, no matter how minor transaction after the limit of 25 % of the Bank's capital is crossed (or other limit determined by a Supervisory Board's resolution). Consequently, the provision should be modified so that approval of the Supervisory Board is required for individual transactions of long-term borrowing exceeding the limit of 25% of the Bank's capital.

7. Amendment to Article 38 of the Articles of Association:

The proposed amendment merely comprises a change in the list of dates, namely the last change in 2006.

The text of the amendments to the Articles of Association is attached hereto as Enclosure 3.

8. Authorisation to the Supervisory Board to recalculate the amounts of the share capital and authorised capital from tolar into euros

Proposed resolution:

The General Meeting of Shareholders of Nova Ljubljanska banka d.d., Ljubljana, hereby authorises the Supervisory Board of Nova Ljubljanska banka d.d., Ljubljana, that it, on the day when euro is introduced as the legal tender in the Republic of Slovenia, recalculates the amount of the share capital and the amount of the authorised capital, specified in the Articles of Association of Nova Ljubljanska banka d.d., Ljubljana, from tolar into euros at the officially fixed exchange rate.

Grounds for the proposal:

Pursuant to the fourth paragraph of Article 694 of ZGD-1, a public limited company can change its existing nominally expressed shares into no-par value shares before the day of the introduction of euro as the legal tender or before the day of fixing the final exchange rate. The General Meeting may authorise the Supervisory Board in advance to recalculate, on the day of the introduction of euro as the legal tender in the Republic of Slovenia, the amount of the share capital from SIT to EUR at the applicable exchange rate. The provision is also used mutatis mutandis for authorised capital.

9. Election of the substitute members of the Supervisory Board

Proposed resolution:

The General Meeting of Nova Ljubljanska banka d.d., Ljubljana, hereby finds that the members of the Supervisory Board Andrijana Starina Kosem, Christian Defrancq, Marko Rus and Andre Bergen resigned.

Four new members of the Supervisory Board are hereby appointed to their positions, namely Katja Božič, John Arthur Hollows, Tomaž Rotar and Jan Vanhevel who shall hold these positions until the expiry of the terms of office of the members of the Supervisory Board appointed at the 10th regular General Meeting of Nova Ljubljanska banka d.d., Ljubljana.

Grounds for the proposal:

Data on the candidates for the members of the Supervisory Board of Nova Ljubljanska banka d.d. Ljubljana

1) Katja Božič

Education:

1992–1997 the Faculty of Economics, Bachelor of Science in Economics, specialised in finance

1997–2000 the Faculty of Economics Master of Science in Business and Administration MScBA, specialised in Bank Management

Current employment

2005 - Ministry of Finance, acting director general of the Financial System Directorate (since 10 October 2005); Head of the Financial System Sector (1 July – 9 October 2005); Head of Banking, Insurance and Payment Transactions Sector (24 May – 30 June 2005) - Financial System Directorate

Adequate experience:

2006, member of the Expert Council of the Insurance Supervision Agency
2002–2005, Bank Austria Creditanstalt, Ljubljana, Slovenia: Assistant to the Head of Department, Retail Banking Department, Development of New Products and Marketing

2001–2002, Bank Austria Creditanstalt, Ljubljana, Slovenia: Head of Personal Banking Department, Retail Division

2000–2001, Poteza BPD / Poteza Group Ljubljana, Slovenia: Analyst Consultant

1997–2000, Bank of Slovenia, Ljubljana, Slovenia: Analyst of Financial Markets

2) Arthur Hollows

Education:

Master of Arts, Sidney Sussex College, Cambridge (law and economics)

Current employment

since May 2006: Senior General Manager, Banking, Central Europe Business Unit, KBC Group NV, Belgium

Adequate experience:

2003- April 2006: Chief Executive Officer, K&H Bank Ltd., Hungary

1999-2003: General Manager, Asia Pacific, KBC Bank N.V.

1997-1999: General Manager, Shanghai Branch, KBC Bank N.V.

1996, Commercial Banking Head, Hong Kong Branch, Kredietbank N.V.

1991-1995, Chief Manager, Taipei Branch, Barclays Bank PLC

Chairman, European Council of Commerce and Trade 1994 + 1995

1989-1991, Head of International Trade Services, London, Barclays Bank PLC

Deputy chairman, British Exporters Association

1986-1989, Manager, Export Finance Department, London, Barclays Bank PLC
1984-1986, Corporate Manager, Watford Branch, Barclays Bank PLC
1982-1984, Assistant Manager, Cost Control Unit, General Manager's Office, Barclays Bank PLC
1978-1982, Graduate Trainee, Barclays Bank PLC

Associate, Chartered Institute of Bankers, London
Member, Institute of Exports, London

3) Tomaž Rotar

Education:

Bachelor of Science in Economics

Current employment

Head of Operations at the Central Securities Clearing Corporation, Ljubljana

Adequate experience:

1989 – 2004, Ljubljana Stock Exchange (Ljubljanska borza vrednostnih papirjev d.d., Ljubljana),
member of the Management Board of the Ljubljana Stock Exchange (since 1995)
Head of Stock Exchange Meeting and then, until his appointment as member of the Management Board, Head of Trading Sector
1988 – 1989, Elma, Črnuče

4) Jan Vanhevel

Education:

1971, Catholic University of Leuven, Doctor of Laws
1971, Catholic University of Leuven, Graduate in Notarial Sciences
1978, VLECHO Brussels (Flemish School of Economics), Financial Management
1994, INSEADF (Fontainebleau, Francija), Advanced Management Program

Current employment

25 April 2006 Member of the Executive Committee KBC Group - CEO Central Europe
3 June 1998 Managing Director, Member of the Executive Committee KBC Bank
25 April 1996 Managing Director, Member of the Executive Committee Kredietbank

Adequate experience:

1994-1996, General Manager, Processing & Automation Directorate, Kredietbank Head Office - Brussels
1990-1994, Regional Manager, Kredietbank Antwerp Metropol - Regional Central Office
1986-1989, Manager "Torengedouw" Main Branch, and Deputy Regional Manager, Kredietbank Antwerp Metropol - Regional Central Office
1984-1986, Manager "Torengedouw" Main Branch, Kredietbank Antwerp

1981-1984 Head of Credit Department, Antwerp Regional Central Office
1979-1981 Head of Credit Department, Brabant Regional Central Office
1972-1997, Head of Litigation Department, Kredietbank Brussels
1971, Legal Department, Kredietbank Brussels

Chairman of the Board of Directors - FEBELFIN (Belgian Federation of Banks)
a member of the Management Board in the following companies:

- Flanders-China Chamber of Commerce
- IIB Bank Ltd (Dublin)
- IIB Finance Ireland (Dublin)
- Intercontinental Finance (Ireland)
- Buelens Real Estate N.V.
- KBC Exploitatie
- KBC Verzekeringen
- Other real estate companies

10. Appointing the auditor for the 2006 audit of operations

The General Meeting of Shareholders of Nova Ljubljanska banka d.d., Ljubljana, hereby appoints the auditing house PricewaterhouseCoopers d.o.o., Ljubljana, the auditor of Nova Ljubljanska banka d.d., Ljubljana, for the year 2006.

Grounds for the proposal:

The Supervisory Board proposes to the General Meeting of Shareholders to appoint the auditing company PricewaterhouseCoopers d.o.o., Ljubljana the auditor of Nova Ljubljanska banka d.d., Ljubljana for 2006, because it has the appropriate experience.

Company: **PRICEWATERHOUSECOOPERS d.o.o.**
Registered office: Parmova 53, 1000 LJUBLJANA

References:

- 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.) Its other clients in Slovenia:
 - a) Banks:
Banka Slovenije, Banka Celje, Koroška banka, Banka Zasavje, Banka Domžale, Abanka Vipava, Banka Koper, Gorenjska banka, Skupina Probanka, Deželna banka Slovenije, Factor banka;
 - b) Insurance undertakings:
the Zavarovalnica Triglav Group, Slovenica - življenje, Generali, ARAG, NLB Vita, Skupna pokojninska družba;
 - c) Financial holdings:
KD Group, KD Holding, NFD Holding, Triglav Finančna družba, Triglav Naložbe, Vipava Holding;
 - d) Management companies:

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

e) Investment funds:

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

11. Internal Audit's Annual Report for 2005

Proposed resolution:

The General Meeting of Shareholders hereby acknowledges the Annual Report for the 2005 business year and the opinion of the Supervisory Board of Nova Ljubljanska banka d.d., Ljubljana.

Grounds for the proposal:

On the basis of the Banking Act (Article 116 of ZBan), the Internal Audit Annual Report and the Supervisory Board's opinion must be submitted to the General Meeting of Shareholders; they are attached as Enclosures 4 and 5.

13. Any other business