

Summary of the Nova KBM d.d. and the Nova KBM Group business policy and financial plan for the year 2010

1. Strategy of Nova KBM d.d. and the Nova KBM Group

Together with the management of subsidiary and affiliated companies, the Management Board of Nova KBM d.d. drafted in the first half of 2008 common strategic guidelines and objectives until the year 2013. The strategy was adopted by management boards of individual Group companies and approved at the meeting of the Supervisory Board held on 15 December 2008. Due to the recent period of turmoil we have been going through, the strategy is currently under review for update. The revised strategy is expected to be unveiled to the Supervisory Board of Nova KBM d.d. at the end of January 2010.

The basic strategic guidelines shall remain the same, which proves the correctness and, in particular, firmness of both the mission and the vision of the Group. Integration in the Group is basically founded on business interest of individual companies, but is – in order to assure better control and optimization of synergies – supported by ownership interest. The guiding principle is that being a member of the Group shall contribute to a better performance of each individual Group member.

Operations of the Group are based on the following values: commitment to development; business excellence; focus on clients; transparency; affiliation to the Group; importance of each individual.

The vision of the Group is to become a recognisable regional financial group in terms of integrity of service and contemporaneity until 2013, and to be a market leader in the area of modern distribution channels. South-East Europe is considered as the region of the Group's interest.

Nova KBM d.d. is a modern and reliable bank with tradition that understands and supports business partners, follows development objectives, and lives with its environment. Its key orientation remains business with private individuals as well as small- and medium-sized companies. To provide its clients with the best service possible, the Bank will further endeavour to utilize the potentials of the Nova KBM Group, thus offering the widest spectrum of services tailored to meet financial needs of each and every client. Professional staff as well as strong and wide business network that consequently assures large and well-performing portfolio of clients are considered to be among the Bank's most important competitive advantages. Its strength also lies in favourable funding structure, experienced management, and shareholders' support.

2. Business policy and financial plan of Nova KBM d.d. and the Nova KBM Group

The planning of the business policy and financial plan of Nova Kreditna banka Maribor d.d. and the Nova KBM Group for the year 2010 was based on the data disclosed in autumn forecasts of the Institute of Macroeconomic Analysis and Development (hereinafter: IMAD), Eurostat and ECB. The main emphasis in preparing the plan was put on IMAD's forecasts, since these guidelines will also serve as a basis for economic policy measures. The following macroeconomic aggregates were observed in the drafting of the 2010 financial plan:

GDP growth rate	0.9%
Inflation rate	
Average	1.5%
Year-to-year	2.0%
Unemployment rate	10.6%
Import growth rate	1.8%
Export growth rate	4.1%
Fixed-capital investments	(0.2%)

2.1. Nova KBM Group balance sheet and income statement

According to the plan, the **total assets** of the Nova KBM Group are to amount to €5,953,665 thousand by the end of 2010, an increase of 2 per cent over the Group's total assets expected to be achieved as at 31 December 2009.

The Nova KBM Group's **profit from continuing operations** is planned to amount to €41,656 thousand. **Net profit** is to reach €34,774 thousand, of which €29,666 thousand is **net profit of equity holders**.

The Group's 2010 profit target exceeds by €16,938 thousand or 94.9 per cent the profit to be generated by the Group in 2009.

Interest income is to reach €266,010 thousand, interest expenses are set at €132,333 thousand, which brings **net interest income** to €133,677 thousand. **Net fee and commission income** is planned at €59,908 thousand, while administration costs shall amount to €102,642 thousand.

The Group projects **net impairment charges and provisions** of €52,989 thousand, meaning that expenses for impairment and long-term provisions will exceed income from reversed impairment and provisions by this amount. The planned increase in expenses is due mainly to the estimated deterioration in the credit portfolio as a result of the financial crisis and real economy recession.

2.2. Balance sheet of Nova KBM d.d.

The **total assets** of Nova KBM d.d. will increase by €68,304 thousand to €4,886,584 thousand by the end of 2010, up 1 per cent from the figure expected to be achieved as at the 2009 year-end.

Debts to non-financial companies will increase by €7,914 thousand (2 per cent) to €345,246 thousand.

Debts to households are to increase in total by €55,166 thousand (3 per cent) to €2,019,431 thousand.

Debts to banks will drop by €99,919 thousand (9 per cent).

Total shareholders' equity will increase by the amount of the 2010 profit and decrease by the amount of dividends paid out from the profit for the financial year 2009. Targeted increase in shareholders' equity is set at €12,947 thousand, or 3 per cent.

Loans and receivables to non-financial companies are to increase by €75,007 thousand (4 per cent) to €2,070,277 thousand.

Loans to households are planned to increase by €47,414 thousand (5 per cent) to €1,008,500 thousand as at the end of 2010. **Loans to the state** and other customers will increase by €10,554 thousand, or 3 per cent.

As for the changes in the **portfolio of securities** by the end of 2010, financial assets held for trading will go down by €4,813 thousand and available-for-sale financial assets will decline by €70,750 thousand, while the amount of held-to-maturity financial assets is to remain unchanged.

2.3. Income statement of Nova KBM d.d.

For 2010, Nova KBM d.d. targets a **pre-tax profit from continuing operations** of €21,022 thousand, or €17,238 thousand after tax.

Interest income will amount to €217,558 thousand, and interest expenses to €115,706 thousand, so the **net interest income** is to reach €101,852 thousand. Projected **interest margin**, calculated as the ratio between net interest income and average total assets, is set at 2.10 per cent.

According to the plan, **net fee and commission income** is to amount to €53,363 thousand, and the Bank plans to cover 51.7 per cent of its administration costs including depreciation and amortisation with this income. Administration costs including depreciation and amortisation will amount to €88,756 thousand.

The Bank projects **net impairment charges and provisions** of €40,000 thousand, meaning that expenses for impairment and long-term provisions will exceed income from reversed impairment and provisions by this amount. The planned increase in expenses is due mainly to the estimated deterioration in the credit portfolio as a result of the financial crisis and real economy recession.

Maribor, 28th December 2009

Nova KBM d.d.