

Unaudited financial results of the Nova KBM Group and Nova KBM d.d. for the year 2009

Structure of the Nova KBM Group

The Nova KBM Group, which consists of 13 companies, offers a full range of financial services. In addition to providing mainstream banking products, the Group undertakes insurance activities, stock brokerage, investment in mutual funds, leasing services and real estate investment management, amongst others. The Nova KBM Group is the second-largest financial corporation in Slovenia.

The Nova KBM Group is composed of the following members:

Company	Position in the Group	Shareholding of Nova KBM d.d. (%)
Nova Kreditna banka Maribor d.d.		parent bank
Poštna banka Slovenije d.d.	subsidiary bank	55.00
Adria Bank AG	subsidiary bank	50.54
KBM Fineko d.o.o.	subsidiary company	100.00
KBM Infond d.o.o.	subsidiary company	72.00
KBM Leasing d.o.o.	subsidiary company	100.00
KBM Invest d.o.o.	subsidiary company	100.00
Gorica Leasing d.o.o.	subsidiary company	100.00
M-Pay d.o.o.	subsidiary company	50.00
Multiconsult d.o.o. ¹	subsidiary company	76.00
Multiconsult Leasing d.o.o.	subsidiary company	100.00 ²
Zavarovalnica Maribor d.d.	associated company	49.96
Moja naložba d.d.	associated company	45.00

¹ The company Multiconsult d.o.o. changed its name to KBM Projekt d.o.o. on 7 January 2010.

² In June 2009, Nova KBM d.d. acquired from Multiconsult d.o.o. the indirect stake in Multiconsult Leasing d.o.o., thus becoming a 100 per cent owner of Multiconsult Leasing d.o.o. (90 per cent directly, 10 per cent indirectly through KBM Leasing d.o.o.)

Review of operations

The Nova KBM Group (hereafter referred to as the 'Group') delivered a pre-tax profit from continuing operations of €17.4 million in 2009. The result achieved exceeds the projected 2009 gross profit by 8.6 per cent. Nova KBM d.d. (hereafter also referred to as the 'Bank') posted a pre-tax profit from continuing operations of €15.1 million, or €12.1 million after tax, which is 3.9 per cent above the projected net profit for the year.

The Group's profit before provisions and impairment charges was €94.8 million, up 28.2 per cent from 2008. The increase was due to higher net fee and commission income, and interest income. The Bank's profit before provisions and impairment charges reached €70.8 million, an increase of 28.6 per cent over 2008. The Group's interest margin was 2.42 per cent, and the Bank's was 2.23 per cent, which was 0.37 percentage points above the Slovene banking system average. The Group posted a profit of €5.7 million from trading in securities and foreign exchange: a successful turnaround from 2008, which saw a loss of €13.3 million from these activities.

During 2009, the Group improved its cost efficiency:

- Administration costs were lower than planned and, despite an increase in business volumes, remained below the 2008 level. The Group's ratio of operating costs to average total assets went down by 0.16 percentage points to 2.01 per cent. As for the Bank, the same ratio declined by 0.18 percentage points to 1.81 per cent.
- The cost-to-income ratio of the Group went down from 60.84 per cent at the end of 2008 to 54.84 per cent at the end of 2009. In the same period, the cost-to-income ratio of Nova KBM d.d. fell from 61.32 per cent to 54.85 per cent.

Last year's profitability was strongly affected by the decline in quality of the loan portfolio as a result of recession and aggravated economic conditions. For 2009, net provisions and impairment charges of the Group reached €77.4 million, and of Nova KBM d.d. €55.7 million.

Zavarovalnica Maribor d.d., the Group's associated insurance company, succeeded in reducing the loss of €20.2 million from the first half of the year to €0.6 million at year-end, of which €0.3 million is charged to the Group's income statement. Profitable performance of the insurance company in the second half of 2009 is mainly the result of the reduction of the half-year loss in the non-life insurance segment by €12.6 million. The volume of damages in the second half of the year remained below anticipated levels, and indemnities paid out for hailstorm damage were lower than initially planned. In addition, a decrease in unearned premiums, lower costs and successful selling of life insurance policies contributed to the improved result.

The comprehensive income of the Group amounted to €44.4 million in 2009. The comprehensive income of Nova KBM d.d., the full amount of which is included in its equity, was €39.3 million in 2009. In addition to net profit, valuation gains taken to equity are also included in comprehensive income.

The Group's total assets amounted to €5,786.8 million at the end of 2009, an increase of 5.4 per cent over the 2008 year-end. The Bank's total assets at the end of 2009 were €4,789.4 million, up 4.9 per cent from the previous year-end, reflecting an increase in deposits from the non-banking sector, which include the

deposit of €325 million placed by the government in April. Nova KBM d.d. registered an increase in non-banking deposits of 10.6 per cent in 2009. On the assets side, available-for-sale securities and an increase in loans to the non-banking sector contributed most to the business growth. The market share of Nova KBM d.d. in terms of total assets went down by 0.3 percentage points to 9.3 per cent as of 31 December 2009.

Loans to the non-banking sector at the Group level went up by 1.2 per cent in 2009. Nova KBM d.d. increased its portfolio of loans to the non-banking sector by 1.6 per cent. The most significant increase was recorded in loans to households which went up by 6.2 per cent. Nova KBM d.d. was able to maintain its 9.9 per cent market share in the area of loans to the non-banking sector.

The Group's ratio of net loans to deposits of non-bank customers was 109.6 per cent at the end of 2009, thus falling below the level of the 2008 year-end (119.3 per cent). Net loans as a percentage of deposits of non-bank customers of Nova KBM d.d. were 113.2 per cent at the end of 2009, compared to 123.2 per cent the year before.

The Group's shareholders' equity, excluding minority interests, was €392.2 million at the end of 2009, an increase of €34.3 million from 2008. The shareholders' equity of Nova KBM d.d. amounted to €367.9 million at the end of 2009, an increase of €34.0 million from 2008. Net profit for the financial year 2009 and the growth in the price of securities which are valued through equity contributed to the increase in the shareholders' equity. The capital adequacy ratio of Nova KBM d.d. as of 31 December 2009 was 10.60 per cent (total shareholders' equity) and 7.86 per cent (original own funds). As a result of issuing innovative debt securities at the end of the year, the share capital rose by €26 million.

The Group and the Bank maintain a favourable funding structure, since the most significant source of funding is customer deposits, which accounted for 61.5 per cent of the total assets of Nova KBM d.d. as of 31 December 2009 (for the Slovene banking system as a whole this ratio equals 45.7 per cent). Debts due to banks accounted for 24.7 per cent of the total assets of Nova KBM d.d. at the end of December, which is 10.1 percentage points less than the Slovene banking system average.

Key performance indicators of the Nova KBM Group

	2009	2008	Index
Statement of financial position (€000)	31 December	31 December	
Total assets	5,786,792	5,489,947	105
Total deposits from the non-banking sector	3,507,626	3,185,216	110
Total loans to the non-banking sector	3,842,856	3,799,091	101
Total shareholders' equity	431,891	394,344	110
Income statement (€000)	From 1 January to 31 December	From 1 January to 31 December	
Net interest income	136,489	134,962	101
Net fee and commission income	59,177	54,704	108
Net gains/losses from trading in securities and foreign exchange	5,732	(13,319)	
Other income/expenses	6,967	12,549	56
Operating costs	(113,521)	(114,925)	99
Impairment charges and provisions	(77,436)	(52,194)	148
Profit from continuing operations	17,408	21,777	80
Net profit for the period	12,767	17,418	73
Ratios	31 December	31 December	
Net profit per share ³ (€)	0.36	0.57	
Share price (€)	11.44	9.43	
Share book value ⁴ (€)	15.03	13.72	
ROAA before tax (%)	0.31	0.41	
ROAE before tax (%)	4.21	5.69	
Operating costs/Average total assets	2.01	2.17	
Costs/Income	54.48	60.84	

³ Net profit per share is calculated as the ratio between net profit of equity holders of the Bank and the number of shares of the Bank on the last day of the reporting period.

⁴ Share book value on the last day of the reporting period is calculated as the ratio between the equity of equity holders of the Bank and the number of shares of the Bank on the last day of the reporting period.

Key performance indicators of Nova KBM d.d.

	2009	2008	Index
Statement of financial position (€000)	31 December	31 December	
Total assets	4,789,377	4,564,756	105
Total deposits from the non-banking sector	2,946,371	2,663,107	111
Total loans to the non-banking sector	3,335,635	3,281,744	102
Total shareholders' equity	367,886	333,846	110
Total impairment charges and provisions	224,979	183,290	123
Income statement (€000)	From 1 January to 31 December	From 1 January to 31 December	
Net interest income	106,012	109,313	97
Net fee and commission income	45,550	39,313	116
Net gains/losses from trading in securities and foreign exchange	3,906	(12,483)	
Other income	1,219	6,246	20
Operating costs	(86,060)	(87,311)	99
Impairment charges and provisions	(55,689)	(35,694)	156
Profit from continuing operations	15,149	19,384	78
Net profit for the period	12,147	16,250	75
Ratios	31 December	31 December	
Net profit per share ⁵ (€)	0.47	0.68	
Share price (€)	11.44	9.43	
Share book value ⁶ (€)	14.10	12.80	
Capital adequacy (total equity) (%)	10.60	11.26	
Capital adequacy (original own funds) (%)	7.86	7.71	
ROAA before tax (%)	0.32	0.44	
ROAE before tax (%)	4.31	6.27	
Operating costs/Average total assets	1.81	1.99	
Costs/Income	54.85	61.32	
Rating (long-term)	31 December	31 December	
	A2 (Moody's)	A1 (Moody's)	
	A- (Fitch)	A- (Fitch)	

⁵ Net profit per share is calculated as the ratio between net profit and the number of shares of the Bank on the last day of the reporting period.

⁶ Share book value on the last day of the reporting period is calculated as the ratio between the total shareholders' equity of the Bank and the number of shares of the Bank on the last day of the reporting period.

Financial statements of the Nova KBM Group

INCOME STATEMENT – NOVA KBM GROUP

€000

ITEM DESCRIPTION	1 Jan - 31 Dec 2009	1 Jan - 31 Dec 2008
Interest income and similar income	262,314	314,081
Interest expenses and similar expenses	(125,825)	(179,119)
Net interest income	136,489	134,962
Dividend income	103	4,886
Fee and commission income	99,020	66,224
Fee and commission expenses	(39,843)	(11,520)
Net fee and commission income	59,177	54,704
Realised gains on financial assets and liabilities not measured at fair value through profit or loss	1,723	6,443
Net gains/losses on financial assets and liabilities held for trading	3,509	(26,496)
Gains/losses from financial assets and liabilities designated at fair value through profit or loss	(284)	0
Fair value adjustments in hedge accounting	(207)	0
Net gains from exchange differences	991	6,734
Net gains/losses on derecognition of assets excluding non-current assets held for sale	(1,138)	621
Other operating net income	7,766	5,640
Administration costs	(99,441)	(100,958)
Depreciation and amortisation	(14,080)	(13,967)
Provisions	1,444	6,096
Impairment charges	78,880	58,290
Share of profit/loss of associates and joint ventures accounted for using the equity method	25	1,402
Total profit from non-current assets and disposal groups classified as held for sale	211	0
PROFIT FROM CONTINUING OPERATIONS	17,408	21,777
Tax expense related to profit from continuing operations	(4,641)	(4,359)
NET PROFIT FROM CONTINUING OPERATIONS	12,767	17,418
NET PROFIT FOR THE FINANCIAL YEAR	12,767	17,418
a) Attributable to equity holders of the parent	9,468	13,614
b) Attributable to minority interests	3,299	3,804
Basic earnings per share (€)	0.36	0.57
Diluted earnings per share (€)	0.36	0.57

STATEMENT OF COMPREHENSIVE INCOME – NOVA KBM GROUP

€000

ITEM DESCRIPTION	1 Jan - 31 Dec 2009	1 Jan - 31 Dec 2008
NET PROFIT FOR THE PERIOD AFTER TAX	12,767	17,418
OTHER COMPREHENSIVE INCOME AFTER TAX	31,590	(41,757)
Foreign currency translation differences arising from consolidation	1,153	(28)
Translation gains (losses) taken to equity	1,153	(28)
Available-for-sale financial assets	38,238	(40,919)
Valuation gains (losses) taken to equity	38,238	(57,718)
Transferred to profit or loss	0	16,799
Share of other recognised comprehensive income of entities accounted for using the equity method	129	(8,436)
Income tax relating to components of other comprehensive income	(7,931)	7,626
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD AFTER TAX	44,357	(24,339)
a) Attributable to equity holders of the parent	39,964	(26,473)
b) Attributable to minority interests	4,393	2,134

STATEMENT OF FINANCIAL POSITION – NOVA KBM GROUP

€000

ITEM DESCRIPTION	31 Dec 2009	31 Dec 2008
Cash and cash balances with central banks	180,085	192,964
Financial assets held for trading	17,308	52,271
Financial assets designated at fair value through profit or loss	24,736	0
Available-for-sale financial assets	1,046,166	938,924
Loans and receivables	4,054,620	3,990,621
- loans and receivables to banks	211,764	191,530
- loans and receivables to non-bank customers	3,842,856	3,799,091
Held-to-maturity financial assets	145,797	75,503
Non-current assets and disposal groups classified as held for sale and discontinued operations	7,687	570
Property, plant and equipment	71,223	90,300
Investment property	28,168	9,678
Intangible assets	27,740	27,058
Investments in associates and joint ventures	36,081	29,252
Tax assets	17,546	20,591
- current tax assets	5,005	2,615
- deferred tax assets	12,541	17,976
Other assets	129,635	62,215
TOTAL ASSETS	5,786,792	5,489,947
Deposits from central banks	190,419	140,381
Financial liabilities held for trading	1,442	5,688
Financial liabilities measured at amortised cost	5,086,096	4,877,608
- deposits from banks	157,113	135,657
- deposits from non-bank customers	3,507,536	3,184,572
- loans and advances from banks	1,138,711	1,237,657
- loans and advances from non-bank customers	90	644
- debt securities	90,437	102,226
- subordinated liabilities	192,209	216,852
Financial liabilities associated to transferred assets	4,658	0
Provisions	23,274	26,651
Tax liabilities	7,252	3,931
- current tax liabilities	2,456	794
- deferred tax liabilities	4,796	3,137
Other liabilities	41,760	41,344
TOTAL LIABILITIES	5,354,901	5,095,603
Share capital	27,210	27,208
Share premium account	78,314	78,314
Fair value reserves	(2,365)	(32,861)
Reserves from profit	278,253	270,717
Treasury shares	0	(27)
Retained earnings (including net profit for the financial year)	10,811	14,616
SHAREHOLDERS' EQUITY EXCLUDING MINORITY INTERESTS	392,223	357,967
Minority interests	39,668	36,377
TOTAL SHAREHOLDERS' EQUITY	431,891	394,344
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	5,786,792	5,489,947

Financial statements of Nova KBM d.d.

INCOME STATEMENT – NOVA KBM D.D.

€000

ITEM DESCRIPTION	1 Jan - 31 Dec 2009	1 Jan - 31 Dec 2008
Interest income and similar income	215,240	262,889
Interest expenses and similar expenses	(109,228)	(153,576)
Net interest income	106,012	109,313
Dividend income	1,860	6,712
Fee and commission income	49,535	45,765
Fee and commission expenses	(3,985)	(6,452)
Net fee and commission income	45,550	39,313
Realised gains on financial assets and liabilities not measured at fair value through profit or loss	259	6,079
Net gains/losses on financial assets and liabilities held for trading	3,367	(25,610)
Gains/losses from financial assets and liabilities designated at fair value through profit or loss	(284)	0
Net gains from exchange differences	564	7,048
Net losses on derecognition of assets excluding non-current assets held for sale	(1,259)	(123)
Other operating net income/loss	618	(343)
Administration costs	(75,247)	(76,364)
Depreciation and amortisation	(10,813)	(10,947)
Provisions	2,344	6,894
Impairment charges	(58,033)	(42,588)
Total profit from non-current assets and disposal groups classified as held for sale	211	0
PROFIT FROM CONTINUING OPERATIONS	15,149	19,384
Tax expense related to profit from continuing operations	(3,002)	(3,134)
NET PROFIT FROM CONTINUING OPERATIONS	12,147	16,250
NET PROFIT FOR THE FINANCIAL YEAR	12,147	16,250
Basic earnings per share (€)	0.47	0.68
Diluted earnings per share (€)	0.47	0.68

STATEMENT OF COMPREHENSIVE INCOME – NOVA KBM D.D.

€000

ITEM DESCRIPTION	1 Jan - 31 Dec 2009	1 Jan - 31 Dec 2008
NET PROFIT FOR THE PERIOD AFTER TAX	12,147	16,250
OTHER COMPREHENSIVE INCOME AFTER TAX	27,107	(25,934)
Available-for-sale financial assets	34,419	(32,699)
Valuation gains (losses) taken to equity	34,419	(49,498)
Transferred to profit or loss	0	16,799
Income tax relating to components of other comprehensive income	(7,312)	6,765
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD AFTER TAX	39,254	(9,684)

STATEMENT OF FINANCIAL POSITION – NOVA KBM D.D.

€000

ITEM DESCRIPTION	31 Dec 2009	31 Dec 2008
Cash and cash balances with central banks	115,187	119,937
Financial assets held for trading	16,754	52,004
Financial assets designated at fair value through profit or loss	24,736	0
Available-for-sale financial assets	833,407	727,360
Loans and receivables	3,562,808	3,489,581
- loans and receivables to banks	227,173	207,837
- loans and receivables to non-bank customers	3,335,635	3,281,744
Held-to-maturity financial assets	43,043	9,017
Non-current assets and disposal groups classified as held for sale and discontinued operations	625	536
Property, plant and equipment	55,701	58,143
Investment property	933	512
Intangible assets	25,555	25,128
Investments in subsidiaries, associates and joint ventures	74,936	56,378
Tax assets	13,780	17,281
- current tax assets	4,930	2,312
- deferred tax assets	8,850	14,969
Other assets	21,912	8,879
TOTAL ASSETS	4,789,377	4,564,756
Deposits from central banks	150,306	140,381
Financial liabilities held for trading	1,163	5,688
Financial liabilities measured at amortised cost	4,220,772	4,035,951
- deposits from banks	27,731	5,560
- deposits from non-bank customers	2,946,288	2,662,470
- loans and advances from banks	999,155	1,079,175
- loans and advances from non-bank customers	83	637
- debt securities	69,544	85,556
- subordinated liabilities	177,971	202,553
Financial liabilities associated to transferred assets	4,658	0
Provisions	17,831	21,130
Tax liabilities	1,579	602
- deferred tax liabilities	1,579	602
Other liabilities	25,182	27,158
TOTAL LIABILITIES	4,421,491	4,230,910
Share capital	27,210	27,208
Share premium account	78,314	78,314
Fair value reserves	(6,703)	(33,810)
Reserves from profit	263,295	256,918
Retained earnings (including net profit for the financial year)	5,770	5,216
TOTAL SHAREHOLDERS' EQUITY	367,886	333,846
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4,789,377	4,564,756