20th Shareholders' Meeting of Nova KBM d.d.

MATERIALS

Nova KBM
A thousand stories. One bank.

On the basis of the provision laid down in the fourth paragraph of Article 31 of the Bank's Articles of Association, The Management Board of Nova KBM d.d., Maribor invites its shareholders to attend the

20th Shareholders' Meeting of Nova Kreditna banka Maribor d.d.

which will take place on Tuesday, 19 July 2011, at 11:00 a.m. in the Minarik Hall of Hotel Habakuk, Pohorska ulica 59, Maribor

AGENDA:

1. **Opening of the Shareholders' Meeting, establishment of quorum and election of Shareholders' Meeting bodies**

On behalf of the convener of the Shareholders' Meeting, the President of the Management Board of the Bank will start the Meeting, establish the participation of shareholders, and advise the shareholders to appoint Grega Peljhan, a lawyer from Ljubljana as the chairperson of the Shareholders' Meeting and Robert Ernestl and Gregor Mavsar as the counters of votes.

Resolution proposal:

The Shareholders' Meeting appoints Grega Peljhan, a lawyer from Ljubljana as the chairperson of the Shareholders' Meeting and Robert Ernestl and Gregor Mavsar as the counters of votes.

On the basis of Article 304 of the Companies Act (ZGD-1), Ines Bukovič, notary public of Maribor, will attend the 20th Shareholders' Meeting of Nova KBM d.d., Ulica Vita Kraigherja 4, Maribor.

The resolution was proposed by the Management Board.

2. **Taking note of the 2010 Report on Internal Audit of the Nova KBM Group, together with the opinion of the Supervisory Board, the 2010 Annual Report of the Nova KBM Group and Nova KBM d.d., together with the auditor's report, and the report of the Supervisory Board on verification of the 2010 Annual Report of the Nova KBM Group and Nova KBM d.d.**

3. **Adoption of resolution on the appropriation of the 2010 balance sheet profit (profit available for distribution) and on granting discharge to the Management and the Supervisory Board of Nova KBM d.d. for the financial year 2010, and information on the remuneration provided to members of the management and supervisory bodies in 2010**

Resolution proposal:

- On the basis of the proposal of the Management Board and the opinion of the Supervisory Board, the entire 2010 balance sheet profit (profit available for distribution) of €3,391,912.68 shall be used for the payment of dividends to shareholders. The gross dividend amounts to €0.13 per share.
  Shareholders entered in the share register on 31 March 2011 are entitled to dividends
  The dividend will be paid out on 20 September 2011.
- The Shareholders' Meeting gives a discharge to the Bank's Management Board for
- the financial year 2010.

The Shareholders' Meeting gives a discharge to the Bank's Supervisory Board for the financial year 2010.

The resolution was proposed by the Management and the Supervisory Board.

4. Adoption of resolution on the appointment of the certified auditor for the audit of the 2011 financial statements of the Bank and the Group

Resolution proposal:

Based on the proposal of the Supervisory Board, the auditing firm Ernst & Young d.o.o., Ljubljana, is appointed as the certified auditor for the audit of the 2011 financial statements of Nova KBM d.d. and the Nova KBM Group.

The resolution was proposed by the Supervisory Board.

5. Proposal for amendments to the Articles of Association of Nova KBM d.d.

Resolution proposal:

- The Shareholders' Meeting of Nova KBM d.d. adopts the amendments to the Articles of Association as proposed.
- On the basis of the proposed amendments, the consolidated text of the Nova KBM d.d. Articles of Association shall be drawn up.

The resolution was proposed by the Management and the Supervisory Board.

6. Proposal determining the amount of the basic remuneration, attendance fees and other benefits and reimbursement of costs to the members of Supervisory Board and members of Supervisory Board committees

Resolution proposal:

- For holding their office, Supervisory Board members shall receive gross monthly remuneration in the amount EUR 1,291.00. The chairman of the Supervisory Board shall receive gross monthly remuneration in the amount EUR 1,936.00, while the deputy chairman of the Supervisory Board shall receive for his work gross monthly remuneration of EUR 1,410.00.
- Members of Supervisory Board standing committees (stated in the Articles of Association or determined as such by Supervisory Board resolution) who are simultaneously Supervisory Board members shall receive for their work gross monthly remuneration of EUR 322.00 (extra payment), members of committees who are not Supervisory Board members shall receive gross monthly remuneration as determined by the Supervisory Board. The chairman of Supervisory Board committee shall receive for his work gross monthly remuneration of EUR 483.00 (extra payment), while the deputy chairman of Supervisory Board committee shall receive for his work gross monthly remuneration of EUR 354.00 (extra payment).
- Members and chairman of Supervisory Board as well as chairmen of Supervisory Board committees shall receive a monthly reimbursement and extra payment to which they are entitled for as long as they hold their office. If they hold their office for less than one month, they are entitled to a proportional payment depending on the number of working days. Regardless of the aforementioned and regardless of

the number of committees an individual is member of, or chairs over, each individual member of Supervisory Board committees is entitled to extra payments in each financial year for as long as the total amount of such payments reaches the amount of 50% of the basic remuneration for holding the office of each individual Supervisory Board member.

- In addition to the monthly remuneration for the office, the chairman and members of the Supervisory Board as well as the chairman and members of the Supervisory Board committees shall receive an attendance fee for attending the meetings in compliance with the provisions of the Articles of the Association and this resolution by the Shareholders' Meeting. Regardless of the aforementioned and regardless of the number of attendances of meetings, each individual member of Supervisory Board is entitled to attendance fees in each financial year for as long as the total amount of such fees, be it for meetings of Supervisory Board or meetings of Supervisory Board committees, reaches the amount of 50% of the basic remuneration for holding the office of each individual Supervisory Board member.
- The chairman and members of Supervisory Board shall receive a gross attendance fee in the amount of EUR 275.00. The chairman and members of Supervisory Board committees shall receive a gross attendance fee in the amount of EUR 220.00.
- For each correspondence meeting, members of Supervisory Board or committees shall receive a gross attendance fee amounting to 80 per cent of the attendance fees referred to in item 5 of this resolution.
- Members of non-standing Supervisory Board committees shall receive remuneration for their office in the amount defined in item 2 of this resolution for as long as an individual committee remains operative.
- For participation in meetings and other activities as per Supervisory Board resolution (training, meeting etc.), members of Supervisory Board and committees shall be reimbursed the actual amount of travel and other costs.
- From the date of adoption of this resolution, the resolution on attendance fees and other benefits of members of the Supervisory Board and Supervisory Board committees adopted at the 18th Shareholders' Meeting dated 8 July 2009 shall cease to have force. This resolution shall take effect on the day following its adoption at the Shareholders' Meeting.

The resolution was proposed by the Supervisory Board.

Information for shareholders

Availability of the material for the Shareholders' Meeting, resolution proposals with explanations and information in connection with the Meeting

The material for the Shareholders' Meeting including resolution proposals with explanations, the text of the proposed amendments to the Articles of Association with explanations, the clean copy of the Articles of Association, the Annual report, the Supervisory Board report, the corporate governance statement as well as other material referred to in the second paragraph of Article 297 of the Companies Act (ZGD-1), will be available for inspection at the headquarters of Nova KBM d.d., Maribor, Ulica Vita Kraigherja 4, from the date of publishing the call until the day of the Shareholders' Meeting each working day between 10:00 a.m. and 1:00 p.m as well as on the Bank's website: *www.nkbm.si*. The call of the meeting, resolution proposals with explanations, the text of the proposed amendments to the Articles of Association and other material are also published on the website of the Ljubljana Stock Exchange (*http://seonet.ljse.si*) and on the website of Warsaw Stock Exchange (http://gpw.pl/root_en).

Information referred to in the third paragraph of Article 296 of the Companies Act (ZGD-1), as well as detailed information on the rights of shareholders in respect of requesting additional agenda items, proposing counter-proposals to resolutions, election proposals and rights of shareholders to information (first paragraph of Article 298, first paragraph of Article 300, Article 301 and Article 305 of the Companies Act (ZGD-1)) are published on the Bank's website.

Shareholder requests and proposals

Shareholders whose total shares reach one twentieth of the share capital may request in writing an additional item on the agenda seven days after publication of the call of the Shareholders' Meeting. To the request the resolution proposal to be decided by the Shareholders' Meeting must be attached in writing, or, the explanation of the agenda item, if no resolution is to be adopted about an individual item. In compliance with the third paragraph of Article 298 of the Companies Act (ZGD-1), the Bank's Management Board shall publish those additional agenda items required by the shareholders and sent to the Bank no later than seven days following the publication of the call of the Meeting.

Shareholders may also communicate their requests for additional agenda items by email

delnicar@nkbm.si or by fax: 386 (0)2 229 2014.

To each agenda item shareholders may provide written resolution and election proposals. In the same manner as the present call of the meeting, the Management Board shall also publish those shareholder proposals that will be sent to the bank no later than seven days following the publication of the call of the meeting, that will be reasonably substantiated, and for which the shareholder – proposer advises that he plans to object to the Management or Supervisory Board's resolution at the meeting, and that he will bring other shareholders to vote for his proposal. In compliance with Article 301 of the Companies Act (ZGD-1), the shareholders need not substantiate election proposals. Resolution and election proposals may also be communicated to the company by email *delnicar@nkbm.si* or by fax: 386 (0)2 229 2014.

Requests for additional agenda items and resolution and election proposals communicated to the Bank by email must be scanned and sent as an attachment, they must contain the personal signature of the natural person, and in case of legal entities they must contain the personal signature of the statutory representative and stamp of the legal entity, if it is being used. The Bank is entitled to check the identity of the shareholder or the principal sending the request or proposal by email as well as the authenticity of his signature.

Shareholder's right to information

At the Shareholders' Meeting the shareholders may put questions and request information on matters of the Bank, if this is necessary to assess the agenda, and they may exercise their right to information in compliance with the first paragraph of Article 305 of the Companies Act (ZGD-1).

Conditions for the participation in the Shareholders' Meeting and exercising of the voting right

The Shareholders' Meeting may be attended by only those shareholders who register their participation in the Meeting with the Management Board no later than 3 days before the session, i.e. by 15.7.2011 inclusive, and are entered in the central registry as owners of shares at the end of 15.7.2011 The registration is to be sent by mail to the address: Nova Kreditna banka Maribor d.d., tajništvo banke – za skupščino, 2505 Maribor. The registration for the Shareholders' Meeting cannot be sent via electronic means. Only registrations with original signatures will be considered valid and will be taken into consideration.

Each shareholder entitled to participate in the Shareholders' Meeting can appoint a proxy to attend it on his behalf and to exercise his voting right. The written power of attorney must be submitted to the Bank where it will be kept. The form for exercising the voting right via a proxy is available on the Bank's website, and each shareholder can obtain it free of charge at the Bank's headquarters in Maribor, Ulica Vita Kraigherja 4, each working day between 10:00 a.m. and 1:00 p.m from the date of publishing the call until the day of the Shareholders' Meeting. The power of attorney may also be

sent to the company by email to *delnicar@nkbm.si*, it must be scanned and sent as an attachment, it must contain the personal signature of the natural person, and in case of legal entities it must contain the personal signature of the statutory representative and the stamp of the legal entity, if it is being used. The Bank is entitled to check the identity of the shareholder or the principal sending the power of attorney by email as well as the authenticity of his signature. The power of attorney may also be sent to the company to the fax no. 386 (0)2 229 2014. Until the day of the Meeting, the power of attorney may be revoked by the shareholder anytime in the same manner as it was granted.

If so requested, the shareholders or their representatives or proxies must provide their personal documents, written power of attorney, statutory representatives must also provide the extract from the court or business register.

On the day of the call of the Meeting, the Bank has 39,122,968 ordinary registered no par value shares. According to the law, each ordinary share entitles its owner to one vote at the Shareholders' Meeting. On the day of the call of the Meeting, the Bank has no own shares; however, Poštna banka Slovenije d.d., a banking member of the Nova KBM Group, holds, on the day of convening the Shareholders' Meeting, 136,000 ordinary registered no-par value shares of Nova KBM d.d.

Upon their arrival at the venue, the participants are kindly invited to register with the reception office one hour prior to the session in order to confirm their presence at the Meeting and to take over the material necessary for voting.

If at the stated time the Shareholders' Meeting does not have a quorum, there will be another session on the same day and at the same venue at 12.00 In this case the Meeting will have a quorum regardless of the number of shareholders present or represented.

Maribor, 17.6.2011

Management Board of Nova KBM d.d

Andrej Plos,	Manja Skernišak,	Matjaž Kovačič,
Member	Member	President

Point 1

Opening of the Shareholders' Meeting, establishment of quorum and election of Shareholders' Meeting bodies

The Shareholders' Meeting bodies need to be appointed in order for the regular annual meeting of shareholders to be conducted. Pursuant to the Articles of Association of Nova KBM d.d., the Shareholders' Meeting is chaired by a chairperson who is appointed by the Shareholders' Meeting on the motion of the Bank's Management Board. The Bank's Management Board proposes Grega Peljhan, a lawyer from Ljubljana to chair the Shareholders' Meeting. The Bank's Management Board proposes the representatives of the company IXTLAN FORUM d.o.o., Ljubljana, to be elected as the counters of votes. This company was selected on the basis of good references and has already been successfully in charge of voting and counting of votes at the Shareholders' Meetings of Nova KBM d.d. in previous years. The attendance of a notary public must also be ensured for smooth running of the Shareholders' Meeting.

On the basis of Article 32 of the Bank's Articles of Association, the Management Board proposes to the Shareholders' Meeting to adopt the following

Resolution:

The Shareholders' Meeting appoints Grega Peljhan, a lawyer from Ljubljana as the chairperson of the Shareholders' Meeting and Robert Ernestl and Gregor Mavsar as the counters of votes.

On the basis of Article 304 of the Companies Act (ZGD-1), Ines Bukovič, notary public of Maribor, will attend the 20th Shareholders' Meeting of Nova KBM d.d., Ulica Vita Kraigherja 4, Maribor.

Maribor, 17.6.2011

Management Board of Nova KBM d.d

Andrej Plos,	Manja Skernišak,	Matjaž Kovačič,
Member	Member	President

Point 2

TAKING NOTE

of the 2010 Report on Internal Audit of the Nova KBM Group, together with the opinion of the Supervisory Board, the 2010 Annual Report of the Nova KBM Group and Nova KBM d.d., together with the auditor's report, and the report of the Supervisory Board on verification of the 2010 Annual Report of the Nova KBM Group and Nova KBM d.d.

Pursuant to the first paragraph of Article 282 of the Companies Act (ZGD-1), the Supervisory Board verified at its 32nd regular meeting held on 31 March 2011 the complete 2010 Annual Report of the Nova KBM Group and Nova KBM d.d., submitted by the Bank's Management Board, and, in accordance with the second paragraph of Article 282 of the Companies Act (ZGD-1), adopted at the same meeting the report of the Supervisory Board on verification of the 2010 Annual Report of the Nova KBM Group and Nova KBM d.d. as well as the resolution on approving the 2010 Annual Report of the Bank and the Group (Appendix).

In accordance with the second paragraph of Article 282 and the third paragraph of Article 294 of the Companies Act (ZGD-1), on the basis of which the Management Board is obliged to present to the Shareholders' Meeting the annual report and the report of the Supervisory Board, the Shareholders' Meeting takes note of the stated documents.

Pursuant to Article 201 of the Banking Act (ZBan-1), the internal audit department shall draw up the annual report on internal audit (Appendix), which must be put by the Management Board on the agenda of the Shareholders' Meeting of the Bank, together with the audited annual report of the Bank and the report of the Supervisory Board. In accordance with these provisions, the Bank's Management Board submitted to the Supervisory Board on 31 March 2011 the 2010 Report on Internal Audit of the Nova KBM Group, based on which the Supervisory Board formulated the following **opinion**:

»The Supervisory Board notes that the internal auditors of the Group operate in compliance with the legislation, International Standards for the Professional Practice of Internal Auditing, the Code of Ethics of Internal Auditors and the Code of Principles of Internal Auditing.

The functioning of the internal auditors of the Nova KBM Group was set up in 2010 and is based on the Document of Internal Auditing (Charter). The Internal Audit Centre of the Bank is responsible for coordinating the work of all internal auditors in the Group, and for the transfer of good practice.

The internal auditors of the Group performed the audit reviews on the basis of the Group's annual plan of internal audits. In the audit of the banking division (except for Adria Bank AG), a focus was put on risk management and the process of assessing economic capital. As regards the risk management, a special emphasis was placed on credit risk management, both from the point of view of commercial departments and from the point of view of the system for measuring, monitoring and reporting on risks. The audit of commercial departments was focused on the loan approval procedures, collateral provided for the loans, and the procedures for collecting debts. The debt collection procedures were audited at the level of commercial departments as well as at the level of specialised services. Operational risk management was audited in the following segments: information technology, cash operations, staff function, and organisation. The recently established compliance function was also subject to audit.

The internal audit reviews in Zavarovalnica Maribor d.d. were focused mainly on risk management, with emphasis placed on property insurance risks, market risks, credit risk from the point of view of collecting debts under insurance transactions, life insurance risks, and operational risk with respect to compliance with the legislation.

The fund management and pension insurance division includes KBM Infond d.o.o. and the pension company Moja naložba, pokojninska družba, d.d. In both companies, audits were carried out in key operating areas, and were focused on investments, marketing, provision of new services (supplementary annuity insurance and payment of annuities), and risk management. The focus in carrying out these audit reviews was on the functioning of the system of internal controls and on the legitimacy of operations.

The leasing and real estate activity division includes KBM Leasing d.o.o., Gorica Leasing d.o.o., KBM Leasing Hrvatska d.o.o., KBM Invest d.o.o., KBM Projekt d.o.o. and KBM Fineko d.o.o. The audit reviews in these companies were focused mainly on the credit and operational risk management system, and on cost management.

Based on the aforementioned, the Audit Committee believes that the objectives of the internal audit reviews have been met and that the audit reviews carried out by internal auditors in 2010 were in accordance with the principal purpose of internal auditing – i.e. assessing the adequacy and efficiency of the system of internal controls for managing and controlling risks, the security of IT systems, and the accuracy of reporting. By implementing the recommendations derived from internal audits, an improvement in the efficiency of the system of internal controls has been achieved, resulting in a more sophisticated risk management system, which is of crucial importance in view of the current operating environment.

Through interim reports and the annual Report on Internal Audit of the Nova KBM Group, the Internal Audit Centre informed the Supervisory Board of Nova KBM d.d. on important findings of individual audit reviews, on recommendations to eliminate irregularities, and on the implementation of recommendations issued by the Internal Audit Centre. As stated in the Report on Internal Audit, all agreed-upon tasks aimed at controlling the operations of the Bank and other companies in the Nova KBM Group have been carried out.«

Based on the aforementioned, the Management and the Supervisory Board propose to the Shareholders' Meeting to consider, in accordance with the second paragraph of Article 282 and the third paragraph of Article 294 of the Companies Act (ZGD-1), and Article 201 of the Banking Act (ZBan-1), the 2010 Report on Internal Audit of the Nova KBM Group, together with the opinion of the Supervisory Board, the 2010 Annual Report of the Nova KBM Group and Nova KBM d.d., together with the auditor's report, and the report of the Supervisory Board on verification of the 2010 Annual Report of the Nova KBM Group and Nova KBM d.d.

Maribor, 17.6.2011

Management Board of Nova KBM d.d

Supervisory Board of Nova KBM d.d.

Andrej Plos,	Manja Skernišak,	Matjaž Kovačič,	mag. Danilo Toplek,
Member	Member	President	Chairman

To Point 2

REPORT

of the Supervisory Board on verification of the 2010 Annual Report of the Nova KBM Group and Nova KBM d.d.

Introduction

The Supervisory Board of the Bank pursued its activities during 2010 in two different formations. In the first half of the year, the Supervisory Board was composed of the following members: Danilo Toplek, Chairman, Franc Škufca, Deputy Chairman, and members Andrej Svetina, Anton Guzej, Ivan Vizjak, Alenka Bratušek, Dušan Jovanovič and Janez Košak.

Following the resignation notice submitted by Marko Jazbec on 4 November 2009, the Shareholders' Meeting appointed Aleš Krisper as a new Supervisory Board member on 22 June 2010.

In both formations, the Supervisory Board carried out its function of assuring efficient supervision over the management of the Bank and the Group, and its duty of careful and scrupulous performance, on the basis of its competencies as laid down by law and other regulations as well as by internal acts of Nova KBM d.d. The Corporate Governance Code for Public Limited Companies was also observed by the Supervisory Board in performing its duties.

Based on a review of performance of the Supervisory Board, we are of the opinion that the Supervisory Board carried out its work of supervising the Bank's Management Board as well as operations of the Bank and the Group in compliance with its competencies and in an appropriate manner.

Method and scope of supervising the management of the Bank and the Nova KBM Group

The work of the Supervisory Board was adequately organised and was carried out in accordance with the Rules of Procedure Governing the Work of the Supervisory Board. Supervisory Board members received professionally prepared materials which enabled them to be well-informed on the matters on which they had to decide.

We believe that the Supervisory Board had sufficient reports and information available to responsibly control the operations of the Bank and the work of the Internal Audit Centre, to supervise the management of the Bank during the year, and to actively participate in the creation of the governance policy. The Supervisory Board was furnished with additional commentary or explanations when this was found necessary.

Members of the Supervisory Board took all precautionary measures to avoid any conflicts of interest that might influence their decisions. In case of conflicts of interest, the Supervisory Board members acted in accordance with law and the Corporate Governance Code for Public Limited Companies. Detailed criteria for assessing the existence of conflicts of interest and measures to be taken in this respect are also set out in the Rules of Procedure Governing the Work of the Supervisory Board.

Any conflicts of interest for individual Supervisory Board members were only provisional and were not a reason for ending his/her term of office.

In accordance with the Corporate Governance Code for Public Limited Companies, all members of the Supervisory Board have signed a statement declaring that they meet the criteria of independence, that they are professionally qualified to act on the Supervisory Board, and that they have sufficient experience and skills to perform such work.

Prior to assessing the potential candidate for a new Supervisory Board member, the Supervisory Board took into consideration the recommendations of the Nomination Committee and the Appointment Board, and determined on this basis the professional skills and experience the candidate would require in order to diligently carry out the function of a Supervisory Board member. The assessment with respect to satisfying the requirements was disclosed by the Supervisory Board in the proposal for the Bank's Shareholders' Meeting.

The Chairman of the Supervisory Board did his work in accordance with the competencies and the Rules of Procedure Governing the Work of the Supervisory Board, and also cooperated with the Bank's Management Board during Supervisory Board meetings. The Chairman of the Supervisory Board encouraged other Supervisory Board members to perform their duties efficiently and actively. He chaired the meetings in such a way as to provide for responsible decision-making by the Supervisory Board. The communication of the Supervisory Board with the public was conducted through its Chairman.

The composition of the Supervisory Board, the members of which have proper and complementary knowledge, experience and skills, as well as personal integrity and professional ethics, provides for responsible supervision and decisions to be reached to the benefit of the Bank. The manning of the Supervisory Board provides for and enables well-focused discussions and the adoption of correct decisions based on the excellent balance of experience and skills of its members.

Supervisory Board members came to meetings well prepared, and meetings were regularly attended by the majority of its members. Supervisory Board members were adequately prepared for discussing relevant affairs; they presented constructive proposals and, on the basis of professionally prepared and comprehensive information provided by the Management Board, reached decisions in compliance with the Rules and competencies. The Rules of Procedure Governing the Work of the Supervisory Board are harmonised with the Corporate Governance Code for Public Limited Companies. The Management Board of the Bank was invited to all Supervisory Board meetings.

The Supervisory Board believes that its members carried out their work with great responsibility and commitment. In 2010, some members of the Supervisory Board attended the supervisory board members' training programme for which they also received relevant certificates.

In addition to exhaustive materials prepared for the Supervisory Board, the Management Board of the Bank provided all necessary explanations on individual issues. Beside detailed arguments of the Management Board given directly at the meetings, the members of the Management Board were also prepared to discuss in detail any questions from the Supervisory Board members. The communication and cooperation between the Management and the Supervisory Board was adequate and correct.

Based on a self-assessment of the Supervisory Board and its committees carried out in 2010, it was established that, as regards the preparation for the meetings, their participation in and activity at the meetings, and their contribution to formulating individual decisions reached, the Supervisory Board members effectively, actively and successfully performed their supervising function during 2010. In so doing, they contributed to the efficient corporate governance of the Bank and the Group, protection of the Bank's shareholders' and creditors' interests, and had fully met the expectations, requirements and recommendations of supervising institutions.

Examination of Bank's operations and consideration of most important issues relating to the Bank's business

During 2010 the Supervisory Board (in both formations) met at 11 regular and three correspondent meetings. The most important issues discussed at the Supervisory Board meetings in 2010 were connected with the Bank's current operations that had been impacted by the changed market conditions as a result of the financial and economic crisis. Another important issue discussed and approved at the Supervisory Board meetings was the strategy of Nova KBM d.d. and the Nova KBM Group for the period 2010 – 2013. The Supervisory Board monitored the implementation of the 2010 business policy and financial plan of Nova KBM d.d. and the Nova KBM Group. It was given the reports prepared by the Bank's Management Board on the exposure to customers with financial difficulties, and the reports on changes in the quality of portfolios of leasing companies and banks in the Nova KBM Group. It was also informed of the measures and activities undertaken by the Bank's Management Board with the aim of reducing the Bank's exposure. Furthermore, the Supervisory Board was informed of the starting points for formulating the 2011 business policy and financial plan of Nova KBM d.d. and the
Nova KBM Group, to which it gave consent at the beginning of 2011. In addition to these key issues, the Supervisory Board deliberated on and approved the 2009 Annual Report of the Bank and the Group, as well as other materials which the Supervisory Board submitted for approval to the Shareholders' Meeting. It discussed other important affairs as well.

The Supervisory Board dealt with the following key affairs and issues in 2010:

- At the beginning of the year, the Supervisory Board reviewed the unaudited 2009 report on operations of the Bank and the Group.
- Within the scope of following the operations of the Bank, it regularly discussed quarterly reports on the Bank's and the Group's performance and quarterly internal audit reports.
- It discussed and approved the 2009 Annual Report of the Nova KBM Group and Nova KBM d.d.
- It discussed the materials for the 19th Shareholders' Meeting, and proposed to the Shareholders' Meeting to reach decisions on the appropriation of the profit available for distribution; on granting the discharge to the Management and the Supervisory Board; on nominating the auditor; on amendments to the Bank's Articles of Association; and on appointing an alternate Supervisory Board member. Furthermore, the Shareholders' Meeting was informed of the remuneration provided to members of management and supervisory bodies in 2009. In connection with amendments to the Bank's Articles of Association, the Shareholders' Meeting discussed in particular the adaptation of provisions of the Articles of Association to the amended Companies Act (ZGD-1C).
- It approved the Management Board's starting points for formulating the 2011 business policy and financial plan of Nova KBM d.d. and the Nova KBM Group.
- It gave its consent to the Management Board with regard to setting up a system of internal controls in the Bank. It regularly followed and assessed the strategies and policies of risk acceptance and management.
- For the Shareholders' Meeting, it formulated a proposal for nominating the auditor for 2010.
- It discussed the proposal of the Management Board regarding the Bank's acquisition of Credy banka a.d., Kragujevac, in respect of which it gave its consent in January 2010. It considered the reports of the Management Board on the procedures of taking over Credy banka a.d., as well as the reports on the activities following the acquisition.
- It agreed to the capital injection into Credy banka a.d.
- It gave its consent to the Bank's Management Board with respect to the preparation of documentation and procedures for carrying out the capital increase of Nova KBM d.d. and, in December 2010, gave its consent to the Bank's Management Board with regard to the resolution on the increase in share capital of Nova KBM d.d.

- On 23 December 2009, on the basis of the proposal of the Nomination Committee, it re-elected Matjaž Kovačič as the President of the Bank's Management Board for a five-year term of office starting on 22 May 2010.
- On 24 March 2010, on the basis of the proposal of the Nomination Committee, it re-elected Manja Skernišak as a member of the Bank's Management Board for a five-year term of office starting on 22 May 2010.
- On the basis of the proposal of the Nomination Committee and the Appointment Board, it proposed to the Shareholders' Meeting that Aleš Krisper should be appointed as an alternate Supervisory Board member.

In addition to the above stated key issues, the Supervisory Board discussed the following important matters:

- A report on the Bank's exposure to the largest borrowers, including collateral provided.
- It gave its consent to the upper limit of long-term borrowings of the Bank in 2010.
- It gave its consent to the annual plan of work of the Internal Audit Centre for 2010.
- It was informed of the Report on Internal Audit for 2009.
- It adopted the Corporate Governance Statement for 2009.
- It was informed of the maturity of the RS 15U bonds (rehabilitation bonds).
- It was informed of the Letter of the Bank of Slovenia to the Management and the Supervisory Board, and of the decisions, resolutions and recommendations of the Bank of Slovenia and the explanations of the Management Board in respect of these documents.
- It was informed of the decision of the Insurance Supervision Agency on issuing the licence to Nova KBM d.d. for acquiring an equity stake in Zavarovalnica Maribor d.d., and the decision of the Insurance Supervision Agency with respect to the request of Zavarovalnica Maribor d.d. for extending the period for carrying out the capital increase.
- It took note of the reports drafted by individual Supervisory Board committees.
- At its regular and correspondent meetings, the Supervisory Board gave its consent to the Bank's exposure to individual customers pursuant to the Banking Act (ZBan-1), and approval to the exposure of the Bank to persons having a special relation with the Bank.

Based on the aforementioned, and Articles 272 and 281 of the Companies Act (ZGD-1), the Supervisory Board asserts and establishes that it regularly and thoroughly monitored the operations of the Bank and the Group in 2010 within its competencies, thus adequately supervising the management and operations of the Bank and the Nova KBM Group and the work of the Internal Audit Centre.

Supervisory Board committees

Pursuant to the Companies Act (ZGD-1) and the Banking Act (ZBan-1), the following committees conducted their work during 2010: the Audit Committee, the Remuneration Committee, the Nomination Committee, and the Appointment Board. On 31 August 2010, in accordance with the recommendations of the Corporate Governance Code for Public Limited Companies, the Supervisory Board appointed the Nomination Committee instead of the then acting Remuneration Committee and Nomination Committee, which were dissolved on the day the new Nomination Committee was set up.

Supervisory Board committees performed their work in accordance with the respective programme of work or in accordance with decisions and duties adopted by the Supervisory Board. Supervisory Board committees provided support to the Supervisory Board in controlling the management of the Bank and Group companies. Committees carried out their work in accordance with law, and the Bank's Articles of Association and Rules of Procedure which set out the areas and the method of work of individual committees. Committees are composed of Supervisory Board members and one or more outside experts who have extensive knowledge of the area for which a particular committee is responsible.

The Appointment Board offered to the Supervisory Board professional support in:

- selecting candidates for the Supervisory Board and proposing to the Supervisory Board the names of candidates to be nominated at the Shareholders' Meeting, and
- controlling the composition of the Supervisory Board in the light of best practice recommendations and adopted codes, and reporting on these subjects to the Supervisory Board.

Review and approval of the Annual Report and verification of the proposal for the appropriation of the 2010 profit available for distribution

The Management Board submitted to the Supervisory Board the audited 2010 Annual Report of the Nova KBM Group and Nova KBM d.d., together with the auditor's report, within the legal deadline. It also submitted the annual report on the internal audit for the year 2010.

The Supervisory Board deliberated on the audited 2010 Annual Report of the Nova KBM Group and Nova KBM d.d. It established that both annual reports gave a complete overview of the Bank's and the Group's operations in 2010. The Supervisory Board was also informed of the opinions of the certified auditor Ernst & Young d.o.o. As stated in these opinions, the financial statements of the Bank and the consolidated financial statements present fairly, in all material respects, the financial position of the Bank and the Group as of 31 December 2010, and their financial performance and their cash flows for the year ended 31 December 2010 in accordance with International Financial Reporting Standards as endorsed by the EU, and in accordance with the requirements of the Companies Act (ZGD-1) relating to the drafting of the financial statements. The external auditor is of the opinion that the business part of the annual report is also in compliance with the audited financial statements.

The Supervisory Board also reviewed the proposal on the use of the 2010 profit available for distribution; the Shareholders' Meeting will reach a decision in this respect. The Management Board has proposed that the entire profit available for distribution (after creating regulatory, statutory and other reserves from the 2010 net profit) should be allocated to the payment of dividends. The Supervisory Board gave its consent to the proposal of the Management Board with regard to the use of the profit available for distribution.

At its 32nd meeting held on 31 March 2011, the Supervisory Board adopted in accordance with Article 282 of the Companies Act (ZGD-1) the following

Resolution:

- The report of the Supervisory Board on verification of the 2010 Annual Report of the Nova KBM Group and Nova KBM d.d. is adopted.
- The Supervisory Board approves the 2010 Annual Report of the Nova KBM Group and Nova KBM d.d., and informs the Shareholders' Meeting of the report.

Maribor, 17.6.2011

Supervisory Board of Nova KBM d.d.

mag. Danilo Toplek,

Chairman

To Point 2

2010 REPORT

on internal audit of the Nova KBM Group

The supervisory bodies and management boards of Nova KBM Group companies are aware that the setting up and implementation of a proper risk management system and a system of internal controls is of key importance for secure, effective, economical and successful management of the Nova KBM Group. This is why an independent internal audit function is organised.

In accordance with the principles of corporate governance, the Internal Audit Centre (hereafter 'IAC') has organised its work in such a way that the auditing of the Bank is performed separately from the audit reviews in subsidiary companies. IAC is responsible for coordinating the work of all internal auditors in the Group, and for the transfer of good practice. Internal auditors in the Group perform their activities through the Internal Audit Board of the Nova KBM Group.

Functioning of internal auditors

The internal auditors operate in compliance with the legislation, International Standards for the Professional Practice of Internal Auditing, the Code of Ethics of Internal Auditors and the Code of Principles of Internal Auditing. The functioning of internal auditors is based on the Document of Internal Auditing, and the performance of auditing procedures is set out in Regulations on Auditing which have been adopted by management bodies with the consent of supervisory bodies.

IAC reports quarterly and annually to the Group's Board of Directors, the Bank's Supervisory Board, the Supervisory Board Audit Committee and, occasionally, to external supervisors. Through reports prepared by internal auditors, IAC gives independent and impartial assurances to the Bank's Supervisory and Management Board with respect to the adequacy of the system of internal controls for the management of risks in accomplishing operating objectives and preserving an ethical business environment. The internal audit is an independent and impartial function of the Group that offers advice to management at all levels. It involves carrying out supervisory activities, though this does not release management members from their responsibility to set up and implement a secure, economical, effective and successful system of internal controls needed for proper risk management.

Implementation of the annual programme of work

The annual plan of internal auditing was based on the risk assessment of the Group, the Group's business policy, the annual plan of individual companies, and on the basis of annual plan of work of the companies' internal auditors (except for Adria Bank AG). The plan was carried out by 24 internal auditors of the Group.

Accomplishing the objectives of internal auditing

The principal objectives of internal auditors set out in the plan of internal auditing for 2010 were accomplished. An assessment of the improvement in operations of audited units following implementation of their recommendations is outlined below.

The banking division includes the following companies: Nova KBM d.d., Poštna banka Slovenije d.d. (PBS) and Credy banka a.d., Kragujevac.

In Nova KBM d.d., audits were carried out of the following: the risk management system, commercial and support services, financial markets, financial reporting, compliance with legislation, the information system, and staff functions. In addition, four extraordinary audit reviews were carried out. As regards the audit of risk management, assurances were given by the auditors that the process of assessing economic capital is being carried out on the basis of defined and adopted methodologies, and in accordance with the strategy and policy of taking risks, and that the assessment of economic capital reflects the risks which actually arise from the Bank's operations. The Bank calculates the capital and capital requirements for credit, market and operational risks in accordance with regulatory requirements, and has set up a proper system for planning and monitoring capital adequacy by which it identifies and limits the risk of capital inadequacy in a timely manner. The Bank has set up a proper system for managing interest rate and credit risk. This system enables it to detect potential and actual risks in a timely manner and, on the basis of established reporting procedures, to implement measures for managing risks. The system may be improved in certain segments. The Bank has in place basic facilities for collecting debts: a debt collection policy, a warning letters procedure, and a system of reporting on the collection of debts to the senior management. It also manages claims written off in an adequate manner. The efficiency and effectiveness of debt collection may be ensured by optimising the debt collection process and by liquidating collateral provided for claims that have become overdue; through more efficient monitoring of procedures for debt collection and the realisation of collateral; and by monitoring delinquent customers, along with further automation of the generation of warning letters to legal entities and sole proprietors in respect of their overdue debts.

The auditing of cash operations provides for appropriate internal control in cash handling. Furthermore, the Bank, as a depositary, complies with contractual provisions and assures the quality of the euro banknotes it uses. Risks related to payment card operations are identified and managed in a timely manner. The system of internal controls in the area of cost management is an adequate one, compliance with the legislation is provided for, and the area of work is supported by instructions and regulations. The Bank adjusted the reporting on interest rate items to the amended requirements of the regulator. Following the recommendations issued by IAC, the functioning of the compliance and anti-money laundering procedures will be improved. The audit of the calculation of capital requirements for credit risk and the consideration of rules and reporting on credit insurance was carried out with the aim of assessing compliance with regulatory requirements. In applying credit insurance, the Bank still has some reserves, mainly in real estate and prime collateral received as security for corporate loans.

As regards the audit of credit risk in PBS, it was established that there is a proper division between the competences of the commercial department and the credit risk management department, and between the commercial department and the back-office department, up to the senior management level. The warning letters and debt collection procedures are adequate, as is the documenting of these procedures, which ensures a suitable basis for supervision and reporting. As for operational risk management, assurances were given with regard to the adequacy of the system of internal controls in cash handling, in archiving business documentation, and in respect of the adoption of the internal organisational rules of PBS. The findings of the audit in respect of the legitimacy of operations give an assurance as to the credibility of published information (the semi-annual report of PBS). As regards the protection of personal data, compliance with the legislation will be assured once the recommendations are implemented. Within the auditing of the information system, an assurance was given that the established mechanisms guarantee a proper level of security in the provision of electronic banking services, as well as proper availability and reliability of services, and that the integrity of processing is ensured with the established processing system. By implementing

recommendations issued following the audit of application accesses, compliance with security policies will be provided for and the operational risk of unauthorised access will be reduced.

In 2010, Credy banka a.d. carried out audit reviews according to the standards of Nova KBM d.d. in the areas of corporate banking and risk management. In these a significant danger was discovered in managing credit and currency risks that arise from a change in the Serbian dinar exchange rate. This has had an impact on the financial standing of debtors, on the accounting procedures, and on keeping records. The auditors carried out 13 extraordinary audit reviews, of which 11 related to the audit regarding closure of organisational units, one to the audit of the loan portfolio of a branch, and one to the implementation of recommendations issued by the external auditors in 2009. In accordance with the internal rules of IAC, the internal audit department set up a system for following the recommendations, and created a database of recommendations in effect as of 31 December 2010.

In the insurance business division, which includes Zavarovalnica Maribor d.d., an audit of risk management procedures in various segments was carried out. The priority of selecting which segment is to be audited is established on the basis of the level of risk. The head of the internal audit department believes that he gave the Management Board of Zavarovalnica Maribor d.d. an assurance about the key information regarding risks and the management thereof in the audited segments. His opinion is based on the audit of the following segments:

- insurance risk in the area of property insurance, including the risk of financial loss following catastrophic events, insurance frauds, risks in the process of paying out damages, and the risk of insuring certain hazardous events
- market risk in the segment of the company's investment policy and the risk of adequate coverage of insurance technical reserves with investments
- credit risk related to the management of collecting claims under insurance deals
- insurance risk of life insurances
- operational risk in respect of compliance with the legislation.

The Management Board adopted relevant decisions in order to reduce the risks to an acceptable level.

The fund management and pension insurance divisions include KBM Infond d.o.o. and the pension company Moja naložba d.d.

In KBM Infond d.o.o., audits were carried out of the risk management system, of marketing and advertising of investment funds, of operations of investment funds, and of asset unit value. The audit reviews confirm that the company has set up proper internal controls in the key operating segments, both at the level of working procedures and at the level of independent control. A proper management system has been set up, which is reflected in a clear and efficient organisational structure; in a reliable information system; in an efficient system of internal controls; and in the existence of an adequate number of employees with regard to the volume of operations and the complexity of services and transactions the company performs. The reliability of the information system is based on the assessment of internal controls in the audited areas.

In the pension company Moja naložba d.d., audits were carried out of the company's investments and the long-term business fund, of information technology, of procedures for taking out insurance through agents, with the emphasis on Nova KBM d.d., and of the organisational and procedural readiness of the company for paying out annuities. An audit of managing personal accounts, planned for last year, will be performed during 2011. The audit reviews confirm that the pension company has set up a proper system of internal controls, both at the level of working procedures and in carrying out the management control. An independent system was set up to ensure compliance with the established limits for investments of the long-term business fund, as was a draft risk management policy, which will be prepared on the model of the risk management

policy applied to the long-term business fund. There was organisational demarcation of procedures for making claims for damages and taking out supplementary pension insurance. Further, an investment policy was defined for the long-term business fund, created for the purpose of paying out annuities.

The leasing and real estate activity division includes KBM Leasing d.o.o., Gorica Leasing d.o.o., KBM Leasing Hrvatska d.o.o., KBM Invest d.o.o., KBM Projekt d.o.o. and KBM Fineko d.o.o. The audit findings disclosed that the operating risks of individual companies increased as a result of adverse economic conditions. Reduced liquidity of the economy, moderate economic growth, and fewer investments in the construction sector contributed the most to the enhanced exposure to risk. Recommendations on how to reduce risks were made, the purpose of which is to improve the control of operating costs, to improve the assessment of financial and payment capabilities of lessees, and to apply market and impartial valuation of property in a more consistent manner. The internal auditor carried out all planned and two extraordinary audit reviews in KBM Leasing d.o.o., and issued an opinion to KBM Invest d.o.o. regarding the realization of the payment for investments and on the valuation of land. He also issued an opinion to leasing companies regarding the method to be used in valuing operating leasing.

Maribor, 17.6.2011

Internal Audit Centre

Boža Korbar

Point 3

Adoption of resolution on the appropriation of the 2010 balance sheet profit (profit available for distribution) and on granting discharge to the Management and the Supervisory Board of Nova KBM d.d. for the financial year 2010, and information on the remuneration provided to members of the management and supervisory bodies in 2010

For the financial year 2010, the Bank reported a net profit of €9,371,214.68 (nine-million-three-hundred-seventy-one-thousand-two-hundred-fourteen 68/100 euro).

Profit	€
from continuing operations	11,363,763.82
Income tax	0.00
Deferred tax	(1,992,549.14)
Net profit for the financial year	**9,371,214.68**

In accordance with the Companies Act (ZGD-1) and the Bank's Articles of Association, the Management Board shall at the time of drawing up the annual report reach a decision on the distribution of net profit to regulatory, statutory and other reserves from net profit. The Management Board shall reach a decision on the distribution of net profit to regulatory and statutory reserves, while the decision with respect to the distribution of net profit to other reserves from profit shall be reached by the Management Board in agreement with the Supervisory Board.

On 20 January 2011, the Bank's Management Board adopted a resolution to allocate €468,560.00 of the 2010 net profit to regulatory reserves and €4,451,327.00 to statutory reserves.

Regulatory reserves are created gradually by discharging 5 per cent of the annual net profit each year (Article 64 of the Companies Act), deducted by the amount used for covering any possible losses, until the aggregate amount of regulatory reserves and paid-in capital surplus equals four times the amount of the Bank's share capital (Article 44 of the Bank's Articles of Association), which amounts to €108,838 thousand as of the day of this proposal.

The aggregate amount of regulatory reserves and paid-in capital surplus before and after the appropriation of the 2010 net profit equals €67,682 thousand (of which €11,676 thousand are regulatory reserves and €56,006 thousand is paid-in capital surplus) and €68,151 thousand, respectively.

Statutory reserves are created by discharging up to 50 per cent of the amount that remains after the use of net profit for covering any possible losses brought forward, and the creation of regulatory reserves and reserves for treasury (own) shares. Statutory reserves are created up to the amount which equals eight times the amount of share capital of the Bank (Article 45 of the Bank's Articles of Association), which amounts to €217,676 thousand as of the day of this proposal.

Statutory reserves before and after the appropriation of the 2010 net profit amount to €167,707 thousand and €172,158 thousand, respectively.

In accordance with the third paragraph of Article 230 of the Companies Act (ZGD-1), the Supervisory Board gave at its 29th regular meeting held on 20 January 2011 the consent to the decision of the Bank's Management Board to allocate €1,059,415.00 (one-million-fifty-nine-thousand-four-hundred-fifteen 00/100 euro) of the 2010 net profit, after the creation of regulatory and statutory reserves, to other reserves from profit.

The balance sheet profit (profit available for distribution) thus amounts to €3,391,912.68 (three-million-three-hundered-ninety-one-thousand-nine-hundred-twelve 68/100 euro):

	€
Net profit for the financial year 2010	**9,371,214.68**
transfer to regulatory reserves under the first paragraph of Article 230 of the Companies Act and Article 44 of the Bank's Articles of Association	(468,560.00)
transfer to statutory reserves under the first paragraph of Article 230 of the Companies Act and Article 45 of the Bank's Articles of Association	(4,451,327.00)
transfer to other reserves from profit under the third paragraph of Article 230 of the Companies Act	(1,059,415.00)
Balance sheet profit (profit available for distribution)	**3,391,912.68**

The Management and the Supervisory Board propose the entire 2010 balance sheet profit (profit available for distribution) of €3,391,912.68 (after creating regulatory, statutory and other reserves from profit) to be used for the payment of dividends to shareholders. The proposed amount of dividend accounts for 36.2 per cent of the 2010 net profit.

	€
Balance sheet profit (profit available for distribution)	**3,391,912.68**
is in accordance with the resolution of the Shareholders' Meeting: appropriated for dividends, which amounts to €0.13 gross per share	3,391,912.68

In accordance with the provision of Article 294 of the Companies Act, the Shareholders' Meeting shall at the time of reaching a decision on the appropriation of balance sheet profit (profit available for distribution) decide also on granting a discharge to the Management and the Supervisory Board for the previous financial year. By giving discharge, the Shareholders' Meeting affirms and approves the performance of the Management and the Supervisory Board for the previous financial year.

In accordance with the fifth paragraph of Article 294 of the Companies Act (ZGD-1), the Management Board must, at the Shareholders' Meeting at which the decision on the appropriation of balance sheet profit (profit available for distribution) is reached, inform the shareholders of the remuneration provided to members of the management and supervisory bodies for performing their work in the company in the previous financial year.

Pursuant to the Companies Act (ZGD-1), this information shall be discussed at the Shareholders' Meeting within the agenda item related to reaching a decision on the appropriation of balance sheet profit (profit available for distribution) and giving discharge to members of the management and supervisory bodies.

Remuneration provided to members of the Management Board, the Supervisory Board and Supervisory Board committees is disclosed in the appendix.

The Management and the Supervisory Board propose to the Shareholders' Meeting to adopt, on the basis of Articles 230 and 294 of the Companies Act (ZGD-1) and Articles 30 nd 49 of the Bank's Articles of Association, the following

Resolutions:

- On the basis of the proposal of the Management Board and the opinion of the Supervisory Board, the entire 2010 balance sheet profit (profit available for distribution) of €3,391,912.68 shall be used for the payment of dividends to shareholders. The gross dividend amounts to €0.13 per share.
  Shareholders entered in the share register on 31 March 2011 are entitled to dividends.
  The dividend will be paid out on 20 September 2011.
- The Shareholders' Meeting gives a discharge to the Bank's Management Board for the financial year 2010.
- The Shareholders' Meeting gives a discharge to the Bank's Supervisory Board for the financial year 2010.

Maribor, 17.6.2011

Management Board of Nova KBM d.d

Supervisory Board of Nova KBM d.d.

Andrej Plos, Member

Manja Skernišak, Member

Matjaž Kovačič, President

mag. Danilo Toplek, Chairman

To Point 3

Information on the remuneration provided to members of the management board, members of the supervisory board and members of the supervisory board committees of Nova KBM d.d. in 2010

Notes:

Remuneration of the Management Board members comprises: salary, pay for annual leave, bonuses and supplementary pension insurance premiums. All amounts are expressed in €.

On the basis of Article 6 of the Act Regulating the Incomes of Managers of Companies Owned by the Republic of Slovenia and Municipalities, the Supervisory Board informs the Shareholders' Meeting that, in accordance with internal regulations of the Bank and considering its financial situation and performance, the Management Board of Nova KBM d.d. is entitled to the following bonuses under their employment contracts:

- the right to use a company car for business and private purposes (none of the Management Board members uses a car whose value would exceed a limit determined by the Bank's internal regulations)
- the right to the payment of supplementary pension insurance premiums (all Bank employees who have joined the pension scheme run by the pension company Moja naložba d.d. are entitled to the payment of supplementary pension insurance premiums)*
- the right to the payment of accident insurance premiums*
- the right to supplementary health insurance*
- the right to the payment of a preventive medical examination once a year.

* Management Board members are entitled to this right only under the condition that other Bank employees are entitled to such right as well.

Remuneration of members of the Supervisory Board, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Appointment Board and the Appointment Committee comprises: attendance fee, reimbursement of costs, and seminar participation fees. Due to incomplete composition on the Information Technology Committee, this committee did not hold any meetings and no costs were associated with its functioning.

The total amount paid during 2010 to Matjaž Kovačič, President of the Management Board, in the form of attendance fees, reimbursement of costs and awards for acting on Supervisory Boards of Nova KBM Group companies was €33 thousand. Manja Skernišak, Member of the Management Board, was paid €4 thousand and Andrej Plos, Member of the Management Board, was paid €15 thousand.

Remuneration of the Management Board in the period from 1 January to 31 December 2010

	Salary		Pay for annual leave		Awards		Bonuses	Supplementary pension insurance premium	Total	
	Gross	Net	Gross	Net	Gross	Net	Gross	Gross	Gross	Net
Matjaž Kovačič	153.379,89	73.472,00	1.559,94	878,43	19.168,77	8.810,15	5.912,27	2.646,24	182.667,11	83.160,58
Manja Skernišak	145.557,25	70.020,07	1.559,94	880,15	18.452,58	8.480,98	5.646,92	2.646,24	173.862,93	79.381,20
Andrej Plos	142.619,21	68.015,60	1.559,94	881,33	0,00	0,00	6.857,40	2.646,24	153.682,79	68.896,93
Skupaj	**441.556,35**	**211.507,67**	**4.679,82**	**2.639,91**	**37.621,35**	**17.291,13**	**18.416,59**	**7.938,72**	**510.212,83**	**231.438,71**

Remuneration of the Supervisory Board in the period from 1 January to 31 December 2010

Name and surname	Attendance fees	Reimbursement of costs	Seminar participation fees	Total
Andrej Svetina	5.115,02	1.337,20	0,00	6.452,22
Anton Guzej	4.537,51	468,03	0,00	5.005,54
Franc Škufca	6.228,76	1.755,43	0,00	7.984,19
Ivan Vizjak	4.908,76	14,14	0,00	4.922,90
Janez Košak	5.362,52	1.422,05	0,00	6.784,57
Danilo Toplek	6.806,11	261,19	0,00	7.067,30
Dušan Jovanovič	5.692,51	0,00	0,00	5.692,51
Alenka Bratušek	4.125,00	1.092,92	0,00	5.217,92
Aleš Krisper	2.846,26	639,87	0,00	3.486,13
Skupaj	**45.622,45**	**6.990,83**	**0,00**	**52.613,28**

Remuneration of the Audit Committee in the period from 1 January to 31 December 2010

Name and surname	Attendance fees	Reimbursement of costs	Total
Franc Koletnik	3,341.26	0.00	3,341.26
Andrej Svetina	4,826.19	1,228.77	6,054.96
Kosta Bizjak	3,712.52	973.03	4,685.55
Janez Košak	3,712.52	1,275.83	4,988.35
Total	**15,592.49**	**3,477.63**	**19,070.12**

Remuneration of the Remuneration Committee in the period from 1 January to 31 December 2010

Name and surname	Attendance fees	Reimbursement of costs	Total
Marko Vresk	948.75	120.77	1,069.52
Anton Guzej	1,715.96	204.39	1,920.35
Ivan Vizjak	1,320.00	0.00	1,320.00
Total	**3,984.71**	**325.16**	**4,309.87**

Remuneration of the Nomination Committee in the period from 1 January to 31 December 2010

Name and surname	Attendance fees	Reimbursement of costs	Total
Marko Vresk	742.50	207.74	950.24
Franc Škufca	1,113.75	411.24	1,524.99
Dušan Jovanovič	1,447.86	0.00	1,447.86
Danilo Toplek	742.50	59.95	802.45
Total	**4,046.61**	**678.93**	**4,725.54**

Remuneration of the Appointment Board in the period from 1 January to 31 December 2010

Name and surname	Attendance fees	Reimbursement of costs	Total
Andreja Kert	742.50	0.00	742.50
Borut Bratina	1,113.75	362.32	1,476.07
Dušan Jovanovič	1,447.86	362.32	1,810.18
Ivan Vizjak	1,113.75	362.32	1,476.07
Total	**4,417.86**	**1,086.96**	**5,504.82**

Remuneration of the Appointment Committee in the period from 1 January to 31 December 2010

Name and surname	Attendance fees	Reimbursement of costs	Total
Marko Vresk	1,113.75	323.48	1,437.23
Franc Škufca	1,113.75	393.81	1,507.56
Dušan Jovanovič	1,447.86	0.00	1,447.86
Danilo Toplek	371.25	23.23	394.48
Total	**4,046.61**	**740.52**	**4,787.13**

Point 4

Adoption of resolution on the appointment of the certified auditor for the audit of the 2011 financial statements of the Bank and the Group

The Supervisory Board Audit Committee did not select the auditor for the year 2011 on the basis of a call for tenders, but has, in accordance with the adopted criteria, made an assessment of cooperation with the current auditor, which is Ernst & Young d.o.o, Ljubljana. The criteria on the basis of which Ernst & Young d.o.o., Ljubljana, was selected as the auditor are as follows:

- the price for carrying out the audit of Nova KBM Group companies,
- expertise, independence and any possible conflict of interests, and
- assessment of cooperation with the auditors at the Nova KBM Group level.

At its meeting held on 29 March 2011, the Audit Committee established that the audit company Ernst & Young d.o.o. meets all the criteria to be selected as the auditor. Therefore, in accordance with Article 28 of the Nova KBM d.d.'s Articles of Association, and provisions of the Charter, it has proposed to the Supervisory Board to adopt a resolution on the basis of which Ernst & Young d.o.o., Ljubljana, would be appointed as the certified auditor for the audit of the 2011 financial statements of the Nova KBM Group and Nova KBM d.d. The Supervisory Board gave the consent to the proposal of the Audit Committee at its 32nd meeting held on 31 March 2011, and decided to propose to the Shareholders' Meeting to appoint the company Ernst & Young d.o.o., Ljubljana, as the certified auditor for the audit of the 2011 financial statements of the Nova KBM Group and Nova KBM d.d.

Pursuant to Article 25 of the Bank's Articles of Association, the Supervisory Board proposes to the Shareholders' Meeting of Nova KBM d.d. to adopt, on the basis of Article 30 of the Bank's Articles of Association, the following

Resolution:

Ernst & Young d.o.o., Ljubljana, is appointed as the certified auditor for the audit of the 2011 financial statements of Nova KBM d.d. and the Nova KBM Group.

Maribor, 17.6.2011

Supervisory Board of Nova KBM d.d.

mag. Danilo Toplek,

Chairman

Point 5

PROPOSAL

for amendments to the Articles of Association of Nova KBM d.d.

1. **In the first paragraph of Article 3 in the item b the text of subitems 4, 5 and 13 is amended and runs as follows:**

   4. payment services and services of issuing electronic money
   5. issuing and managing of other payment instruments (such as travellers cheques and bankers' drafts), insofar as this service is not included in subitem 4
   13. credit reference services: collection, analysis and provision of information on creditworthiness

Explanation:

The activity of the Bank is described in the first paragraph of Article 3 of the Articles of Association and taken from the Banking Act (ZBan-1). The description of the activity referring to the payment services, issuing and managing of payment instruments and credit reference services has been harmonized with the law amending the Banking Act (ZBan-1D and ZBan-1E)

2. **In Article 4, the text of the second item is amended in that after the text »ZBan-1 is the Banking Act (Official Gazette of the RS, no. 131/06), 1/08, 109/08 , 19/09, the text »98/2009, 79/2010, 99/2010, 35/2011)« is added.**

Explanation:

The amendments are a formal requirement to amend the Articles upon entry into force of the amendments to the Banking Act.

3. **Article 11 is added which runs as follows:**

(1) The Management Board of the Bank is authorised, with the consent of the Supervisory Board, and without an additional resolution of the Shareholders' Meeting, to increase the share capital of the Bank by not more than €20,407,156.00 by issuing new shares for consideration other than cash in the period of five years after the amendments to the Articles of Association, adopted at the Shareholders' Meeting dated 19.7.2011 have been entered in the court register. New shares are issued with the rights, under the conditions, and in the manner as set forth in the resolution of the Management Board on the capital increase. In case of issue of new shares for cash contributions, the Management Board is entitled to decide on exclusion of pre-emptive right to new shares.

(2) The Supervisory Board of the Bank is authorised, following the increase in share capital from authorized capital, to appropriately amend the Articles of Association of the Bank in order for its provisions to comply with the new facts which have arisen due to the increase in share capital and the issue of new shares.

Explanation:

With the amendment of the provision of Article 11, the Bank's Management Board is entitled to increase the share capital on the basis of the institute of authorized capital,

with the consent of the Supervisory Board, and without an additional resolution of the Shareholders' Meeting, in the manner and by the procedure set forth in the Companies Act (ZGD-1). The authorisation granted to the Management Board has been adjusted to the new amount of the Bank's share capital following the capital increase, and is intended to ensure the appropriate structure and quality of the Bank's capital and to maintain the capital adequacy ratio above the regulatory minimum value, in compliance with the requirements of the Bank of Slovenia and the documents of the Basel Committee on Banking Supervision (Basel 3). With the increase in share capital, the Bank will be able to continue providing a more efficient and rational supervision within the Nova KBM Group. With the capital injection, the Bank has fully used the entire authorized capital.

The subject of the authorisation to the Management Board is also the option to exclude the pre-emptive right of shareholders to purchase new shares in compliance with Article 354 of ZGD-1.

4. The first paragraph of Article 16 is amended and runs as follows:

(1) The members of the Management Board must ensure that the Bank operates 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 carried out by the Bank and the regulations issued on their basis, and in accordance with other regulations that apply to the financial and banking profession as well as with the highest ethical standards of governance by taking prevention of conflict of interest into consideration.

Explanation:

The provision of the Articles of Association has been supplemented by the amendment to the Banking Act (ZBan-1F), on the basis of which the members of the Management Board are required and responsible to ensure that the Bank operates in line with the highest ethical standards of governance by taking prevention of conflict of interest into consideration.

5. In the first paragraph of Article 23, the text in the second indent is amended so as to read:

- **has not been finally convicted of a criminal offence, committed intentionally, and prosecuted ex officio, or of any of the following criminal offences, committed by negligence: negligent homicide; serious bodily injury; extremely serious bodily injury; endangering safety at work; concealing, disclosing and unauthorised obtaining of a business secret; money laundering; disclosing of an official secret or causing general danger, and the punishment has not been expunged yet.**

Explanation:

The provision of the Articles of Association has been supplemented by the amendment to the Banking Act (ZBan-1E), on the basis of which the types of criminal offences, as one of the criteria to be met by the candidates for Supervisory Board members, are harmonised with the descriptions of criminal offences specified in the Criminal Code of the Republic of Slovenia.

6. In the first paragraph of Article 25, the text of the twelfth indent is amended and runs as follows:

- **concluding legal deals which, considering the Bank's total exposure, would result in the Bank's large exposure against a client or a group of related persons, and concluding legal deals as a result of which the Bank's large exposure against a client or a group of related persons would be increased by so much as to reach or exceed 15 (fifteen) per cent of the Bank's capital, and each subsequent 5 per cent of its capital,**

In the second paragraph of Article 25, a new fifth indent is added after the fourth indent which runs as follows:

- **act in line with the highest ethical standards of governance by taking prevention of conflict of interest into consideration.**

Explanation:

The provision of the first paragraph of Article 25 of the Articles of Association is harmonised with the amendment to Article 167 of the Banking Act (ZBan-1), adopted in October 2010 (amendment to ZBan-1E), which in respect of granting authorisation of Supervisory Board to the Management Board for conclusion of legal deals which would result in the Bank's large exposure against a client or a group of related persons, sets forth a new method for establishing and calculation of large exposures against a client or a group of related persons.

The provision of the second paragraph of Article 25 is harmonised with the law amending the Banking Act (ZBan-1F), under which the obligations of Supervisory Board members are supplemented by the obligation to act in line with the highest ethical standards of governance by taking prevention of conflict of interest into consideration.

7. After Article 26 the subtitle »Special rights of the members of the Supervisory Board« is amended to run as follows: »Remuneration and reimbursement of costs to the members of Supervisory Board and members of Supervisory Board Committees«

8. In Article 27 the present first and second paragraph are replaced by four new paragraphs which run as follows:

(1) Total remuneration of the Supervisory Board members is made up of:

- **remuneration for performing the office,**
- **attendance fee and**
- **reimbursement of costs in respect of performing of office.**

(2) For performing their office and taking over the responsibility, Supervisory Board members shall receive a basic remuneration to be determined in a Shareholders' Meeting resolution.

(3) Supervisory Board members who are members of standing committees and working bodies shall receive an extra payment for performing their office to be determined in a Shareholders' Meeting resolution.
External members of committees and working bodies shall receive remuneration to be determined by the Supervisory Board.

(4) In addition to reimbursement of costs for performing the office, each Supervisory Board member shall also receive an attendance fee for the attendance and time spent at the meeting, the amount of which shall be determined in a Shareholders' Meeting resolution.
External members of committees and working bodies shall receive, in addition to reimbursement of costs for performing the office, an attendance fee for the attendance and time spent at the meeting, the amount of which shall be determined by the Supervisory Board.

Explanation:

In compliance with Article 284 of the Companies Act (ZGD-1), Supervisory Board members shall receive reimbursement for their work determined by the Articles of Association or the Shareholders' Meeting. The same is provided for by the Corporate

Governance Code which stipulates that in addition to the remuneration for performing their office and the attendance fee, those Supervisory Board members who are also members of Supervisory Board committees are entitled to an extra payment. With regard to external members, the Corporate Governance Code stipulates that the amount of their remuneration is to be determined by the Supervisory Board and is not linked to a Shareholders' Meeting resolution.

In compliance with Article 10 of the Law on the Management of State Capital Assets, the Capital Assets Management Agency of the Republic of Slovenia (AUKN) adopted special Criteria in respect of remuneration of members of supervisory bodies in companies with state capital assets which determine in detail the remuneration system of supervisory board members, and provide guidelines for appropriate formation of resolution proposals to be adopted by shareholders' meetings.

Provision 27 of the Articles of Association has been amended to be harmonised with the provisions of AUKN documents (Code of Governance of Companies with State Capital Assets and Criteria for the Remuneration of Members of Supervisory Bodies in Companies with State Capital Assets) which determine in detail the composition of total remuneration, principles, procedures and measures for the remuneration of supervisory board members in order to obtain excellent and independent experts for the supervising function and to ensure responsible supervision and adoption of decisions to the benefit of the company.

9. In Article 57 the date 8 July 2009« is replaced by the date »26 April 2011«.

Explanation:

The amendment to the provision of the Articles of Association is of purely editorial nature.

The Management and Supervisory Boards propose to the Shareholders' Meeting, on the basis of Article 30 of the Bank's Articles of Association, to adopt the following

RESOLUTION:

- The Shareholders' Meeting of Nova KBM d.d. shall adopt the amendments to the Articles of Association of Nova KBM d.d. with the submitted text.
- On the basis of the adopted amendments, the consolidated text of the Articles of Association of Nova KBM d.d. shall be issued.

Maribor, 17.6.2011

Management Board of Nova KBM d.d

Supervisory Board of Nova KBM d.d.

Andrej Plos, Member

Manja Skernišak, Member

Matjaž Kovačič, President

mag. Danilo Toplek, Chairman

Point 6

PROPOSAL

determining the amount of the basic remuneration, attendance fees and other benefits and reimbursement of costs to the members of Supervisory Board and members of Supervisory Board Committees

The Capital Assets Management Agency of the Republic of Slovenia published on its website the Criteria for the Remuneration of Members of Supervisory Bodies in Companies with State Capital Assets (hereinafter referred to as: Criteria), which derogate from the present system of attendance fees paid to the Supervisory Board members. On 11 April 2011 the Agency published Recommendations for Determining the Amounts of Attendance Fees and Remuneration paid to Supervisory Board members.

With regard to the published recommendations, the Supervisory Board Personnel Committee prepared a proposal of new attendance fees and remuneration for performing the office of member of Supervisory Board and Supervisory Board committee taking into consideration the aforementioned recommendations. The Supervisory Board agreed with the Personnel Committee's proposal on 16 May 2011.

The proposal takes into account the following:

1. Total remuneration of the Supervisory Board members is made up of:

- remuneration for performing the office,
- attendance fee and
- reimbursement of costs in respect of performing of office.

2. In determining the amount of the basic remuneration for performing the office of Supervisory Board member, the following circumstances shall be taken into account:

- volume, difficulty and complexity of the assignments, and responsibility of members,
- the required professional competence and activity of members,
- the size of the company,
- complexity of the company's operations,
- financial position of the company etc. .

3. Remuneration for performing the office of the member is made up of:

- basic remuneration for performing the office and
- extra payment for special obligations, assignments or functions of the member (the obligation of performing the office of chairman or vice-chairman of the Supervisory Board and the office of member or chairman of Supervisory Board committee).

Due to the fact that it is the sole responsibility of the Shareholders' Meeting to determine the amount of attendance fees to be paid to Supervisory Board members, the Supervisory Board shall prepare a proposal and put it forward for adoption by the Shareholders' Meeting. Taking into account the proportions regarding the remuneration for performing the office and attendance fees envisaged by the recommendations, the amounts are as follows:

1. Remuneration for performing the office:

Supervisory Board member	Unit	15,500.00 gross (per annum)
Chairman of Supervisory Board	1.5 times the unit	23,250.00 gross (per annum)
Deputy chairman of the Supervisory Board	1.1 times the unit	17,050.00 gross (per annum)
Board committee (SB member)[1]	25% of the unit	3,875.00 gross (per annum)
Chairman of Supervisory Board committee	1.5 times 25% of the unit	5,812.50 gross (per annum)
Deputy chairman of Supervisory Board committee	1.1 times 25% of the unit	4,262.50 gross (per annum)

In no case can the extra payments for performing the office on committees exceed 50 % of the remuneration for performing the office on the Supervisory Board, even though the individual is member or chairman of several committees.

2. Attendance fees (remuneration for time spent – preparation):

Supervisory Board member	275.00 gross
Chairman of Supervisory Board	275.00 gross
Supervisory Board committee member (SB member)	220.00 gross
Supervisory Board committee member (no SB member)	220.00 gross

Correspondence meeting is 80 % of the envisaged attendance fees.

The total amount of attendance fees may not exceed 50 % of the remuneration for performing the office regardless of the number of meetings. Attendance fees of individuals for committee meetings are also included in these 50%.

3. Costs: are paid on the basis of actual costs.

The decision on the remuneration of external members of Supervisory Board committees is adopted by the Supervisory Board itself in an amount which allows it to obtain top experts.

On the basis of the aforementioned fact and on the basis of Article 30 in connection with Article 27 of the Articles of Association of Nova KBM d.d., the Supervisory Board proposes to the Shareholders' Meeting to adopt the following

[1] The remuneration is determined for standing Supervisory Board Committees, i.e. for the Audit and Personnel Committee. Occasional committees, e.g. the Nomination Committee and other occasional committees are paid via attendance fees and one-off payments amounting to 25% of the annual remuneration to members/chairmen of standing Supervisory Board Committees.

RESOLUTION:

- For holding their office, Supervisory Board members shall receive gross monthly remuneration in the amount EUR 1,291.00. The chairman of the Supervisory Board shall receive gross monthly remuneration in the amount EUR 1,936.00, while the deputy chairman of the Supervisory Board shall receive for his work gross monthly remuneration of EUR 1,410.00.
- Members of Supervisory Board standing committees (stated in the Articles of Association or determined as such by Supervisory Board resolution) who are simultaneously Supervisory Board members shall receive for their work gross monthly remuneration of EUR 322.00 (extra payment), members of committees who are not Supervisory Board members shall receive gross monthly remuneration as determined by the Supervisory Board. The chairman of Supervisory Board committee shall receive for his work gross monthly remuneration of EUR 483.00 (extra payment), while the deputy chairman of Supervisory Board committee shall receive for his work gross monthly remuneration of EUR 354.00 (extra payment).
- Members and chairman of Supervisory Board as well as chairmen of Supervisory Board committees shall receive a monthly reimbursement and extra payment to which they are entitled for as long as they hold their office. If they hold their office for less than one month, they are entitled to a proportional payment depending on the number of working days. Regardless of the aforementioned and regardless of the number of committees an individual is member of, or chairs over, each individual member of Supervisory Board committees is entitled to extra payments in each financial year for as long as the total amount of such payments reaches the amount of 50% of the basic remuneration for holding the office of each individual Supervisory Board member.
- In addition to the monthly remuneration for the office, the chairman and members of the Supervisory Board as well as the chairman and members of the Supervisory Board committees shall receive an attendance fee for attending the meetings in compliance with the provisions of the Articles of the Association and this resolution by the Shareholders' Meeting. Regardless of the aforementioned and regardless of the number of attendances of meetings, each individual member of Supervisory Board is entitled to attendance fees in each financial year for as long as the total amount of such fees, be it for meetings of Supervisory Board or meetings of Supervisory Board committees, reaches the amount of 50% of the basic remuneration for holding the office of each individual Supervisory Board member.
- The chairman and members of Supervisory Board shall receive a gross attendance fee in the amount of EUR 275.00. The chairman and members of Supervisory Board committees shall receive a gross attendance fee in the amount of EUR 220.00.
- For each correspondence meeting, members of Supervisory Board or committees shall receive a gross attendance fee amounting to 80 per cent of the attendance fees referred to in item 5 of this resolution.
- Members of non-standing Supervisory Board committees shall receive remuneration for their office in the amount defined in item 2 of this resolution for as long as an individual committee remains operative.
- For participation in meetings and other activities as per Supervisory Board resolution (training, meeting etc.), members of Supervisory Board and committees shall be reimbursed the actual amount of travel and other costs.
- 10. From the date of adoption of this resolution, the resolution on attendance fees and other benefits of members of the Supervisory Board and Supervisory Board committees adopted at the 18th Shareholders' Meeting dated 8 July 2009 shall cease to have force. This resolution shall take effect on the day following its adoption at the Shareholders' Meeting.

Maribor, 17.6.2011

Supervisory Board of Nova KBM d.d.

mag. Danilo Toplek,

Chairman