



Material

**for the 16th Annual General Meeting of Shareholders of NLB d.d.
on 25 November 2010**



PUBLICATION OF THE AGENDA AND PROPOSED RESOLUTIONS TO BE PASSED AT THE 16TH GENERAL MEETING OF SHAREHOLDERS OF NLB D.D.

Pursuant to Article 295 of the Companies Act (ZGD-1) and Article 13 of the Articles of Association of NLB d.d., the Management Board of NLB d.d. hereby convenes the

16th Annual General Meeting of Shareholders of NLB d.d., Trg republike 2, 1520 Ljubljana,

scheduled for Thursday, 25 November 2010, at 1 p.m. in the Conference Hall on the ground floor of the Bank's office building at Trg republike 3 in Ljubljana

with the following agenda:

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

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

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

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

2. Authorised capital

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

2.1. 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 eight months after the entry in the Companies Register of the amendment to the Articles of Association adopted at the General Meeting of Shareholders held on 25 November 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 by the Supervisory Board and not subject to additional resolution by 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 by 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. The new shares can be issued against payment in cash."

2.2. The General Meeting of Shareholders of NLB d.d. hereby establishes and imposes on the Management Board and the Supervisory Board of NLB d.d. the task to implement the authorisation arising from authorised capital referred to in item 2.1 hereunder only for the purpose of supporting the Strategy of NLB d.d. as a regional bank, adjusting to the new requirements for higher regulatory capital and ensuring capital strength of NLB d.d.



2.3. The General Meeting of Shareholders of NLB d.d. hereby imposes on the Management Board and Supervisory Board of NLB d.d. to implement the authorisation arising from the authorised capital with by no later than 31 March 2011.

3. 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 Mr. Gregor Dolenc, Member of the Supervisory Board, submitted his letter of resignation from the function of the member of the Supervisory Board of NLB d.d. on 18 July 2010.

The elected substitute member of the Supervisory Board shall be Mr. Anton Macuh, whose 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 General Meeting of Shareholders of NLB d.d. held on 30 June 2009.

In compliance with the provisions of the Companies Act (ZGD-1), the resolutions under the items on the agenda are proposed by the Management Board and the Supervisory Board with the exception of Item 3 which is proposed solely by the Supervisory Board.

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 Klirinško depotna družba, d.d., Ljubljana, as at the end of the fourth day prior to the General Meeting of Shareholders (hereinafter: the cut-off date), i.e. by 21 November 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 of convocation 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 share capital can, after the publication of the notice of convocation, 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 29 October 2010.



Shareholders' proposals:

The shareholders may submit written proposals for resolutions to each item on the agenda, in compliance with Article 300 of the Companies Act (ZGD-1) (hereinafter: the counterproposal). 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 29 October 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 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, 22 October 2010

Management Board of NLB d.d.



**GROUNDS FOR THE PROPOSED RESOLUTIONS
FOR THE 16TH 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 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 16th 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 Ms. Aleksandra Hrovatin, Head of the Legal and Compliance Institute, Chairman of the General Meeting of Shareholders and invited Miro Košak, a notary public from Ljubljana, to attend the General Meeting of Shareholders, who accepted the invitation and confirmed his attendance.

Supervisory Board of NLB d.d.

Management Board of NLB d.d.



Item 2 on the agenda: 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 2

2.1. *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 eight months after the entry in the Companies Register of the amendment to the Articles of Association adopted at the General Meeting of Shareholders held on 25 November 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 by the Supervisory Board and not subject to additional resolution by 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 by 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. The new shares can be issued against payment in cash.”

2.2. *The General Meeting of Shareholders of NLB d.d. hereby establishes and imposes on the Management Board and the Supervisory Board of NLB d.d. the task to implement the authorisation arising from authorised capital referred to in item 2.1 hereunder only for the purpose of supporting the Strategy of NLB d.d. as a regional bank, adjusting to the new requirements for higher regulatory capital and ensuring capital strength of NLB d.d.*

2.3. *The General Meeting of Shareholders of NLB d.d. hereby imposes on the Management Board and Supervisory Board of NLB d.d. to implement the authorisation arising from the authorised capital with by no later than 31 March 2011.*

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 eight months 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 is adopted. The proposed amendment changes the existing approved capital which was adopted at the General Meeting of the Bank on 30 June 2009. A more detailed explanation of the proposed resolution is provided in the attachment to this Item on the agenda.

Supervisory Board of NLB d.d.

Management Board of NLB d.d.

Attachment:

1. Proposal for the increase in share capital

Attachment 1: Proposal for the increase in share capital

The Supervisory Board and the Management Board adopted a decision to convene on 25 November 2010 the General Meeting of Shareholders of the Bank which will decide on the proposal on capital increase of EUR 250 million. The capital increase of EUR 250 million will enable implementation of the NLB Strategy as a regional bank and adjustment to new requirements setting higher regulatory capital as well as ensure capital strength.

Both the convocation of the General Meeting of Shareholders of the Bank on 25 November 2010 and the 8-month deadline within which the Management Board may in agreement with the Supervisory Board increase the share capital of the Bank without an additional resolution being passed by the General Meeting of Shareholders, have been co-ordinated with the largest owners of the Bank.

1. The Bank's strategy; the adopted strategy enables the Bank to remain an important regional banking group; additional capital is necessary to achieve this

Business conditions have changed substantially over the last two years. The banking sector was significantly influenced by the global financial and economic crisis. The expectations of the owners, regulators, investors and clients have changed. The standards that were in force until just recently have also changed. The banks are operating much more prudently. The banks will need more capital for their operations than before, and permissible dependence on international markets will be lower.

The changed business conditions also revealed some weaknesses in the operations of NLB d.d. These weaknesses are now reflected in the deteriorated quality of the credit portfolio. The internal operations of the Bank will be adjusted to the new business conditions, namely the development will be geared towards more effective risk management, stronger centralisation and streamlining.

The Management Board responded to the changed business conditions by adopting a new strategy. The Management Board redefined the Bank's strategic markets, in geographic and product terms. NLB d.d. will strengthen its presence on certain markets of SE Europe as a prime provider of banking services. The Bank will gradually withdraw from other, non-strategic markets. Namely, a clear strategic focus is crucial for successful operations of the Bank in the environment where strategic resources such as capital, primary sources of financing and labour force are major restricting factors.

The strategic rationale of the renewed Strategy is based on the belief that long-term above-average economic growth and development of banking can be expected only based on defined strategic markets and that NLB d.d. has some strategic advantages on these markets compared to other players, both local and international. **The Strategy stems from the belief that the NLB Group can continue to be an important regional banking group.**

The key strategic market of the NLB Group is Slovenia, the domestic market of the NLB, where the Group generates the bulk of its income. The strategic goal on this market is to preserve the existing market share in traditional banking and to increase the market share in complementary business (life insurance, mutual funds and asset management).

The Bank's another strategic market is SE Europe, where it is already present, mostly with its retail operations, namely in the following countries: Bosnia and Herzegovina, Montenegro, Kosovo and Macedonia. The main characteristics of the **strategic markets where the NLB Group operates** are as follows:

- NLB d.d. holds or can achieve a considerable market share placing it among the leading provider of banking services on the market (>10%);
- the market enables collection of deposits from non-banks;
- the market has above-average growth potential and profitability of operations;
- Slovenian companies operate on the market.



The NLB is a universal banking group offering its clients, besides the basic banking services, also other financial services and thus comprehensively servicing its clients' financial needs. Considering the situation on individual markets, offering a comprehensive range of products and services may entail co-operation with reliable partners, with no equity links. The key strategic pillars of the NLB Group's offer are:

Retail banking:

- commercial banking,
- asset management,
- life and pension insurance,
- private banking,
- leasing of movable property in Slovenia

Corporate and investment banking:

- commercial banking,
- corporate finance,
- leasing of movable property in Slovenia
- brokerage on capital markets for the clients,
- trade finance.

Banking is the NLB Group's core activity so banks are the principal business entities on all markets of the Bank. Subject to local legislation, other financial services may also be offered on the initiative of banks.

The Bank's Management Board has already started implementing the Strategy. It has launched the following activities:

- withdrawal from non-strategic markets, either by selling or liquidating its subsidiaries;
- redesign of the processes related to loan granting procedures,
- redesign of corporate governance,
- cost cutting.

The amended strategy is more sustainable in terms of required capital. However, the **implementation of the renewed Strategy requires an increase in the Bank's capital in the amount of EUR 250 million.** The target Core Tier 1 ratio which corresponds to the business model, presented in the Strategy of NLB d.d., is 10%. NLB d.d. will ensure a Core Tier 1 ratio of 9% by raising additional capital by the end of 2011. The remaining difference to the target ratio will be generated from sales of non-strategic equity investments and from ordinary activity in the years to come, through retained profit. An important factor in the need for capital is the dynamics as the Bank needs additional capital immediately, even though the implementation of the Strategy will reinforce its operations enough to start paying out dividends already after 2013¹.

2. The current amount of capital and reasons for capital increase

As at 30 June 2010 the NLB Group disclosed capital adequacy of 10.61% and the Core Tier 1 ratio of 6.71%.

The main reasons for an increase in capital of the Bank which is required to implement the recast Strategy have been presented several times to the general public and the key shareholders, and they have not changed.

1. **At the end of July the Bank of Slovenia expressed its expectation that the NLB Group would maintain capital adequacy** of at least 10.4% and improve quality of capital so that Core Tier 1 ratio would equal at least 8.3%. This requirement i.e. expectation of the Bank of Slovenia stems from the assessment of internal capital within the ICAAP process. The requirement is in line with the expected amendments to the EU legislation and the expectations of capital markets and rating agencies that the banks would adapt to the new requirements as quickly as possible. The Bank must ensure compliance with the new requirements by no later than 31 March 2011.
2. **Low level of equity capital and inappropriate capital structure** do not provide for the Bank's stability in the event of a shock; moreover, comparable banks which are the Bank's competitors on the market have higher capital adequacy. Some equity instruments currently included in capital adequacy calculation (EUR 822 million) are essentially debt instruments. According to the expectations of the market, these subordinated instruments must be paid for in the following years (the highest amounts falling due in 2011 – EUR 180 million and 2012 – EUR 310 million).
3. **Insecurity due to persistence of the economic crisis** shows a need for additional capital which exceeds the strictly prescribed minimum. This year, the Bank's portfolio has deteriorated quickly due

¹ Until 2013 NLB d.d. is limited in the payment of dividends because of the guarantee of the RS for the bond issue.

to the deepening of the crisis, which is why the Bank needs more capital to become stronger throughout the long period of economic recovery.

4. The results of the stress tests designed by the European regulators in the framework of CEBS showed that **Core Tier 1 ratio of NLB d.d. was slightly above 6%**. According to stress tests which were carried out by the Bank of Slovenia NLB d.d. had Core Tier 1 capital ratio of 6.3%, only slightly above the critical level. The stress test results correspond to the existing risk profile and capital position of the Bank. The results show the following:
 - on the one hand, average resistance of the Bank to probable shocks, as the effect of the test on Core Tier 1 ratio is 1.2 percentage points which is approximately the average value of all tested banks (according to the baseline at the end of 2009);
 - on the other hand, low capital adequacy of NLB d.d. already at baseline, measured by Core Tier 1 ratio.

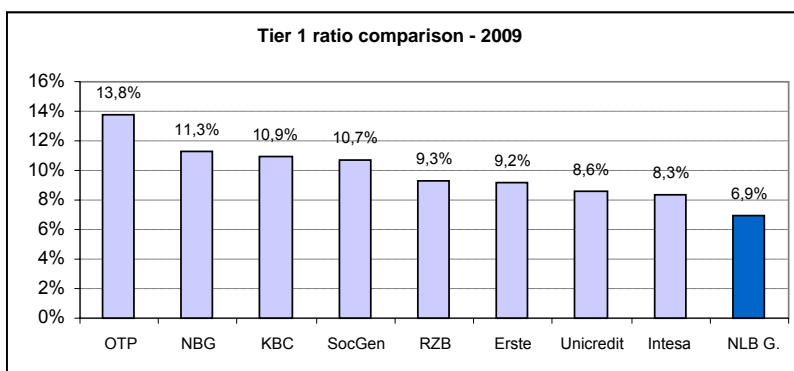
The markets responded immediately to the stress test. Those banks which failed the test or only just passed it (as NLB d.d.) will not be able to obtain refinancing on the international capital markets, unless they improve their Core Tier 1 ratio to 8-10%. These were also the reactions of rating agencies and international banks which are financing NLB d.d.

5. **The anticipated amendments to the regulations (Basel III):** The new regulations are substantially stricter in terms of capital requirements. Important changes are expected to improve the quality of banks' capital, namely the bulk of the Core Tier 1 will have to be ordinary shares. Minimum Core Tier 1 and total capital ratios will be defined, introducing stricter standards of capital adequacy. Additionally, safety margins will apply to minimum capital requirements to compensate for the losses in a period of crisis and to resolve the problem of procyclicality.

3. Recapitalisation of the Bank enables refinancing on international markets

The **international business environment** (rating agencies, the present and potential investors and the banks with which NLB d.d. operates on interbank markets) **expects clearly specified activities aimed at improving capital adequacy of NLB d.d. in a very short time**. Core Tier 1 ratio, which is required by the market for borrowing on capital markets, currently ranges between 10-12%. Therefore, the banks which are currently raising fresh capital strive to bring their Core Tier 1 ratio as close as possible to this value.

The competitive banks which operate on similar markets as NLB d.d. all have better Core Tier 1 ratios than NLB d.d. and most of them (Unicredit, RZB, OTP, Erste, NBG) increased their capital in 2009 by issuing ordinary shares.



Source: CEBS, own calculation

The described new facts and ambiguities related to the increase in capital of NLB d.d. put the Bank in a position where its access to international sources of financing would be very limited and uncertain, and expose it to possible further reduction in credit rating.

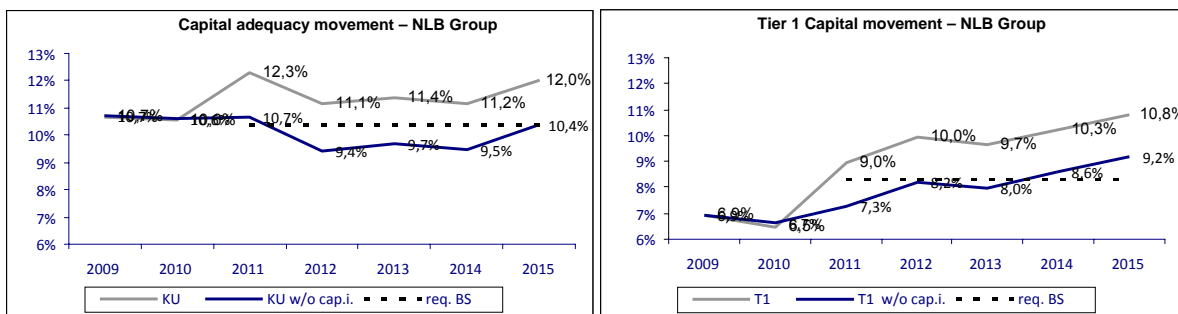
After the recapitalisation the Bank will be able to borrow on international markets also without collateralisation. The current liabilities of NLB d.d. to foreign investors amount to approx. EUR 4 billion which must be refinanced in the years to come.

Acquiring of sources based on collateralisation (guarantee of the Republic of Slovenia) is very difficult. The possibility for the Republic of Slovenia to issue guarantees pursuant to Article 86.a of the Public Finance Act (Official Gazette of the RS, no. 79/1999, with amendments and supplements) applies until the end of 2010, however the conditions for accessing these guarantees have become stricter. Those banks which have already been issued a guarantee by the Republic of Slovenia will have to – according to the request by the European Commission – enclose with their subsequent application a very detailed restructuring plan which will prove that they are capable of conducting business in the medium term without any assistance from the state.

Therefore, the Bank must forthwith obtain from the key shareholders an unambiguous and concrete decision on the method of recapitalisation. NLB d.d. requires EUR 250 million of fresh capital. The key reasons for this capital increase are:

- **Announced amendments to capital regulation** which tighten up the conditions to be fulfilled by the banks in the future to ensure capital adequacy (amount and structure of capital);
- **Ensuring of conditions for normal operations of the Bank on international banking markets** – the requests and expectations of investors have been increasing which is why the Bank must be recapitalised to be able to obtain financial sources on wholesale markets;
- **Improvement in the Bank's competitive position;** the capital adequacy has become a limiting factor in the Bank's credit activity. Without this capital increase, the Bank will be unable to ensure higher volume of crediting for the clients in the next years and hence its competitive position will decrease.

The proposed amount enables the Bank to achieve a Core Tier 1 ratio of 10% and bring it closer to the target Core Tier 1 ratio which reflects market requirements and enables sustainable exceeding of the minimum Core Tier 1 ratio of 8.3% as recommended by the Bank of Slovenia. The amount of the increase in capital, together with the retained profits arising from the measures of divesting capital investments and regular operations in the next years would result in achieving the target Core Tier 1 ratio, facilitates the Bank's normal operations in the transitional period and borrowing on international capital markets. It should be stressed again that an important factor in this need for capital is the dynamics, because the Bank needs additional capital immediately, even though the implementation of the Strategy will enable it to reinforce its operations and start paying out dividends already after 2013.



4. Explanations to the proposed resolutions at the General Meeting of Shareholders and its implementation

Pursuant to the second paragraph of Article 295 of the Companies Act (ZGD-1), Article 13 of the Articles of Association of NLB d.d. (Articles of Association) and Article 7 of the Rules of Procedure of the General Meeting of Shareholders of NLB d.d. (Rules of Procedure) the General Meeting of Shareholders of NLB d.d. is convened by the Management Board. Pursuant to Article 17 of the Articles of Association and Article 11 of the Rules of Procedure, the General Meeting is chaired by the Chairperson of the General Meeting who is appointed by the convenor. The Management Board appoints Ms. Aleksandra Hrovatin, Head of the Legal and Compliance Institute, as the Chairperson of the General Meeting of Shareholders. Furthermore, pursuant to Article 2 of the Rules of Procedure, the Management Board as the convenor is obliged to make sure that a Notary Public is present, as required by the ZGD-1. The Management Board shall invite the Notary Public Miro Košak from Ljubljana who has already been present at the General Meetings in the past. 16. The General Meeting of Shareholders will presumably be held at 1 p.m. on 25 November 2010 in the Conference Hall at the ground floor of the office building at Trg republike 3 in Ljubljana. In accordance with the provision of the first paragraph of Article 297a of ZGD-1, the



Management Board and the Supervisory Board must include in the publication of the agenda proposed resolutions to be passed, namely for each item on the agenda. Each resolution proposed by the Management Board and the Supervisory Board to be put to vote at the General Meeting of Shareholders must be appropriately grounded and available to the shareholders for examination since the convocation. The Management Board has authorised the Legal Compliance Institute to prepare, in cooperation

with other competent OUs of NLB d.d., well-founded proposals for the adoption of resolutions at the General Meeting of Shareholders in line with Article 297a of ZGD-1, and to publish them on the website of NLB d.d. To this end, the Management Board and the Supervisory Board must, by adopting separate decisions, determine the agenda of the General Meeting of Shareholders and, for each item on the agenda, adopt proposals to be passed as resolutions. Subject to Article 297 of ZGD-1, the text of the convocation of the General Meeting of Shareholders must be published, in the prescribed manner, no later than 30 days prior to the General Meeting of Shareholders.

The following items have been proposed for the Agenda of the 16th General Meeting of Shareholders of NLB d.d. and the Agenda has been submitted separately to the Supervisory Board as an attachment to this material:

a.) Item 1: Opening, establishment of quorum and election of the working bodies of the General Meeting of Shareholders

This item involves a proposal for electing two members of the Credentials Committee pursuant to the Rules of Procedure. We propose that two employees of the Legal Compliance Institute be appointed members of the Credentials Committee.

b.) Item 2: Authorised capital

Under this item, 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 – subject to the approval by the Supervisory Board and not subject to an additional resolution by the General Meeting of Shareholders – during the proposed period (eight months) as of the entry of the amendment to the Articles of Association in the Companies Register, the Bank's share capital by the maximum of one half of the Bank's share capital as at the time the amendment to the Articles of Association is adopted.

The applicable Articles of Association already contain a provision on authorised capital which the General Meeting of Shareholders adopted as at 30 June 2009 and is valid for five years after the date the amendment to the Articles of Association was entered in the Companies Register (i.e. by 14 July 2014). The increase in share capital would thus be possible also on the basis of the existing provision of the Articles of Association on authorised capital, but in view of the volume and significance of the capital increase and the likely negative implication of a failed attempt to raise fresh capital, the Bank wishes that the decision on the capital increase is reached and adopted by the General Meeting of Shareholders because in this way the Bank assesses that the possibility of a failed capital increase would diminish. Moreover, the Bank is of the opinion that the use of the institute of authorised capital is more appropriate, due to greater flexibility of the procedure of increasing share capital from authorised capital (compared to the procedure where the decision to increase core capital is adopted by the General Meeting of Shareholders). The Management Board is thus not bound by a specific moment of time when it should adopt the resolution on capital increase (the General Meeting of Shareholders can only adopt a resolution during the meeting and concrete contents of the proposed resolution must be known before the meeting is convened) and such a resolution (and the Supervisory Board's approval) can be adopted in a relatively short time before the shares are subscribed, which means there is more time for preparatory tasks which must be (or are recommended to be) carried out before the resolution is adopted.

Several elements of the proposed text of the authorised capital are congruent with the applicable provision of the Articles of Association on authorised capital. Therefore, pursuant to the proposed resolution on authorised capital, the Management Board can increase share capital by a maximum of one half of the amount of the current share capital (totalling EUR 74,327,758.31), for which it can issue a maximum of 4,452,976 new shares. In the existing and in the proposed resolution alike, there is no possibility that the Management Board could eliminate the existing shareholders' pre-emptive right to subscribe new shares.

As the Bank wishes to increase its share capital within a short time, the deadline by which it can implement this is reduced to 8 months as of the day the amendment to the Articles of Association is entered in the Companies Register. As the Bank wants capital of the highest quality, the proposed resolution stipulates that it is not possible for the Management Board to issue preference shares (only ordinary shares). It is also not



allowed to pay up the shares with non-cash contributions or through a non-cash takeover, as only cash payments are permitted.

Besides the resolution on authorised capital, the Management Board and the Supervisory Board propose to the General Meeting of Shareholders two instructive resolutions for adoption. In its first resolution, the General Meeting of Shareholders instructs the Management Board and the Supervisory Board to increase share capital only for the purpose of supporting the implementation of the Strategy of NLB d.d. as a regional bank, adjusting to new requirements for higher regulatory capital and ensuring capital strength of NLB d.d. In the second resolution, the General Meeting of Shareholders instructs the Management Board and the Supervisory Board to implement the authorisation arising from the authorised capital by no later than 31 March 2011.



Item 3 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 3

The Annual General Meeting of Shareholders of NLB d.d. hereby establishes that Mr. Gregor Dolenc, Member of the Supervisory Board, submitted his letter of resignation from the function of the member of the Supervisory Board of NLB d.d. on 18 July 2010.

The elected substitute member of the Supervisory Board shall be Mr. Anton Macuh, whose 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 General Meeting of Shareholders of NLB d.d. held on 30 June 2009.

Explanation

Mr. Gregor Dolenc, member of the Supervisory Board, submitted his letter of resignation from the function of the member of the Supervisory Board of NLB d.d. on 18 July 2010. A substitute member must be appointed to his 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 the candidate for the members of the Supervisory Board of NLB d.d.



Attachment 1: Description of the candidate for the members of the Supervisory Board of NLB d.d.

CURRICULUM VITAE

PERSONAL DETAILS

Surname and name: **MACUH Anton**
Address: Mali vrh pri Šmarju 89, 1293 Šmarje Sap
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E-mail: anton.macuh@siol.net
Citizenship: Slovenian
Birth date: 6 August 1943

DESIRED AREA OF WORK

Member of the Supervisory Board of Nova Ljubljanska banka d.d.

WORK EXPERIENCE

December 2006 until present: Retired

January 2002 - December 2006
Nova Ljubljanska banka d.d.
Authorised representative of the
Management Board

Responsible for trade finance within the NLB Group Management Centre, specifically for factoring and forfeiting:

- management of and participation in complex projects in different areas of work as well as co-ordination and harmonisation of operations between the subsidiaries in specific areas;
- consolidation of individual policies and procedures of the subsidiaries with the applicable policies and operating systems of the parent bank;
- monitoring and guiding of the development of business activity on new markets and into new product groups at the level of subsidiaries and their own branch network;
- supervision over the achievement of the planned results, management of capital flows and control over the capital structure in the Bank's members;
- supervision over business activities of subsidiaries and assistance as well as establishment of links within the branch network of the parent bank and outside;
- monitoring and control over working procedures;
- assistance in the personnel management;
- mentorship and consulting in the field of trade finance.

January 1995 - December 2001
LB InterFinanz AG/Proteus Finanz AG, Zürich
Director



In the times of considerable changes on the markets of Eastern, Central and South-Eastern Europe took over the management of a small financial organisation which was financially performing but weak in terms of organisation, personnel and technology. To ensure continuous performance the following measures were adopted:

- when income margins fell we increased the volume of operations – we broadened the circle of business connections on the primary and secondary forfeiting markets;
- we increased the volume of operations and total assets and provided adequate sources of financing;
- we set up new IT and MIS systems;
- we gradually harmonised policies and procedures for assessment and risk management with the parent bank;
we established an efficient business co-operation with the banks from the NLB Group;
- in agreement with NLB d.d. we were responsible for the broadening of our own branch network and the network of specialised financial organisations (factoring, leasing) in Central and South-Eastern Europe: Prague, Gorizia (Italy), Skopje (leasing), Ljubljana (factoring);
- we took part in specific transactions related to the expansion of NLB d.d. to new markets (switch and swap deals, agency deals etc.)

November 1993 - January 1995 (Nova)

Ljubljanska banka d.d. Advisor to the Management Board

- responsible for managing and linking the Bank's activities related to restructuring and bad debt collection; in this function, also the Chairman of the Bank's Credit Committee for Collection and Restructuring;
- in charge of development, co-ordination and supervision over some activities of investment banking within the Bank as well as introduction of new activities (custody);
- in charge of drawing up (new) credit and other policies related to the reorganisation of the Bank and new institutional and technical procedures (example of FDIC);
- In the absence of the Executive Director of the Bank's Financial Division acted as his deputy.

December 1992 - November 1993 Agency of the Republic of Slovenia for the Rehabilitation of Banks and Savings Banks Director

Appointed by the Government of the Republic of Slovenia as the first director of the Agency. Established the agency in terms of initial organisation and personnel structure, organised the work of the agency upon and after the introduction of the rehabilitation procedures in LB d.d. and KBM d.d. (transfer of non-performing assets and their exchange for the bonds of the Agency, management of and control over the operations of the banks in the rehabilitation procedure, negotiations and conducting of the operations related to solving/restructuring of the assigned non-performing assets of the banks in the rehabilitation procedure) etc.



January 1991 - December 1992

Ljubljanska banka d.d.

Director of Investment Banking Department

Set up a new department in the Bank, in terms of personnel and institutional organisation, organised and diversified the activity and introduced new products which were later used also in other areas of the Bank (repo agreements – treasury), initiated the activity of asset management (namely investments obtained through privatisation – LB Maksima) and initiated the preparation for the establishment of a broader scope of investment banking activity or investment bank as a daughter of LB d.d. (this was not implemented because of the preliminary and rehabilitation procedures in the Bank)

July 1989 - December 1990

LBS Bank New York

Executive Vice President and Acting President

Sent by the management of LB d.d. to the subsidiary LBS Bank with the aim of consolidating the bank (after it had been accused of money laundering) and expanding the business activity. During that time, the bank achieved considerable business and personnel progress, expanded the scope of operations, multiplied the number of corporate clients and partners and generated satisfactory financial results (total assets and record profits)

November 1985 - June 1989

Ljubljanska banka-merged bank

Deputy Director of International Economic Relations Department

In the scope of internal organisation, he was responsible for global credit and guarantee operations of LB ZB with international clients and managed the organisational segment of the department in this area:

- provision of short-term and medium-term financial sources abroad for the needs of the Bank's members,
- organisation and provision of foreign sources of financing of large development projects in Slovenia and Yugoslavia,
- operations related to the restructuring/refinancing of debt of the Bank's members to foreign clients

November 1981 - December 1985

Ljubljanska banka ZB, London representative office, Director

- managed and organised the work of the representative office, maintained contacts with domestic and international banks and financial institutions
- organised FX financing for the needs of the Bank's members (oil, etc.)
actively participated in all tasks and negotiations of LB and the consortium of Yugoslavian banks with foreign creditors as the president of the banking section in London during the Yugoslavian crisis
- organised and intermediated in commercial contacts of the Bank's members in their activities on the UK market.



February 1972 - November 1981

Ljubljanska banka

- worked in different expert positions (expert colleague, consultant) and performed various functions in the area of international operations, relations with foreign banks and financial organisations (IFC, IBRD), international financing for projects in Slovenia and elsewhere in Yugoslavia
- participated or worked as project manager in the organisation of international financing for some large projects (NPP Krško, the gas pipeline in Slovenia)
- managed or participated in project teams in charge of providing finance for the export project of the Bank's members (financial engineering) such as Rudis, SMELT, SCT..,
- member of the team providing expert assistance in the organisation and financing of joint ventures of foreign companies in domestic organisations (Belinka, etc.)
- participated in external working groups with the Secretariat of Finance and the Committee for international relationships in relation to the preparation of new (republic and federal) legislation and regulations in the area of FX operations and foreign operations

April 1970 - February 1972

Gorenje Tovarna gospodinjske opreme, Velenje
Independent Exports Officer

Developed new export markets and organised and managed export operations in off-shore and Francophone countries (including the United Kingdom and the USA)

January 1968 - November 1968 and

October 1969 - March 1970

Štore Ironworks, Independent Organisation Officer

Participated in the introduction of mechanographic data processing in the company and the designing of the necessary general organisational framework (code lists, rules)

MEMBERSHIP ON THE SUPERVISORY BOARDS

2005 - 2006

NLB Factorspol. s.r.o., Bratislava (factoring)
Member of the SB

2001 -2006

NLB Factoring CZ, a.s., Ostrava (factoring)
Member of the SB

1999-2006

LB Factors d.d./Prvi faktor d.o.o., Ljubljana (factoring)
Chairman of the Supervisory Board/Chairman of the (permanent) General Meeting



1999-2001

LBIS d.o.o.e.l., Skopje (leasing)
Chairman of the General Meeting of Shareholders

1998-2001

LB InterFinanz Praha s.r.o., Prague (financial intermediation)
Chairman of the SB

1994- 1998

Lek d.d., Ljubljana (pharmaceutical activity)
Member of the SB

1990-1992

LB Hipo d.o.o., Ljubljana (real estate and financial intermediation)
Member of the SB

1991 -1992

LBS Bank New York (banking)
Member of the Board of Directors

SCHOOLS AND PROGRAMMES IN EDUCATIONAL INSTITUTIONS

October 1962 - January 1968

Faculty of Economics in Ljubljana
Department of Economics and Organisation
1st and 2nd level degree
Title: (University) Bachelor of Science in
Economics

September 1958 - June 1962

Celje Gymnasium
"Matura" – final examination

September 1950 - June 1958

Elementary school and Junior High School Celje

OTHER EDUCATION AND TRAINING

October 2004

Association of Supervisory Board Members and Chamber of Commerce and Industry
of Slovenia

Exam for the expert member of the Supervisory Board and obtained *Certificate of the Association of Supervisory Board Members on qualification to perform the function of a member of the Supervisory Board* until 9 February 2008 (which I did not renew after retirement). I am still a member of the Association of Supervisory Board Members.

October 1977 - December 1977

Bankers Trust International London

Two-month training with the specialised unit of the US bank in London in the area of project finance and investment banking instruments used for these purposes

October 1981 and 1989

Chamber of Commerce of
Slovenia

Expert training for employees with special authorisations to perform economic activity abroad

June 1973

Chamber of Commerce of the Socialist Republic of Slovenia

Special professional exam for foreign trade operations

August 1966 - December 1966

After three years of studies, completed a five-month practical training on the basis of international exchange of students in the framework of the AIESEC programme: Scranton Dry Goods supermarket in Scranton, Pa. (the system of credit/commodity cards, organisation of delivery and sales service, sales and customer relations, inspections and analysis of the competitor's special offers, etc.)

LANGUAGE SKILLS

Mother tongue:

Slovene

Other languages

Serbian and Croatian

Understanding	C2
Speaking	C2
Writing	C2

English

Understanding	C2
Speaking	C2
Writing	C2

French

Understanding	B2
Speaking	B2
Writing	B1

German

Understanding	B2
Speaking	B1
Writing	B1

OTHER SKILLS AND ADDITIONAL INFORMATION*Computer skills*

I use the programmed Microsoft Office, Adobe etc.

Teaching and mentorship

For several years I have lectured international finance and investment banking at the LB banking school and worked as mentor of the attendants specialising in the above two areas. Delivered lectures of similar topics for two seasons 1991/1992 at the financial seminars in the Chamber of Commerce and Industry of Slovenia and the Faculty of Economy in Ljubljana in the scope of post-graduate education.