

Summary of the strategy as well as of the business policy and financial plan of the Nova KBM Group and Nova KBM d.d. for the year 2009

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

In co-operation with the management of subsidiary and affiliated companies, the Management Board of Nova KBM d.d. drafted in the first half of the year common strategic guidelines and objectives until the year 2013. The strategy was adopted by the Group management boards, and approved at the meeting of the Supervisory Board held on 15 December 2008.

The Nova KBM Group (hereinafter referred to as the »Group«) is made up of complementary organizations that are conducting business in the financial intermediation sector and offer all principal financial services. The membership in the Group brings numerous synergies and opportunities to their members. Integration in the Group is basically founded on business interest of individual companies, but is – in order to assure supervision and optimization of synergies – supported by ownership interest. The guiding principle is that the membership in 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 and importance of each individual.

The vision of the Group is to become a recognisable regional financial group according to integrity of service and contemporaneity until 2013, and to be a market leader in the area of state-of-the-art marketing channels. South-East Europe is understood as the region of the Group.

Key strategic guidelines of the Group are the following:

- Strengthening of its position in Slovenia,
- Business expansion to the markets of South-East Europe,
- Optimising the Group's management and governance,
- Development of state-of-the-art marketing channels.

Nova KBM d.d., as the pillar of the Group, is the second largest bank in Slovenia and controls two subsidiary banks in the Group – PBS d.d., headquartered in Maribor, and Adria Bank AG, headquartered in Vienna, Austria.

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. For offering its clients the best possible services, the Bank will further endeavour to utilize the potentials of the Nova KBM Group, thus offering its clients widest spectrum of services that will cover all their financial needs. The Bank ranks professional staff as well as strong and wide business network that consequently assures large and qualitative clients base among its most important competitive advantages. Its advantages also lie in the favourable financing structure, experienced management and shareholders' support.

Key strategic guidelines of Nova KBM:

- Strengthening of its position in Slovenia and in other target markets,
- Geographical coverage, electronic and mobile banking, PBS d.d. network, clients segmentation,
- Business expansion to the markets of South-East Europe,
- Further strengthening of its role as the leader within the Group,
- Brand name, use of synergies, enhancement of its recognisability,
- Development of a direct bank.

These guidelines will be achieved through regular work as well as through strategic projects which support most important objectives and require interdisciplinary and intra-functional linking.

The strategy of the Nova KBM Group is a realistic one, but is set ambitiously. As such it enables successful encounter with future challenges, and efficient realization of determined objectives. Along with this, it assures that the Nova KBM Group will remain one of the most successful and important groups in the region also in the future.

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 2009 was carried out under extremely uncertain international and consequently Slovenian market conditions marked by profound financial crisis and risk of severe economic recession. In autumn 2008 governments and central banks of the Eurosystem responded to instability in the financial markets by adopting comprehensive harmonized measures, such as increased guarantee of deposits by private individuals, recapitalization of financial institutions and establishing of extensive government guarantee potential for supporting banks at raising

funds needed for the financing of real economy. Despite adopted measures, the uncertainty in financial markets further develops, and, consequently, expectations of global recession continue to broaden. In order to avoid the recession, conceptions on new global financial architecture have been formed which preliminary require reflection at the highest global political level. Under such circumstances, which holders of the planning can not compare to any similar situation in their career, the planning framework was drafted with timely static basis of known but uncertain autumn forecast, and at considering emphasised trends of worsening business environment conditions. Planning framework was principally based on above stated strategic guidelines of the Bank and the Group.

2.1. Nova KBM Group balance sheet and income statement

The targeted Group's balance sheet for the year 2009 amounts to €5,791,548 thousand, 5.4% over the Group's balance sheet expected to be achieved on 31 December 2008.

The Group's **net profit** for the year 2009 is planned to amount to €51,537 thousand.

Planned profit of the Group for the year 2009 is set 35% or €13,449 thousand over the profit expected to be achieved on 31 December 2008.

2.2. Balance sheet of Nova KBM d.d.

During 2009 the **balance sheet** of Nova KBM d.d. is expected to increase by €259,858 thousand or 6% compared to the figure to be achieved at the 2008 year-end.

Due to non-financial companies will increase by €22,641 thousand (5 per cent). The major part of the increase (€22,413 thousand) appertains to the local currency and only €228 thousand to the foreign currency.

Due to households, in total to increase by €164,631 thousand (9 per cent), will increase by €162,104 thousand in the local currency and €2,527 thousand in the foreign currency.

Due to banks will increase by €56,881 thousand (5 per cent).

The **equity** of the Bank will increase by the amount of 2009 profit and will be reduced by dividends paid out from the profit for the financial year 2008. The planned increase in equity amounts to €28,027 thousand or 8 per cent.

Based on funds raised, **loans to non-financial companies** will increase by €116,814 thousand.

The Bank also plans to increase **loans to households** by €49,159 thousand (5 per cent) to €966,561 thousand. **Loans to the state** and other customers will increase by €31,919 thousand or 10 per cent.

Within the **portfolio of securities**, financial assets held for trading will decrease by €20,500 thousand during 2009, available-for-sale financial assets will increase by €86,776 thousand, while held-to-maturity financial assets will remain at the same level.

Long-term investments in subsidiary and affiliated companies will be increased by €17,500 thousand, mainly due to capital injection into existing subsidiary and affiliated companies within the Group. In accordance with the adopted framework for the strategy, the Bank will continue with activities of expanding its business into South-East Europe. For potential new acquisitions the Bank will propose activities for increasing its capital in accordance with current capital adequacy.

2.3. Income statement of Nova KBM d.d.

Nova KBM d.d. plans to achieve **profit from continuing operations** of €42,927 thousand or €33,913 thousand after taxes.

Interest income will amount to €292,374 thousand and interest expense to €167,387 thousand. **Net interest income** will amount to €124,987 thousand. Projected **interest margin** calculated as the ratio between net interest income and average total assets will stand at 2.66 per cent.

Net fee and commission income is to amount to €41,366 thousand. 41.8 per cent of administrative costs and depreciation will be covered with net fee and commission income. Administrative costs and depreciation will amount to €99,008 thousand.

Net income of €1,202 thousand will be recorded from **financial assets and liabilities held for trading**.

A profit of €1,150 thousand is to be achieved from **financial assets and liabilities not measured at fair value** through profit or loss.

Net provisions and impairment charges are planned to amount to €30,000 thousand. It means that expenses for establishing impairments and long-term provisions will exceed income from eliminated impairments and provisions by this amount. Projected increase of expenses is anticipated mainly due to estimated deterioration of the credit portfolio as the result of financial crisis and recession in real economy.

Maribor, 18 December 2008

Nova KBM d.d.