

Summary of the Nova KBM d.d. and the Nova KBM Group business policy and financial plan for the year 2011

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

The preparation of the 2011 business policy and financial plan of Nova Kreditna banka Maribor d.d. and the Nova KBM Group took place on the basis of the Group strategy and guidelines formulated in November 2010 and later discussed and adopted by the Bank's Supervisory Board. The latest forecasts concerning the economic activity in the euro area throughout 2011 and 2012 are more optimistic; however, there is still uncertainty as regards the speed and sustainability of economic growth.

Together with the management of subsidiary and affiliated companies, the Management Board of Nova KBM d.d. drafted in the first half of 2008 common strategic guidelines and objectives until the year 2013. Due to the global economic crisis and changes in the business environment, the Bank recast these guidelines in the course of 2009 and 2010. The strategy was first adopted by individual Group companies and afterwards, in May 2010, endorsed by the Supervisory Board of Nova KBM d.d. The Nova KBM Group will continue to follow the basic guidelines and policies laid down in the adopted strategy, yet the speed of its implementation will be such as current operations in the period of recession and economic recovery will allow.

1.1 Strategy of Nova KBM Group

Values of Nova KBM Group are as follows: a focus on development; performance excellence; a focus on clients; transparency; affiliation within the Group and the importance of the individual.

Mission of the Nova KBM Group is the following: Our concerns are being prudent, stable and profitable.

The Nova KBM Group is structured by divisions, which include: banking; real estate activity; funds management; leasing. Within each division, there is a leading company that coordinates activities of companies in a division, including its internationalization (vertical coordination). The leading companies of individual divisions are the following: Nova KBM d.d. (banking); KBM Fineko d.o.o. (real estate activity); KBM Infond d.o.o. (funds and pension savings); KBM Leasing d.o.o. (leasing). In addition, the Group offers a limited range of non-life and life insurance products of its affiliated company, Zavarovalnica Maribor d.d.

Vision of the Nova KBM Group: The Nova KBM Group's goal is to further strengthen its position as a leading financial group in its region, offering a comprehensive range of banking and non-banking products and services delivered through both traditional and innovative distribution channels in the markets in which it operates. By the term 'region' we understand the markets of the republics of the former Yugoslavia, as well as in other Balkan countries.

Key strategic orientations of the Nova KBM Group are as follows:

- Strengthen the Nova KBM Group's position through cross-selling and developing its distribution network,
- Focus on international expansion,
- Optimize the Group's Management and Governance,
- Develop Innovative Distribution Channels.

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 2011 took place on the basis of the data disclosed in autumn forecasts of the Institute of Macroeconomic Analysis and Development (IMAD). The following macroeconomic aggregates were observed in the drafting of the 2011 financial plan:

(%)	2010	2011	2012
GDP growth rate	0.9	2.5	3.1
Registered unemployment rate	10.7	11.0	10.6
Exports growth rate	7.0	5.9	7.0
Imports growth rate	5.6	4.5	5.9
Domestic final consumption growth rate	(0.2)	0.5	1.8
Fixed-capital investments growth rate	(3.5)	4.0	4.3
Inflation (annual average)	2.1	2.7	2.2

Source: IMAD; Autumn Forecast; September 2010

2.1 Nova KBM d.d. – forecast for stand alone financials as at 31 December 2011

Management forecast that **total assets** of Nova KBM d.d. are expected to reach approximately €4,856.9 mn by the end of 2011.

Debts due to non-financial companies are expected to be €328.5 mn approximately by the end of 2011.

Debts due to households (citizens and sole proprietors) are expected to be approximately €2,054.9 mn.

Debts due to the state and other customers are expected to be approximately €681.7 mn.

As at 31 December 2011, the Bank's **equity** is forecast to be approximately €485.3 mn.

Loans and advances to non-financial companies are expected to be approximately €1,716.4 mn.

The Bank projects the total amount of **loans and advances to households** (citizens and sole proprietors) at €1,058.4 mn. **Loans and advances to the state and other customers** are expected to be approximately €529.7 mn.

As for the **portfolio of securities** as at 31 December 2011, financial assets held for trading will reach approximately €8.0 mn, available-for-sale financial assets are expected to be approximately €779.1 mn, while held-to-maturity financial assets are expected to be approximately €100.0 mn.

The Bank's 2011 pre-tax **profit from continuing operations** is projected at €13.9 mn; net profit is expected to be €11.1 mn.

Interest income is forecast to be approximately €212.4 mn, while interest expense is expected to be approximately €105.0 mn, providing **net interest income** of approximately €107.4 mn. The projected **interest margin**, calculated as the ratio between net interest income and the average total assets, is forecast to be 2.20%.

According to the projection, **net fee and commission income** will amount to approximately €40.7 mn. The Bank is expected to cover with net fees and commissions 47% of its administration costs including depreciation and amortization. Administration costs including depreciation and amortization are expected to be approximately €87.1 mn in 2011.

Net impairment losses and provisions are projected at approximately €55.0 mn, meaning that expenses for impairment and long-term provisions are expected to exceed income from reversed impairment and provisions for this amount. The projected increase in net impairment losses and provisions is due to the estimated continuing deterioration in the credit portfolio.

2.2 Nova KBM Group – forecast for consolidated financials as at 31 December 2011

The Nova KBM Group (also referred to as the 'Group') is comprised of a group of complementary organisations that are active in the field of financial intermediation and provide the following core financial services: banking, leasing, fund management and real estate operations. These organisations are: Nova KBM d.d., Poštna banka Slovenije d.d., Adria Bank AG, Credy banka a.d., Kragujevac, KBM Infond d.o.o., Moja naložba d.d., KBM Leasing d.o.o., Gorica Leasing d.o.o., KBM Invest d.o.o., KBM Fineko d.o.o., M-Pay d.o.o., KBM Projekt d.o.o. and KBM Leasing Hrvatska d.o.o. In addition, the Group offers a limited range of non-life and life insurance products from its affiliated company, Zavarovalnica Maribor d.d. The Group is able to offer its customers a whole spectrum of financial services and maintain them within the Group, notwithstanding any changes in their preferences as regards financial products (e.g. withdrawal of deposits to invest savings into investment funds).

Management forecast that the projected **total assets** of the Nova KBM Group for 2011 are expected to amount to approximately €5,959.2 mn.

The Group's 2011 pre-tax **profit from continuing operations** is projected at approximately €33.9 mn; **net profit** is projected at approximately €28.0 mn, of which approximately €23.4 mn is **attributable to majority shareholder**.

Interest income is expected to be approximately €267.5 mn, while interest expense is expected to be approximately €125.1 mn, providing **net interest income** of approximately €142.4 mn. According to the projection, **net fee and commission income** is expected to be approximately €57.5 mn. Administration costs including depreciation and amortization is forecasted to be approximately €124.8 mn.

Net impairment losses and provisions are projected at approximately €67.2 mn, meaning that expenses for impairment and long-term provisions will exceed income from reversed impairment and provisions for this amount. The projected increase in net impairment losses and provisions is due to the estimated continuing deterioration in the credit portfolio.

Maribor, 21 January 2011

Nova KBM d.d.