

## **Corporate Governance Policy of Nova KBM d.d.**

**This document applies to the parent company, Nova KBM d.d., Maribor, and its subsidiaries which, together with the parent company, constitute the Nova KBM Group. The document represents a commitment for future operations.**

### **1.1. Governance policies with respect to adopted objectives**

Responsible risk management is a key challenge of contemporary corporate governance, and the Nova KBM Group would like to serve as an example of responsible corporate governance in the Slovene banking environment, but also broader in the region. Being a public limited company, Nova KBM d.d. is bound to comply with principles of good and responsible corporate governance, as set out in the Corporate Governance Code for Public Limited Companies. To that effect, we have clearly and publicly defined the principles, procedures and criteria according to which the Nova KBM Group will align its conduct. The aim of this is to define and improve the Group's best working practice and the mechanisms for implementing best practice in actual life. We have thus set up communication tools available to all office-holders in the Nova KBM Group, and have at the same time publicly disclosed corporate governance policies in accordance with the standards of international best practice.

The long-term objective of managing Nova KBM d.d. is to be engaged in a revenue-generating activity and to strive for maximising the value of the Bank. This is being achieved by highly competitive and quality services, efficient risk management, financial stability, and highly skilled and motivated personnel. We also take into consideration the satisfaction of interests of our employees, customers, creditors and other stakeholders, as well as of the Bank as a whole, which, in line with internal and external global policies, provides for long-term successful growth of Bank's assets. For efficient corporate governance, we have formulated the Strategy of Nova KBM d.d. and the Nova KBM Group for the period 2010 – 2013, which is a basic guideline of future development and a measure of our performance, but also includes detailed definitions and guidelines in respect of strategic long-term objectives.

### **1.2. Mission of Nova KBM d.d.**

The mission of Nova KBM d.d. is being carried out by complying with the following principle: Our concern are safety, stability and return.

### **1.3. Vision of Nova KBM d.d.**

In terms of integrity and contemporaneity of our service, we will be a recognised regional financial group and a market leader in the field of modern banking distribution channels by 2013.

**The Bank will strive to strengthen its presence in the markets of SE Europe, also by entering into the capital of prospective institutions.**

We are connected by:

- Preservation of the reputation of the Bank
- Confidence and mutual trust
- Affiliation to the Bank

Concern for customers and return  
Teamwork  
Openness in relationships  
Encouragement of creativity  
Motivation of co-workers

#### **1.4. Principles upon which operations of the Bank are based**

##### **Transparency of operations**

Nova KBM d.d. presents its operations in a transparent manner, through the publication of results pursuant to the stock exchange rules and applicable legislation. It complies with the highest standards of transparent conduct, not only in the publishing of financial results, but also in disclosing other business information regarding policies, systems and concrete business decisions in respect of corporate governance. The Management Board is responsible for clear presentation of short- and long-term operating objectives as well as the policy of pursuing these objectives by individual categories. The Bank must take account of high level of transparency towards all shareholders.

##### **Preserving the reputation of the Bank**

The Bank employees strengthen the reputation of the Bank through their conduct. To build up and preserve its reputation, the Bank shall treat all stakeholders that are in any way connected with the Bank in an adequate manner.

##### **Responsibility**

In conducting its activities, Nova KBM d.d. fully complies with legislative regulations and best practice recommendations. When making decisions, it pursues mainly its long-term interests and acts in accordance with the adopted strategy of the Nova KBM Group.

##### **Professionalism**

Nova KBM d.d. makes its decisions on the basis of due consideration of all available materials and information. The decision-making is grounded on concrete criteria and opinions of specialist services within Nova KBM d.d.

##### **Safety**

The Bank provides for safety of its operations through efficient risk management. Financial products and services provided by the Bank are of a good quality and enhance financial security of customers.

##### **Efficiency**

To consistently fulfil the adopted objectives, it is necessary to have in place an adequate organisational structure, transparency of adopted objectives, as well as accurate criteria for measuring and comparing the performance with those of peers in the local and international market.

##### **Accessibility of information**

Open and transparent communication with the shareholders and interested public is of prime concern for Nova KBM d.d. This is why we publish comprehensive information on our website:

- Information about Nova KBM d.d. and its affiliated companies
- Information on Nova KBM d.d. shares
- Information on debt securities
- We provide e-mail service aimed at answering your questions ([delnicar@nkbm.si](mailto:delnicar@nkbm.si))

- Financial reports: quarterly and annual
- Financial calendar setting out the dates of publishing financial reports, materials for Shareholders' Meetings, and of other important events
- Founding documents of the Bank (Articles of Association, resolutions adopted at Shareholders' Meetings, etc.)
- Facts and numbers: ownership structure, amount of dividends, an overview of other data.

### **1.5. Corporate governance bodies**

Corporate governance bodies are the following: the Shareholders' Meeting, the Supervisory Board and the Management Board.

Nova KBM d.d. has a two-tier system of corporate governance where the company is run by the Management Board, while the Supervisory Board supervises operations of the Bank.

## **2. Reference corporate governance code**

Considering that the new Corporate Governance Code for Public Limited Companies entered into effect as of 1 January 2010, Nova KBM d.d., in respect of its corporate governance, applied in the period from 1 January to 31 December 2009 the Code that was adopted on 18 March 2004, and amended and supplemented on 14 December 2005 and 5 February 2007 respectively.

In setting up and further developing a transparent, clear and successful governance and management system, the Bank will endeavour, during 2010 and also beyond, as much as possible to comply with regulatory provisions as well as the highest standards of responsible and well thought-out governance of the Bank, as set out in the new Code (in particular with regard to the Governance Policy, transparent and effective work of the Supervisory Board, and transparent remuneration system for the management and supervisory bodies), thus further increasing the confidence of domestic and foreign investors, employees, and broader public in the Bank's corporate governance.

### 3. Division of responsibilities and powers among members of the management and supervisory bodies of Nova KBM d.d.

#### 3.1.1. Management Board of Nova KBM d.d.

The Management Board of the Bank presents and represents the Bank autonomously and on its own responsibility, to the benefit of the Bank, for which it has all powers, in compliance with the law and the Bank's Articles of Association. The Management Board has three members: Matjaž Kovačič acts as the President, while Manja Skerlišak and Andrej Plos are members of the Management Board.

In performing their functions, the members of the Management Board act with due diligence which applies to the managing of a bank, meaning that they comply with regulations, objectives, strategies and policies of the Bank to the best interest of the Bank.

The functioning of the Management Board and the division of business areas and duties among individual Management Board members is governed by the Rules of Procedure of the Management Board and a special resolution regarding the division of activities among Management Board members.

The Management Board regularly, timely and exhaustively informs the Supervisory Board of any significant matters relating to operations of the Bank, its strategy and managing of risks, amongst others. In submitting information to the Supervisory Board, the Management Board pays due regard to the high standards of timely reporting, confidentiality and information security.

The decisions of the Management Board members must be independent. In their functioning and decision-making, members of the Management Board take account of the objectives of the Bank and subordinate to them the potentially different individual own or third party interests, the interests of shareholders, public, or other persons. Each member of the Management Board shall immediately inform other Management Board members, as well as the Supervisory Board, of any conflict of interests that arises or may arise in the performance of, or in connection with, his function.

A member of the Management Board may not be engaged in a gainful occupation, and shall not enter into any transactions in the field of the Bank's activity for his account or for any other account, without the consent of the Supervisory Board.

<b>Management Board of Nova KBM d.d.</b>				
<b>Name and surname</b>	<b>Position</b>	<b>Date of appointment</b>	<b>Commencement of office</b>	<b>Termination of office</b>
Matjaž Kovačič	President	23 December 2009	22 May 2010	22 May 2015
Manja Skerlišak	Member	24 March 2010	22 May 2010	22 May 2015
Andrej Plos	Member	21 October 2009	1 December 2009	1 December 2014

Members of the Management and Supervisory Board must treat all shareholders equally. Preferential treatment of shareholders in terms of taking account of their interests in decision-making or providing information is not allowed.

### **3.1.2. Appointment and recall of Management Board members**

Management Board members are appointed by the Supervisory Board for a five-year period and may be re-appointed, but no earlier than one year before the end of their term of office.

The Supervisory Board may recall the President or a member of the Management Board, if there are grounds for such a recall in accordance with the second paragraph of Article 268 of the Companies Act (ZGD-1).

Membership in the Management Board may also be terminated on request of the member himself/herself.

### **3.1.3 Duties of Management Board members**

The Management Board must ensure the Bank to operate in compliance with the Banking Act (ZBan-1) and the regulations issued on its basis, in compliance with the laws governing the provision of financial services provided by the Bank and the regulations issued on their basis, and in accordance with other regulations governing the financial and banking industry.

The Management Board must ensure the Bank to operate in compliance with the rules of risk management.

The Management Board must set up and consistently implement adequate administrative and accounting procedures and a system of internal controls.

The Management Board regularly or at least once every quarter reports to the Supervisory Board of any issues important for the Bank's and the Group's operations.

### **3.1.4. Remuneration of members of the Management Board of Nova KBM d.d. and of subsidiary companies**

The policy of remuneration, reimbursement of costs, and other benefits for management board members is determined in advance and takes into account mainly the following criteria:

- the scope of duties of each member of the management board
- performance of each member of the management board
- size of a company and its financial standing
- complexity of running a company with regard to its business and organisational structure
- general economic conditions in which a company operates
- operational performance of a company
- accomplishment of strategic and annual objectives
- remuneration of management board members in associated companies
- recommendations for remuneration adopted by relevant business organisations.

The payment for their work, reimbursement of costs, and other benefits for Management Board members are regulated by management contracts. The Supervisory Board has, in addition, formulated special criteria for an annual bonus to be paid to Management Board members on the basis of their performance.

The aggregate remuneration, reimbursement of costs, and other benefits paid each year to Management Board members are disclosed separately for each member of the Management Board in notes to the financial statements and annual reports.

Since 1 June 2010, the remuneration of Management Board members has been adjusted to the provisions of the Act Regulating the Incomes of Managers of Companies owned by the Republic of Slovenia and Municipalities.

The competencies and duties of the Management Board are stipulated by the Companies Act, the Banking Act, the Bank's Articles of Association and the Rules of Procedure of the Management Board. Some of the most important competencies are the following:

- runs and organises the Bank's operations
- presents and represents the Bank
- responsibility for regularity of operations
- adopts business policy and financial plan of the Bank
- along with the Supervisory Board adopts the development strategy for the Bank and the Nova KBM Group
- presents reports on operations of the Bank and the Nova KBM Group to the Supervisory Board, prepares the draft annual report and submits it together with the auditor's report and the proposal for appropriation of the profit available for distribution to the Supervisory Board
- convenes Shareholders' Meetings
- implements decisions of the Supervisory Board and the Shareholders' Meeting.

### 3.2. Supervisory Board of Nova KBM d.d.

The managing of operations of Nova KBM d.d. is overseen by the Supervisory Board which is, in accordance with the Bank's Articles of Association, composed of nine members. In compliance with the Bank's Articles of Association, Supervisory Board members are appointed by the Shareholders' Meeting for a period of four years. Since 4 November 2009, when Marko Jazbec resigned as a member, the Supervisory Board has been composed of the following members: Danilo Toplek, Chairman, Franc Škufca, Deputy Chairman, Alenka Bratušek, Janez Košak, Dušan Jovanovič, Anton Guzej, Andrej Svetina and Ivan Vizjak. On 22 June 2010, the Shareholders' Meeting appointed Aleš Krisper as a substitute (ninth) member of the Supervisory Board.

The procedure for selecting candidates for members of the Supervisory Board and for drafting a proposal for the Shareholders' Meeting to appoint Supervisory Board members is transparent and defined in advance. The procedure for nominating and selecting new Supervisory Board members is carried out jointly by the Supervisory Board and the Nomination Committee.

<b>Supervisory Board of Nova KBM d.d.</b>			
<b>Name and surname</b>	<b>Position</b>	<b>Commencement of office</b>	<b>Termination of office</b>
Danilo Toplek	Chairman	8 July 2009	8 July 2012
Dušan Jovanovič	Member	8 July 2009	8 July 2012
Alenka Bratušek	Member	8 July 2009	8 July 2012
Janez Košak	Member	25 July 2009	8 July 2012
Andrej Svetina	Member	8 July 2008	8 July 2012
Anton Guzej	Member	8 July 2008	8 July 2012
Aleš Krisper	Member	22 June 2010	8 July 2012
Ivan Vizjak	Member	8 July 2008	8 July 2012
Franc Škufca	Deputy Chairman	8 July 2008	8 July 2012

#### 3.2.1. Conditions for membership in the Supervisory Board

Only a person who meets the criteria stipulated by the law and the Bank's Articles of Association can be appointed as a member of the Supervisory Board.

The Supervisory Board carries out its work in accordance with competencies set out in the legislation, the Bank's Articles of Association and the Rules of Procedure of the Supervisory Board. The Supervisory Board conducts the activities for which it is competent at regular and correspondent meetings.

As a rule, the Supervisory Board convenes at least once per quarter, depending on the content and importance of the issue to be discussed, or at the request of the Chairman of the Supervisory Board.

### **3.2.2. Competencies and duties of the Supervisory Board**

In addition to the powers vested in the Supervisory Board under the Companies Act and the Banking Act, the Supervisory Board also gives consent to the Management Board in determining:

- the Bank's business policy
- the Bank's financial plan
- the organisation of the system of internal controls
- the indicative annual plan of work of the Internal Audit Centre
- new issues of own securities exceeding €30 million
- all transactions with respect to the acquisition and disposal of equity holdings in companies and other legal entities whose book value exceeds €550,000
- acquisition and disposal of investments in equity instruments with the purpose of portfolio investments, if such investment in any one issuer exceeds 5% of the Bank's equity
- any decisions in respect of actions resulting in status changes in companies and other legal entities in which the Bank holds a controlling stake
- the formation of a banking and/or financial group or groups
- writing-off claims exceeding €1 million
- the raising of funds and contracting other liabilities for the Bank which in one financial year, individually or in total, exceed 25% of the Bank's equity
- transactions in which, considering the Bank's total exposure, the Bank's exposure against a customer would reach or exceed 10% of the Bank's equity, and in which the Bank's exposure against a customer would be increased by so much as to reach or exceed 15% or 20% of the Bank's equity and each subsequent 5% of its equity
- concluding a transaction which forms a basis for the Bank's exposure against a person having a special relationship with the Bank within the meaning of provisions of Article 167 of the Banking Act
- other matters in accordance with the regulations.

The Supervisory Board is required to check the annual report together with the auditor's report and the proposal of the Management Board for the appropriation of profit available for distribution, and must draw up a written report thereof for the Shareholders' Meeting in accordance with the law. The Supervisory Board endorses the annual report.

The Supervisory Board formulates for each financial year the plan of its own activities, in which it defines the scope of its work, the frequency and method of communicating with the Management Board, its role in the assessment of the risk management system, the procedure for formulating resolutions of the Shareholders' Meeting, in particular a proposal for the appointment and recall of Supervisory Board members and a proposal regarding remuneration of the Supervisory Board, amendments to the Articles of Association, etc. It also determines the anticipated



schedule and agenda of meetings of the Supervisory Board and Supervisory Board committees, especially for those that are mandatory due to the requirement for the publication of results.

The Supervisory Board appoints and recalls Management Board members. In so doing, and in accordance with the Articles of Association, it endeavours to ensure the continuity of its work by timely selection of the President of the Management Board and, on his proposal, other Management Board members.

The Chairman of the Supervisory Board shall maintain regular contacts with the President of the Management Board, request from him clarifications and reports regarding important business events that come to his attention, and of the risks to which the Bank is or might be exposed under such events.

In their functioning and decision-making, members of the Supervisory Board take account of the objectives of the Bank and subordinate to them the potentially different individual own or third party interests, the interests of shareholders, public, or other persons.

Each member of the Supervisory Board shall immediately inform the Supervisory Board of any conflict of interests that arises or may arise in the performance of, or in connection with, his functions. A Supervisory Board member must clarify the conflict of interests and shall abstain from voting. In duly substantiated cases, the Chairman of the Supervisory Board may, prior to voting, request from Supervisory Board members to declare whether there is a conflict of interests in the subject on which they are to vote.

The system for ascertaining a conflict of interests and independence of Supervisory Board members, as well as the anticipated measures in cases where conflicts of interests are established and such conflicts may have a significant impact on the status of Supervisory Board members in their relation to the company, have been specifically defined in the Rules of Procedure of the Supervisory Board.

The Supervisory Board gives the Management Board its consent to the business policy and financial plan of the Bank, particularly on the basis of its assessment whether the adopted business policy and financial plan support the implementation of the Bank's business strategy.

The Supervisory Board gives the Management Board its consent to the Bank's system of internal controls. It also regularly follows and evaluates the risk-taking strategies and policies as well as the system of managing risks.

### **3.2.3. Remuneration of Supervisory Board members**

An essential part of corporate governance is an adequate system for the remuneration of supervisory board members. The Nova KBM Group will in this respect follow the best practice recommendations, in particular the Corporate Governance Code for Public Limited Companies and the recommendations issued by the Slovene Directors' Association (SDA) concerning membership, work and remuneration of members of supervisory boards in the Nova KBM Group.

The Supervisory Board will once a year assess its composition, operations, potential conflicts of interests of individual members, the performance of individual members and of the Supervisory Board as a whole, and collaboration of the Supervisory Board with the Management Board. Within the assessment of its work, the Supervisory Board will assess also the work of Supervisory Board committees.

### 3.3. Supervisory Board committees

The following Supervisory Board committees conduct their work in Nova KBM d.d. in compliance with the Companies Act, the Banking Act and the Bank's Articles of Association: the Audit Committee and the Nomination Committee. In 2009, the Supervisory Board constituted also the Appointment Committee.

The Audit Committee provides support to the Supervisory Board in controlling the management of the Bank and the Group companies, in particular with regard to legitimacy of operations, the risk management system, internal audit and the system of internal controls, and undertakes duties as set out in the Articles of Association, documents of the Audit Committee and Supervisory Board resolutions.

The Audit Committee carries out its activities in accordance with the law, the Bank's Articles of Association, and the Charter which regulates the purpose and the composition of the Committee, the methods and conditions of its work as well as the competencies and responsibilities of its members. The area and the method of work of the Committee, its decision-making process and all other issues deemed important for its work are regulated by the Rules of Procedure of the Audit Committee.

In line with amendments to the Bank's Articles of Association adopted at the Shareholders' Meeting on 22 June 2010, and the new Corporate Governance Code for Public Limited Companies adopted on 8 December 2009, the Supervisory Board constituted on 31 August 2010 a new Nomination Committee which combines the competencies of the then acting Nomination Committee and the Remuneration Committee that ceased to exist as of 31 August 2010.

The duties of the Nomination Committee, which is composed of three Supervisory Board members and one outside member, are as follows:

- assistance to the Supervisory Board, and drawing up of proposals related to the criteria and candidates for membership in the Management Board
- periodic assessment of the size, composition and work of the Management Board
- support in the evaluation of the Management Board's work, and drawing up of substantiated reasons for the recall of individual members of the Management Board in case they appear
- support in the drawing up and implementation of the Management Board remuneration system
- participation in the drawing up of the company's remuneration policy.

The Committee carries out its work in accordance with the law, the Bank's Articles of Association, and the Corporate Governance Code for Public Limited Companies which regulates the purpose and the composition of the Committee, the methods and conditions of its work as well as the competencies and responsibilities of its members.

The area and the method of work of the Nomination Committee, its decision-making process, and all other issues deemed important for its work will be regulated by the Rules of Procedure of the Supervisory Board Nomination Committee at the start of its functioning.

On 29 May 2009, the Supervisory Board constituted the Appointment Committee composed of four representatives of the Bank's largest shareholders (Republic of Slovenia, Kapitalska družba

d.d., Slovenska odškodninska družba d.d. and Pom-Invest d.d.), a representative of the Staff Accreditation Council and the Chairman of the Bank's Supervisory Board.

The Appointment Committee has the following duties:

- selecting candidates for the Supervisory Board and proposing to the Supervisory Board the names of candidates to be nominated at the Shareholders' Meeting
- controlling the composition of the Supervisory Board in the light of best practice recommendations and adopted codes, and the reporting thereof to the Supervisory Board
- assistance to the Supervisory Board in the preparation of the Supervisory Board's remuneration system, and in drawing up of a proposals for the remuneration system to be adopted by the Shareholders' Meeting.

The area and the method of work of the Appointment Committee, its decision-making process and all other issues deemed important for its work are regulated by the Rules of Procedure of the Supervisory Board Appointment Committee.

A more detailed information regarding the work of the Supervisory Board Audit Committee and the Supervisory Board Appointment Committee is disclosed in the 2009 Annual Report, Section 11 – Corporate Governance Statement.

#### 4. Informing subsidiary companies and shareholders on the Nova KBM Group strategy and corporate governance standards

As of 30 June 2010, the Nova KBM Group was composed of the following members:

Company	Position in the Group	Shareholding of Nova KBM (%)	Management Board/ Manager
Nova Kreditna banka Maribor d.d.	parent bank		
Poštna banka Slovenije d.d	subsidiary bank	55.00	Drago Pišek Viktor Lenče
Adria Bank AG	subsidiary bank	50.54	Anton M. Burghardt Gregor Kaiser
KBM Fineko d.o.o.	subsidiary company	100.00	Igor Šujica
KBM Infond d.o.o.	subsidiary company	72.00	Matjaž Lorenčič Samo Stonič
KBM Leasing d.o.o.	subsidiary company	100.00	Boris Cekov
KBM Invest d.o.o.	subsidiary company	100.00	Mira Flisar
Gorica Leasing d.o.o.	subsidiary company	100.00	Marko Černe
M Pay d.o.o.	subsidiary company	50.00	Dean Korošec
KBM Projekt d.o.o.	subsidiary company	76.00	Tomislav Blagus
KBM Leasing Hrvatska d.o.o.	subsidiary company	100.00	Danilo Sitar Koraljka Kociančič
Credy banka a.d.	subsidiary bank	55.10	Predrag Mihajlović Alojz Kovše

Zavarovalnica Maribor d.d.	associated company	49.96	Drago Čotar Srečko Čarni David Kastelic Marko Planinšec
Moja naložba d.d.	associated company	45.00	Lojze Grobelnik Igor Pšunder

The governance of subsidiaries is the responsibility of all business divisions in Nova KBM d.d. This means that all business divisions are actively involved in the governance of subsidiaries, both in the field of business operations and corporate governance.

The governance of the Nova KBM Group is based on uniform rules and procedures applied in individual areas of Nova KBM Group subsidiaries, with the aim of implementing uniform minimum standards across the entire Group. Business divisions are responsible for standardisation.

Business divisions are responsible for standardisation and harmonisation of the Nova KBM Group's subsidiary operations with the standards applied by Nova KBM d.d., for the implementation of rules into business practice, and for the coordination in carrying out business activities of Nova KBM Group subsidiaries.

With the support of internal and external communication, we create a positive and recognisable public image of the Nova KBM Group and strengthen its reputation.

Nova KBM d.d. has set up a permanent communication link with companies in which it holds equity interests, so that it may assess the commitment of members on governance bodies as regards the protection of shareholder interests, and their understanding and consideration of corporate governance best practice recommendations. Nova KBM d.d. requires members on governance bodies to be independent and committed towards the prevention of information asymmetry.

#### 4.1. Management and supervision of Nova KBM Group members

Management boards or managers of individual Nova KBM Group members are responsible for operations of concerned Group companies. They shall report on operations of Group members to the Management Board of Nova KBM d.d. in accordance with the rules defined by Nova KBM d.d.:

- regular reporting about important business events
- monthly reporting
- quarterly reporting
- reporting at meetings of the Nova KBM Group Managers Committee.

The functioning of Nova KBM d.d. subsidiaries is in compliance with:

- local legislation
- the Agreement on Controlling and Governing the Nova KBM Group
- other internal rules and directives adopted by the Management Board of Nova KBM d.d.

Members of the Management Board and senior managers of Nova KBM d.d. are also engaged as members in internal supervisory boards, supervisory board committees or boards of directors of some of the Nova KBM d.d. subsidiaries, thus contributing to a better cohesion of the Nova KBM Group.

The Bank's Management Board is responsible for the efficient control of the Nova KBM Group operations.

The Supervisory Board of the Bank, as the parent company of the Nova KBM Group, controls, within its competencies, that the management and supervisory bodies of subsidiaries pay regard to the objectives, strategies and policies of the parent company.

## **5. Communication with key publics of the Bank**

An important orientation of Nova KBM d.d. is to efficiently adapt its communication support to the Bank's business, marketing and selling objectives, and the systematic communication with stakeholders, i.e. all key publics of the Bank. Efficient communication strengthens visibility, market position and reputation of the Bank.

### **Investment publics**

Nova KBM d.d. protects the interests of investors and endeavours to maximise the value of the Bank. Nova KBM d.d., as one of the companies in the prime market segment of the Ljubljana Stock Exchange, pursues the highest standards of timely communication with investment publics (shareholders—owners, investors, analysts, stockbrokers, rating agencies, regulators, etc.) and all other interested publics in accordance with Recommendations of the Ljubljana Stock Exchange and the Corporate Governance Code for Public Limited Companies. By so doing, the Bank prevents the occurrence of information asymmetry. The Bank publishes each year on its website the financial calendar which sets out the dates of all important announcements.

The Chairman of the Supervisory Board, the President of the Management Board and the Member of the Management Board in charge of finance are in Nova KBM d.d. responsible for communication with the investment publics.

### **Customers**

By implementing the principle of responsibility and the system of values, Nova KBM d.d. fulfils all obligations entered into with customers. Partner relations with customers and the ability of providing safety, liquidity and complete customer satisfaction is the principal objective of cooperation and mutual confidence between shareholders and the management of the Bank.

Nova KBM d.d. ensures good cooperation with customers through its highly skilled workforce that – through personal contacts, professionalism and expert advice – actively market the services of the Bank and the Nova KBM Group.

### **Public authorities**

Nova KBM d.d. complies with regulations, recommendations and best practice standards of competent public authorities and other institutions, and plays an active role in the changing of regulations governing the banking industry.

### **Supervisory authorities**

Nova KBM d.d. collaborates with supervisory authorities in a professional and correct manner and fully observes decisions and recommendations issued by these institutions. Operations of the Bank are, amongst others, controlled by: the Bank of Slovenia, the Securities Market Agency and the Ljubljana Stock Exchange.

### **Suppliers and creditors**

Nova KBM d.d. strictly adheres to the agreed-upon obligations to suppliers and creditors. The Bank endeavours to establish long-term cooperation and partner relations with suppliers. Bank aims as far as possible to develop collaboration between employees and suppliers and to establish mutual responsibility for timely accomplishment of agreed services.

### **Employees**

Professionalism, knowledge of employees, their motivation, commitment and satisfaction represent a competitive advantage for the Bank. Nova KBM d.d. is constantly upgrading the systematic training of its employees and takes care of the well-developed internal communication system. By so doing, the Bank helps employees better understand the environment in which it operates, contributes to an improved business culture and more efficient operating processes, to the consolidation of the system of values, and strengthens the motivation, commitment and satisfaction of employees.

### **Media**

The Bank respects the right of the public to receive information about services, activities and decisions of the Bank. Through systematic collaboration with the media, it contributes to a better awareness of the public of financial matters, and to a greater recognition and corporate reputation. In any collaboration with the media, the Bank also utilises the synergy of the Bank's and the Group's joint communication channels.

### **Local and broader communities**

By having a positive attitude against the community, the Bank stimulates and exercises its responsibility towards the social, economic and natural environment in which it operates and strengthens its visibility and reputation.

The Bank actively recognises opportunities where it can contribute to the development of the social and economic environment by applying its knowledge and other sources, and stimulates and exercises an appropriate attitude towards the natural environment. Development partnerships, sponsorships and grants are responsibly managed by the Bank on the basis of the adopted policy, annual plans, and interim initiatives and opportunities. The Bank earmarks sponsorships and grants for projects and events in the field of sports, culture, education, professional development and charity.

## **6. Communication strategy**

Public communication is based on business strategy and reputation risk policy, and is determined by the annual and interim communication plans. Through appropriate communication, the Bank establishes and upgrades relations with its interest groups, contributes to the implementation of business objectives, and strengthens its reputation, which all brings additional value to those collaborating with the Bank. In so doing, the Bank follows its principles of long-term strategic communication and reputation management, as well as the necessity of timely and well thought-out communication activities.

Nova KBM d.d. and members of the Nova KBM Group strive to create synergies in the public communication of each of the Nova KBM Group members.

## **6.1. Communication with the investing public**

In accordance with the policy of communication with the investing public, Nova KBM d.d. utilises the following communication tools:

- participation in investor conferences at home and abroad
- announcements via the Ljubljana Stock Exchange information dissemination system (SEOnet)
- Nova KBM d.d.'s website
- Shareholders' Meetings
- press conferences
- meetings with investors and analysts
- publication of financial calendar
- communication with the financial media, etc.

## **6.2. Communication with internal and external publics**

### **Internal communication**

The Bank's internal communication system provides the employees with timely, reliable and understandable information. Communication with employees is carried out using different tools such as:

- internal information system (intranet and electronic circulars)
- internal newspaper
- personal communication (meetings and similar formal discussions)
- informal discussions
- social meetings and events
- meetings with trade union representatives.

### **External communication**

In external communication with other publics (in addition to the investing public), Nova KBM d.d. wishes to strengthen its visibility, reputation, confidence, and loyalty of key customers and business partners towards Nova KBM d.d. and the Nova KBM Group, across all geographic regions.

The Bank proactively communicates with journalists and responds quickly to their requests, in accordance with best practices and the media communication policy. It communicates with the media in a responsible manner and in compliance with public communication principles, such as timeliness, accuracy, reliability of information and mutually respectful relationship. At important events and following significant business decisions, the Bank hosts press conferences and similar events, draws up regular press releases, organises interviews with Bank speakers, and takes care of other ways of communication with the media.

It prepares different materials and professional publications for its customers, enabling them to get all necessary information regarding the terms and conditions of new banking services, and hosts professional gatherings of its key customers. The Bank also conducts customer satisfaction surveys, on the results of which it steers and upgrades its communication with customers.

## **Protection of confidentiality of business secrecy and inside information**

Nova KBM d.d. uses regulations that set out the protection of confidentiality of business secrecy and inside information to be applied by members of management and supervisory bodies as well as other persons who have the access to inside information. The following regulations have been adopted by Nova KBM d.d. to this end:

- Regulations for trading in shares
- Regulations on business secrecy and protection

Nova KBM d.d. has in place a clearly defined internal information flow, along with the recording and supervision of access to inside information from origin to public announcement. To this end, the Bank has adopted the Regulations regarding the system for collecting, assessing, publishing and handling of inside and other price-sensitive information.

Nova KBM d.d. has set up mechanisms for preventing information leakage in cases of exceptional events due to which certain persons could have access to inside information. By applying measures and procedures for the protection of business secrecy, it is possible to:

- determine at a later stage when certain confidential information was handled and by whom
- protect documents, facilities, technical devices and procedures
- provide for safe handling and storage of business secrecy
- provide for safe transmission and transfer of business secrecy.

### **6.3. Persons responsible for communication**

The Management and Supervisory Board communicate with publics on a regular basis. The Supervisory Board informs the public of its meetings via the SEOnet system and press releases, while the Management Board, in accordance with the financial calendar, uses the SOEnet, annual reports and other tools to inform the public of important business decisions.

The Management Board is responsible for communicating with the public in relation to Bank's operations, strategy and future plans, whilst for individual business areas a person authorised by the Management Board is in charge of communication.

Persons who have access to strictly confidential information and are not, by law or contract, obliged to protect secrecy (e.g. inspectors, auditors, etc) must sign a special statement concerning the protection of business secrecy.

## **7. Protection of the interests of employees**

We at Nova KBM d.d. are aware that competent, committed and motivated employees are of key importance for implementing business objectives of the Bank.

Staff management within Nova KBM d.d. is devoted to constant training and development of employees, which has an impact on each employee, thus indirectly contributing to the performance and development of the Bank, its competitive position and, consequently, operating results.

Nova KBM d.d. employees are trained within internal programmes where, apart from specific professional knowledge, they also deepen their knowledge in 'common' subjects (management, selling, communication, foreign languages, computer science, etc.). The employees also acquire



new skills through interaction with other trainees, and by participating in external training and formal education programmes. The aim of training activities is to support the development and transfer of knowledge that is vital for individual business areas and at the same time supports the strategy and business objectives of the Bank.

An important issue is also the management of key personnel and investments in their development, since these employees will form an important competitive advantage of Nova KBM d.d. in the future.

In addition, management culture and a flexible, incentive and objective remuneration system contribute largely to the commitment and motivation of employees, helping the Bank to provide the commitment of employees towards implementing the vision and objectives of both individual organisational units and the Bank as a whole.

Nova KBM d.d. is aware of the employee participation. Therefore, the Management Board and internal professional services regularly communicate with the trade union which has a crucial role in the drawing up and adoption of internal acts that affect the position of employees in Nova KBM d.d.

Nova KBM d.d. decisively supports the equality of employees and the policy of equal opportunities for all employee groups, and protects the dignity and personal integrity of employees.

## **8. Document implementation**

The Corporate Governance Policy shall become effective as from the date on which it is adopted by the Supervisory and Management Board of Nova KBM d.d. In accordance with the Bank's Articles of Association, this document shall become a binding internal document of the Nova KBM Group, which Nova KBM d.d. and all of its office-holders shall comply with in its actions. The shareholders and the interested publics shall be informed of the adoption and content of this document by publication in the SEOnet system and on the Nova KBM d.d.'s website. The document shall be at the same time presented to all the employees who exercise management rights in the Nova KBM Group.

The Management Board of Nova KBM d.d. will follow the implementation of this document on a regular basis, and will set up mechanisms through which the employees will be able to get instructions on how to deal with concrete dilemmas and report on any breach of the Corporate Governance Policy.

Maribor, 1 October 2010

Management Board of Nova KBM d.d.

Supervisory Board of Nova KBM d.d.

A. Plos  
Member

M. Skernišak  
Member

M. Kovačič  
President

D. Toplek  
Chairman