

NOVA KBM'S SUPERVISORY BOARD DISCUSSED AUDITED BUSINESS RESULTS AND CONFIRMED DIVIDEND PAYOUT

Nova KBM's Supervisory Board discussed at its 9th regular meeting the audited business results of the Bank and the Nova KBM Group in 2008, and confirmed the Annual Report of the Bank and the Nova KBM Group for 2008. The Supervisory Board also endorsed the proposal of the Management Board to pay out a dividend amounting to €0.20 per share. Despite the tough conditions in the financial markets, Nova KBM achieved good results. The volume of operations of the Nova KBM Group rose by nearly 8 per cent during 2008, and the Bank generated a net profit of €16,251,757.17 during the 2008 financial year, thus consolidating its position as Slovenia's second largest financial group.

Nova KBM's Supervisory Board was informed about the profit from continuing operations, which amounted to **€19,386,261.04** during 2008, and with Nova KBM's balance sheet profit amounting to **€5,216,395.80** in the same period. The Bank's Management Board created legal reserves of **€812,587.00**, and statutory reserves of **€7,719,583.00**, and it earmarked **€2,503,188.73** for the creation of other reserves.

In compliance with its agenda, the Supervisory Board discussed other material for the Shareholders' Meeting of Nova KBM, which is expected to take place at the end of June.

The Nova KBM Group completed the financial year with a profit, which many banks across the world did not achieve in the circumstances that have determined the development of the economy over the last year. Nova KBM's profit that is smaller than in 2007 was influenced by the falling prices of securities, which financial institutions could not avoid. According to the data of the Federation of European Stock Exchanges, all European Union stock exchange indices lost value, and Nova KBM could not prevent the contraction of its portfolio despite of its quite conservative structure. Furthermore, the financial result was also influenced by the deterioration in the global economic conditions in the last quarter of 2008, which required increased precaution and the creation of additional provisions.

During 2009 the situation has been improving slowly but steadily. State guarantees have enabled the banks to contract new borrowings. In spite of all this we expect that the recession will continue to have an influence on the real sector, and that many companies will not be able to repay their financing costs, which can result in a worsened situation of banks during 2009 and 2010.

The Institute of Macroeconomic Analysis and Development forecast that the GDP would fall by 4 per cent during 2009, therefore the Supervisory Board adopted the resolution to place special emphasis on collateral in the future. Matjaž Kovačič, Nova KBM's President of the Management Board, said after the meeting of the Supervisory Board: *»In its operations during 2009, Nova KBM will place special emphasis on stability and safety of operations, which will have priority over any additional exposure to business risks.«*