

**Nova KBM Group announces first quarter 2008 financial results**

**Structure of the Nova KBM Group**

The Group has the following members:

- Controlling bank: Nova Kreditna banka Maribor d.d.
- Subsidiary banks:
  - Poštna banka Slovenije d.d. (PBS d.d.), in which the controlling bank has a 55 per cent ownership share
  - Adria Bank AG, Vienna, 50.54 per cent owned by Nova KBM d.d.
- Subsidiary companies:
  - KBM Fineko d.o.o.: 100 per cent owned by Nova KBM d.d.
  - KBM Infond d.o.o.: 72 per cent owned by Nova KBM d.d.
  - KBM Leasing d.o.o.: 100 per cent owned by Nova KBM d.d.
  - KBM Invest d.o.o.: 100 per cent owned by Nova KBM d.d.
  - Gorica Leasing d.o.o.: 100 per cent owned by Nova KBM d.d.
  - M-Pay d.o.o.: 50 per cent owned by Nova KBM d.d.
- Indirect subsidiaries (participation of subsidiaries in other companies):
  - Multiconsult d.o.o., 39.52 per cent owned by KBM Fineko d.o.o., 18.24 per cent owned by KBM Invest d.o.o., and 18.24 per cent owned by KBM Leasing d.o.o.. Multiconsult d.o.o. is 76 per cent indirectly owned by Nova KBM d.d.
  - Multiconsult Leasing d.o.o., 10 per cent owned by KBM Leasing d.o.o. and 90 per cent owned by Multiconsult d.o.o., or 78.4 per cent indirectly owned by Nova KBM d.d.
- Associated companies:
  - Zavarovalnica Maribor d.d.: 49.96 per cent owned by Nova KBM d.d.
  - Moja naložba d.d.: 45.00 per cent owned by Nova KBM d.d.

**Business operations of Nova KBM Group from January 1 2008 to March 31 2008**

Despite unfavourable financial markets conditions, the Nova KBM Group performed successfully in the first three months of 2008 and delivered the following performance:

- in the first three months of 2008 the Nova KBM Group generated a net profit in the amount of €18,478 thousand, 38 per cent of the annual budget. Compared with the same period of last year, the net profit increased by as much as 71.84 per cent,
- the share book value went up by 14.54 per cent in comparison with the same period of the previous year, and amounted to €16.31 as at the end of March 2008,
- in the one-year period the Nova KBM Group increased the return on equity before tax from 17.29 per cent to 28.37 per cent as at the end of March 2008,
- due to the non-banking sector increased by 12.8 per cent year-on-year,
- loans and receivables to the non-banking sector went up by 38.8 per cent in comparison with the same period of the previous year.

The following table shows the key operating data of the Nova KBM Group as at 31 March 2008 and 2007

|   | in € 000      |               |        |
|---|---------------|---------------|--------|
|   | 31 March 2008 | 31 March 2007 | INDEX  |
| Total assets                                      | 5,130,447     | 4,333,979     | 118.38 |
| Total loans and receivables to non-banking sector | 3,373,010     | 2,429,971     | 138.81 |
| Total liabilities to non-banking sector           | 2,988,250     | 2,649,574     | 112.78 |
| Total equity                                      | 380,872       | 332,680       | 114.49 |
| Interest income                                   | 72,019        | 52,070        | 138.31 |
| Interest expense                                  | 41,478        | 25,961        | 159.77 |
| Non-interest income                               | 6,490         | 24,654        | 26.32  |
| Profit from continuing operations                 | 24,088        | 14,094        | 170.91 |
| Net profit for the period                         | 18,478        | 10,753        | 171.84 |

## Nova KBM Group

|  |       |       |        |
|--|-------|-------|--------|
| Share book value* in €                 | 16.31 | 14.24 | 114.54 |
| Net profit per share** in €            | 0.67  | 0.41  | 163.41 |
| ROA before tax                         | 1.91  | 1.24  |        |
| ROE before tax                         | 28.37 | 17.29 |        |
| Operating costs / Average total assets | 1.94  | 2.17  |        |

\*Share book value on the last day of the accounting period is calculated as the ratio between the Group's total equity and the number of the Bank's shares on the last day of the accounting period.

\*\*Net profit per share is calculated as the ratio between the net profit of the Group (equity holders) generated in the first three months of the financial year and the number of the Bank's shares on the last day of the accounting period.

### Nova KBM Group financial position and the fulfilment of the budget set for the year

The Nova KBM Group delivered a **profit from continuing operations** of €24,088 thousand in the first three months of 2008, 37 per cent of the budget set for the year.

The Nova KBM Group **return on average equity** before tax reached 28.37 per cent, 11.83 percentage points over the target set for the year.

**Net profit per share** increased 63.4 per cent year-on-year.

The increase in profitability is also evident from the ratio **return on assets** before tax which stood at 1.91 per cent as at the end of March 2008 (end of March 2007: 1.24 per cent). At the same time, the ratio **operating costs to average total assets** went down and stood at 1.94 per cent as at the end of March 2008 (end of March 2007: 2.17 per cent).

**Total assets of the Nova KBM Group** amounted to €5,130,447 thousand at the end of March 2008, €32,928 thousand or 1 per cent over the 2007 year-end figure. Total assets as at 31 March 2008 represent 90 per cent of the amount of total assets to be achieved by the end of 2008.

**The amount of total loans and receivables to the non-banking sector** in the first three months of 2008 reached 92 per cent of the plan for the whole year and was 38.81 per cent over the amount of the same period of 2007.

**The amount of total liabilities to the non-banking sector** in the first three months of 2008 reached 95.5 per cent of the plan for the whole year and was 12.78 per cent over the amount of the same period of 2007.

### Changes to the management boards and the supervisory boards of the Nova KBM Group companies

Marko Planinšec resigned from the Management Board of KBM Infond d.o.o. on 1 January 2008. Matjaž Lorenčič replaced him on 16 January 2008, after receiving the licence from the Securities Market Agency (ATVP). Marko Planinšec was appointed member of the Management Board of Zavarovalnica Maribor d.d. with effect from 1 January 2008.

### Ownership structure of Nova KBM d.d.

As at 31 March 2008, the ownership structure of the Bank was as follows: the Republic of Slovenia held a 42.31 per cent share, the share of Kapitalska družba d.d. and Slovenska odškodninska družba d.d. stood at 4.79 per cent, the share owned by households was 23.91 per cent, other financial institutions held 13.09 per cent, foreign persons had a 6.55 per cent share, non-financial companies a 3.32 per cent and other banks a 1.21 per cent share.

## Nova KBM Group

### Nova KBM Group operations plan for 2008

Long-term business goals of the Nova KBM Group are the following:

- For enhancing cross-selling, the Nova KBM Group intends to utilise the capacity and the services of the Group members in order to offer its existing and potential new customers the whole range of financial products and services.
- In the private banking segment, the Group intends to develop further its already existing bankassurance products and services. This will be achieved by adding new insurance products and products of mutual funds which are currently available in its branches, and will be eventually available in the PBS d.d. branches.
- The Nova KBM Group will try to strengthen its presence in the segment of small- and medium-sized companies through cross-selling of a large number of products and services to these customers. Moreover, the Group intends to build up economic and financial advisory services that are already offered to its corporate customers.
- The Nova KBM Group will focus on a continuous development of its distribution network in Slovenia and abroad. The Group plans to maintain this network and, should this prove efficient, expand it further.
- To become even more cost efficient, and to increase its income and cut down on expenses, the Nova KBM Group plans to invest in alternative distribution channels. In addition, the Group intends to seek synergies between the activities of the Group members, and to upgrade its IT system.

For 2008, the Nova KBM Group plans to achieve a 13 per cent **increase in total assets**. **Total net profit** of the Group planned for 2008 is set at €48.6 million.

#### **Comment on future uncertainty**

The turmoil in the financial markets caused by the events in the sub-prime mortgage market in the United States of America had a negative impact on interbank markets. Banks are facing new challenges and financial markets are pervaded with mistrust and insecurity. Conditions for borrowing long-term funds from foreign banks are becoming quite unfavourable, therefore a growth in funding from foreign banks might be lower than anticipated. Higher risk premiums make funding more costly and this will result in higher interest expenses. Should the foreign market conditions further deteriorate the Nova KBM Group will have to assess its lending activity limits even more conservatively.

The Nova KBM Group follows the uncertainty in capital and international money markets and adapts its activities in accordance with the existing situation.

Management Board of  
Nova KBM d.d.

**CONSOLIDATED INCOME STATEMENT OF NOVA KBM GROUP**  
for the period from 1 January to 31 March

| ITEM DESCRIPTION  | in € 000                           |                                    |
|---|------------------------------------|------------------------------------|
|   | From 1 January<br>to 31 March 2008 | From 1 January<br>to 31 March 2007 |
| Interest income   | 72,019                             | 52,070                             |
| Interest expense  | (41,478)                           | (25,961)                           |
| <b>Net interest income</b>  | <b>30,541</b>                      | <b>26,109</b>                      |
| Dividend income   | 0                                  | 1                                  |
| Fee and commission income   | 15,617                             | 13,700                             |
| Fee and commission expenses   | (2,132)                            | (2,383)                            |
| <b>Net fee and commission income</b>  | <b>13,485</b>                      | <b>11,317</b>                      |
| Realised gains/(losses) on financial assets and liabilities not measured at fair value through profit or loss | 1,571                              | 4,102                              |
| Net gains/(losses) on financial assets and liabilities held for trading                                       | (10,505)                           | 7,711                              |
| Fair value adjustments in hedge accounting  | (2,408)                            | 0                                  |
| Exchange difference gains/(losses)  | 3,223                              | (251)                              |
| Gains on derecognition of assets excluding non-current assets held for sale                                   | 23                                 | 216                                |
| Other operating net income  | 1,877                              | 593                                |
| Administration costs  | (21,279)                           | (19,978)                           |
| Depreciation  | (3,165)                            | (2,807)                            |
| Provisions  | 2,660                              | (181)                              |
| Impairment  | 8,841                              | (13,704)                           |
| Share of the profit or loss of associates and joint ventures accounted for using the equity method            | (776)                              | 966                                |
| <b>PROFIT FROM CONTINUING OPERATIONS</b>  | <b>24,088</b>                      | <b>14,094</b>                      |
| Tax on profit from continuing operations  | (5,610)                            | (3,341)                            |
| <b>NET PROFIT FROM CONTINUING OPERATIONS</b>  | <b>18,478</b>                      | <b>10,753</b>                      |
| <b>NET PROFIT FOR THE PERIOD</b>  | <b>18,478</b>                      | <b>10,753</b>                      |
| a) Profit attributable to equity holders of the parent  | 15,737                             | 9,676                              |
| b) Profit attributable to minority interest   | 2,741                              | 1,077                              |
| Basic earnings per share  | 0.67                               | 0.41                               |
| Diluted earnings per share  | 0.67                               | 0.41                               |

**CONSOLIDATED BALANCE SHEET OF NOVA KBM GROUP AS AT 31 MARCH**

|  | in € 000         |                  |
|--|------------------|------------------|
| ITEM DESCRIPTION   | 31 March 2008    | 31 March 2007    |
| <b>ASSETS</b>  |                  |                  |
| Cash and balances with central banks                                       | 108,457          | 113,545          |
| Financial assets held for trading  | 99,440           | 120,280          |
| Available-for-sale financial assets  | 876,493          | 993,888          |
| Derivatives-hedge accounting   | 103              | 329              |
| Loans and receivables  | 3,602,895        | 3,452,473        |
| - loans and receivables to banks   | 229,885          | 296,313          |
| - loans and receivables to non-bank customers                              | 3,373,010        | 3,156,160        |
| Held-to-maturity investments   | 150,033          | 127,194          |
| Accrued interest income on financial assets                                | 6                | 9                |
| Non-current assets classified as held for sale and discontinued operations | 2,143            | 138              |
| Property, plant and equipment  | 87,094           | 82,232           |
| Investment property  | 5,928            | 6,393            |
| Intangible assets  | 25,690           | 25,483           |
| Investments in subsidiaries, associates and joint ventures                 | 32,332           | 35,652           |
| Tax assets   | 9,835            | 6,376            |
| - current tax assets   | 2,239            | 87               |
| - deferred tax assets  | 7,596            | 6,289            |
| Other assets   | 129,998          | 133,527          |
| <b>TOTAL ASSETS</b>  | <b>5,130,447</b> | <b>5,097,519</b> |
| Deposits from central banks  | 4                | 8                |
| Financial liabilities held for trading                                     | 94               | 12               |
| Derivatives-hedge accounting   | 1,792            | 89               |
| Financial liabilities measured at amortised cost                           | 4,612,113        | 4,597,125        |
| - deposits from banks  | 178,874          | 167,370          |
| - deposits from non-bank customers   | 2,983,176        | 2,962,368        |
| - loans and advances from banks  | 1,089,511        | 1,105,031        |
| - loans and advances from non-bank customers                               | 5,074            | 5,638            |
| - debt instruments   | 110,415          | 113,920          |
| - subordinated liabilities   | 245,063          | 242,798          |
| Accrued interest expenses on financial liabilities                         | 19,870           | 21,430           |
| Provisions   | 30,937           | 33,162           |
| Tax liabilities  | 13,661           | 8,363            |
| - current tax liabilities  | 7,076            | 2,424            |
| - deferred tax liabilities   | 6,585            | 5,939            |
| Other liabilities  | 71,104           | 66,316           |
| <b>TOTAL LIABILITIES</b>   | <b>4,749,575</b> | <b>4,726,505</b> |
| Basic equity   | 24,368           | 24,366           |
| Share premium  | 29,083           | 29,083           |
| Fair value reserves  | (1,605)          | (7,219)          |
| Profit reserves (including retained earnings)                              | 267,407          | 260,053          |
| Treasury shares  | (27)             | (27)             |
| Income from current year   | 25,808           | 17,159           |
| <b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT</b>                     | <b>345,034</b>   | <b>337,853</b>   |
| Minority interest  | 35,838           | 33,161           |
| <b>TOTAL EQUITY</b>  | <b>380,872</b>   | <b>371,014</b>   |
| <b>TOTAL LIABILITIES AND EQUITY</b>  | <b>5,130,447</b> | <b>5,097,519</b> |