

**Ref. No.: SV 1131/2011**

**Date: 22 July 2011**

-----**NOTARY'S MINUTES OF**-----  
-----**THE COURSE AND RESOLUTIONS OF THE 20<sup>th</sup> (twentieth)**-----  
-----**--SHAREHOLDERS' MEETING OF NOVA KREDITNA BANKA MARIBOR d.d.--**-----  
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I, Ines Bukovič, a notary public of Maribor, participated on 22 July 2011 (twenty-second July two-thousand-eleven), at the invitation of NOVA KBM d.d., in the 20<sup>th</sup> (twentieth) Shareholders' Meeting of NOVA KREDITNA BANKA MARIBOR d.d. (hereafter also referred to as »Nova KBM d.d.«), which took place in the Minarik Hall of Hotel Habakuk, Pohorska ulica 59 (fifty-nine), between 11:00 a.m. (eleven a.m.) and 1:34 p.m. (one-thirty-four p.m.), in my continuous presence.-----

Based on the excerpt from the court/AJPES business register dated 21 July 2011 (twenty-first July two-thousand-eleven), I establish that NOVA KREDITNA BANKA MARIBOR d.d., short name NOVA KBM d.d., with registered office at Ulica Vita Kraigherja 4 (four), 2000 (two-thousand) Maribor, is entered in the court/AJPES business register under the registration number 5860580000 (five-eight-six-nought-five-eight-nought-nought-nought-nought).-----

The identity of the persons present was not established, since no such request has been made. -----

Matjaž Kovačič, President of the Management Board of NOVA KREDITNA BANKA MARIBOR d.d., opened the 20<sup>th</sup> (twentieth) Shareholders' Meeting, welcomed all the persons present, and thanked them for their participation. -----

Then he asked the representative of the company IXTLAN FORUM to give the information about how the voice devices shall be used for voting. -----

The representative of the company IXTLAN FORUM explained in detail how the shareholders shall use the voice devices for voting. -----  
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**1 (one) Opening of the Shareholders' Meeting, establishment of quorum and election of Shareholders' Meeting bodies**  
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The President of the Management Board put to the vote the following resolution proposal:  
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**RESOLUTION**  
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**The Shareholders' Meeting appoints Grega Peljhan, a counsel from Ljubljana, as the Chairperson of the Shareholders' Meeting and Rok Sedej and Gregor Mavsar as the counters of votes. In accordance with Article 304 of the Companies Act (ZGD-1), Ines Bukovič, a notary public of Maribor, shall attend the 20<sup>th</sup> (twentieth) Shareholders' Meeting of Nova KBM d.d., Ulica Vita Kraigherja 4 (four), Maribor.**  
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Following the voting, the authorised representative of the Management Board established that: -----

- the number of shares for which valid votes were cast is: 25,077,319 (twenty-five-million-seventy-seven-thousand-three-hundred-nineteen); -----
- the proportion of these shares in the share capital is: 63.604% (sixty-three-point-six-nought-four per cent); -----
- the total number of valid votes is: 25,077,319 (twenty-five-million-seventy-seven-thousand-three-hundred-nineteen); -----
- the number of votes FOR the resolution is: 25,077,319 (twenty-five-million-seventy-seven-thousand-three-hundred-nineteen), which accounts for 100% (one-hundred per cent) of the votes cast; -----
- the number of votes AGAINST the resolution is: 0 (nought), which accounts for 0% (nought per cent) of the votes cast; -----
- the number of votes ABSTAINED is: 122,664 (one-hundred-and-twenty-two-thousand-six-hundred-sixty-four); -----

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**The representative of the Management Board declared the resolution on appointing Shareholders' Meeting bodies as adopted.**  
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The elected Chairperson of the Shareholders' Meeting, Grega Peljhan, took over the chairing of the Shareholders' Meeting and thanked for the confidence. On the basis of the list of participants and the number of shareholders present or represented, he announced that from the total of 39,427,168 (thirty-nine-million-four-hundred-twenty-seven-thousand-one-hundred-sixth-eight) shares, of which 39,291,168 (thirty-nine-million-two-hundred-ninety-one-thousand-one-hundred-sixty-eight) are voting shares, 25,260,243 (twenty-five-million-two-hundred-sixty-thousand-two-hundred-and-fourty-three) voting shares were present, which accounted for 64.29% (sixty-four-point-two-nine per cent) of all the voting shares of the Bank.  
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The Chairperson then signed the attached list of participants and, in accordance with Article 303 of the Companies Act (ZGD-1), informed the shareholders of their right to inspect the list until the end of the Shareholders' Meeting. He presented the list to the notary public.-----

He then proceeded to the next item of the agenda.-----

**2 (two) Taking note of the 2010 (two-thousand-ten) Report on Internal Audit, together with the opinion of the Supervisory Board, the 2010 (two-thousand-ten) 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 (two-thousand-ten) Annual Report of the Nova KBM Group and Nova KBM d.d.**

The Chairperson asked the Management Board to provide explanation on this item.-----

Matjaž Kovačič, President of the Management Board, discussed the performance of the Bank and the Group in 2010 (two-thousand-ten), highlighting important business events during 2010 (two-thousand-ten), the statement of income, and the efficiency of employees. He added that, with respect to the request of AUKN for a special audit, the Management Board prepared a separate report on the measures undertaken with the aim of managing bad loans. This report, the summary of which he presented to the shareholders, is annexed thereto. At the end, the President of the Management Board presented the principal objectives of the Nova KBM Group for the period 2012 (two-thousand-twelve) – 2016 (two-thousand-sixteen), and informed the shareholders about the remuneration provided in 2010 (two-thousand-ten) to the Management Board, the Supervisory Board and Supervisory Board committees.-----

Danilo Toplek, Chairman of the Supervisory Board, then presented the summary of the Report on verification of the Bank's and the Group's annual report, and informed the shareholders about the work of the Supervisory Board and its method of exercising control over operations of the Bank and the Group in 2010 (two-thousand-ten). He assessed the performance of the Bank in 2010 (two-thousand-ten) as good.-----

The Chairperson then proceeded to the next item of the agenda.-----

**3 (three) Adoption of resolution on the appropriation of the 2010 (two-thousand-ten) 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 (two-thousand-ten), and information on the remuneration provided to members of the management and supervisory bodies in 2010 (two-thousand-ten)**-----

First, the Chairperson informed the persons present that there was going to be a common discussion regarding all 3 (three) resolution proposals, including the counter-proposal, with separate voting on each resolution proposal under this item. -----

The shareholder Venčeslav Pirc said the Management Board should have included in the annual report the aspect of profitability of invested capital. In his opinion, the amount of dividend should exceed the interest rates on deposits, while the share market price should exceed its acquisition price. He proposed the Supervisory Board to be remunerated according to its performance. -----

The shareholder Stojan Auer substantiated the counter-proposal regarding the appropriation of profit which he submitted together with the Minor Shareholders' Society – Together We Are Stronger (hereafter referred to as »MDS«). -----

Robert Biček, authorised representative of the shareholders Republic of Slovenia and the company ELES d.o.o., said that the 2010 (two-thousand-ten) results of the Bank were unsatisfactory and that the drop in the price of a Bank share exceeded that of the stock exchange index. The aim of the Bank should be to manage actively its investments, streamline its operations, and improve its performance. As regards the proposal of the Republic of Slovenia regarding a special audit, he added that the Capital Assets Management Agency of the Republic of Slovenia (hereafter referred to as »AUKN«) has sent a letter to the Supervisory Board requesting the review of the Bank's operations; the Supervisory Board, however, has deemed this as unnecessary. The Republic of Slovenia withdrew the proposal for a special audit because the Bank of Slovenia suggested making such an audit by itself. -----

Kristjan Verbič, authorised representative of VZMD, complimented the Management Board on listing the Bank shares on the Warsaw Stock Exchange, and called upon the shareholders to give a discharge to the Management and the Supervisory Board for their good work. -----

Rajko Stankovič, President of MDS, explained the counter-proposal regarding the appropriation of profit, and added that he could not understand the ignorance shown by the Supervisory Board when refusing the proposed audit of operations. -----

At the end, Matjaž Kovačič, President of the Management Board, gave some additional explanations to the shareholders, in particular with regard to the management of bad loans. -----

Following the conclusion of the discussion, the Chairperson first put to the vote the proposals of the Management and Supervisory Board on the appropriation of the profit available for distribution and on giving a discharge to the Management and the Supervisory Board, with separate voting on each proposal:

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**RESOLUTION 3.1 (three . one):**-----

**On the basis of the proposal of the Management Board and the opinion of the Supervisory Board, the entire 2010 (two-thousand-ten) profit available for distribution of €3,391,912.68 (three-million-three-hundred-ninety-one-thousand-nine-hundred-twelve EUR 68/100) shall be used for the payment of dividends to shareholders. The gross dividend amounts to €0.08 (nought-point-nought-eight EUR) per share.**-----

**Shareholders entered in the share register on 3 August 2011 (third August two-thousand-eleven) are entitled to dividends. The dividend will be paid out on 20 September 2011 (twentieth September two-thousand-eleven).**-----

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**RESOLUTION 3.2 (three . two):**-----

**The Shareholders' Meeting gives a discharge to the Bank's Management Board for the financial year 2010 (two-thousand-eleven).**-----

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**RESOLUTION 3.3 (three . three):**-----

**The Shareholders' Meeting gives a discharge to the Bank's Supervisory Board for the financial year 2010 (two-thousand-eleven).**-----

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Following the voting on the Resolution 3.1 (three . one), the Chairperson of the Shareholders' Meeting established that:-----

- the number of shares for which valid votes were cast is: 25,259,288 (twenty-five-million-two-hundred-fifty-nine-thousand-two-hundred-eighty-eight);-----
- the proportion of these shares in the share capital is: 64.066 % (sixty-four-point-nought-six-six per cent);-----
- the total number of valid votes is: 25,259,288 (twenty-five-million-two-hundred-fifty-nine-thousand-two-hundred-eighty-eight);-----
- the number of votes FOR the resolution is: 25,074,653 (twenty-five-million-seventy-four-thousand-six-hundred-fifty-three), which accounts for 99.269% (ninety-nine-point-two-six-nine per cent) of the votes cast;-----
- the number of votes AGAINST the resolution is: 184,635 (one-hundred-eighty-four-thousand-six-hundred-thirty-five), which accounts for 0.731% (nought-point-seven-three-one per cent) of the votes cast;-----
- the number of votes ABSTAINED is: 955 (nine-hundred-fifty-five);-----

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Following the voting on the Resolution 3.2 (three . two), the Chairperson of the Shareholders' Meeting established that:-----

- the number of shares for which valid votes were cast is: 25,199,288 (twenty-five-million-one-hundred-ninety-nine-thousand-two-hundred-eighty-eight);--

- the proportion of these shares in the share capital is: 63.914% (sixty-three-point-nine-one-four per cent); -----
- the total number of valid votes is: 25,199,288 (twenty-five-million-one-hundred-ninety-nine-thousand-two-hundred-eighty-eight); -----
- the number of votes FOR the resolution is: 24,807,885 (twenty-four-million-eight-hundred-seven-thousand-eight-hundred-eighty-five), which accounts for 98.447% (ninety-eight-point-four-four-seven per cent) of the votes cast;---
- the number of votes AGAINST the resolution is: 391,403 (three-hundred-ninety-one-thousand-four-hundred-three), which accounts for 1.553% (one-point-five-five-three per cent) of the votes cast;-----
- the number of votes ABSTAINED is: 60,955 (sixty-thousand-nine-hundred-fifty-five); -----

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 Following the voting on the Resolution 3.3 (three . three), the Chairperson of the Shareholders' Meeting established that:-----

- the number of shares for which valid votes were cast is: 25,199,238 (twenty-five-million-one-hundred-ninety-nine-thousand-two-hundred-thirty-eight);---
- the proportion of these shares in the share capital is: 63.913 % (sixty-three-point-nine-one-three per cent);-----
- the total number of valid votes is: 25,199,238 (twenty-five-million-one-hundred-ninety-nine-thousand-two-hundred-thirty-eight);-----
- the number of votes FOR the resolution is: 24,790,824 (twenty-four-million-seven-hundred-ninety-thousand-eight-hundred-twenty-four), which accounts for 98.379% (ninety-eight-point-three-seven-nine per cent) of the votes cast;-----
- the number of votes AGAINST the resolution is: 408,414 (four-hundred-eight-thousand-four-hundred-fourteen), which accounts for 1.621% (one-point-six-two-one per cent) of the votes cast;-----
- the number of votes ABSTAINED is: 61,005 (sixty-one-thousand-five);-----

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**Following the voting, the Chairperson of the Shareholders' Meeting declared the resolutions under Point 3 of the agenda as validly adopted.**-----

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**Since all three resolution proposals of the Management and Supervisory Board were adopted, the shareholders did not vote on the counter-proposal.**-----

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 He then proceeded to the next item of the agenda. -----

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**4 (four) Adoption of resolution on the appointment of a certified auditor for the audit of the 2011 (two-thousand-eleven) financial statements of the Bank and the Group**-----

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 The Chairman of the Shareholders' Meeting opened the discussion. -----

Rajko Stankovič, President of MDS, wanted to know for how many years has the proposed audit firm already audited the operations of the Bank, after which Mr. Kovačič said that this audit firm has been auditing the Bank for two years and that the Bank changes the audit firm every 5 (five) years.-----

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The Chairperson of the Shareholders' Meeting then put to the vote the following:  
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**RESOLUTION**-----

**On the basis of the proposal of the Supervisory Board, Ernst & Young d.o.o., Ljubljana, is appointed as the certified auditor for the audit of the 2011 (two-thousand-eleven) financial statements of Nova KBM d.d. and the Nova KBM Group.**-----

Following the voting, the Chairperson of the Shareholders' Meeting established that: -----

- the number of shares for which valid votes were cast is: 25,259,196 (twenty-five-million-two-hundred-fifty-nine-thousand-one-hundred-ninety-six); -----
- the proportion of these shares in the share capital is: 64.065% (sixty-four-point-nought-six-five per cent); -----
- the total number of valid votes is: 25,259,196 (twenty-five-million-two-hundred-fifty-nine-thousand-one-hundred-ninety-six); -----
- the number of votes FOR the resolution is: 25,256,344 (twenty-five-million-two-hundred-fifty-six-thousand-three-hundred-fourty-four), which accounts for 99.989% (ninety-nine-point-nine-eight-nine per cent) of the votes cast;---
- the number of votes AGAINST the resolution is: 2,852 (two-thousand-eight-hundred-fifty-two), which accounts for 0.11% (nought-point-one-one per cent) of the votes cast;-----
- the number of votes ABSTAINED is: 1,047 (one-thousand-forty-seven);-----

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**The Chairperson of the Shareholders' Meeting declared the resolution as adopted.**-----  
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**5 (five) Proposal for amendments to the Bank's Articles of Association** -----

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The Chairman of the Shareholders' Meeting said the Management Board has received a counter-proposal of the Republic of Slovenia to this agenda item, and asked therefore the authorised representative to present the counter-proposal. -  
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Robert Biček, authorised representative of the Republic of Slovenia, said the proposed amendment to the Articles of Association differs from the proposal of the Management Board in Point (3) which refers to the authorized capital. The authorized capital the Bank has already been fully utilized. The institute of authorized capital is needed in order to enable the Bank a quick capital increase. The stress tests show the Bank does not currently need additional capital. The Republic of Slovenia objects to the proposal of the Management Board with respect to the authorized capital and the related exclusion of the

pre-emptive right of the existing shareholders. For this reason, the Republic of Slovenia proposes the amendments to the Articles of Association to be made as proposed by the Management Board, with the exception of the amendment under Point 3 (three) which refers to Article 11 of the Articles of Association. --

Jernej Kozlevčar, authorised representative of shareholders of Triglav Mutual Funds, said that he also did not see any reason for excluding the pre-emptive right of the existing shareholders to purchase new shares. -----

Since there were no further comments, the Chairperson put to the vote the counter-proposal of the Republic of Slovenia regarding the amendments to the Articles of Association: -----

#### **RESOLUTION**

**A.) The Shareholders' Meeting of Nova KBM d.d. adopts the amendments to the Articles of Association of Nova KBM d.d. as follows:** -----

**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.«-----

**2. In Article 4, the text of the second item is amended, so 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.**-----

**3. 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.«-----

**4. 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.«-----

**5. 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 (five) 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.«-----

**6. 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 members of the Supervisory Board and members of Supervisory Board committees.«-----**

**7. 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, -----
- 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. -----  
Outside 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. -----

Outside 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.«-----

**8. In Article 57 the date »8 July 2009 (eighth July two-thousand-eleven)« is replaced by the date »26 April 2011 (twenty-sixth April two-thousand-eleven)«.** -----

**B.) On the basis of the adopted amendments, the consolidated text of the Articles of Association of Nova KBM d.d. shall be issued.** -----

Following the voting, the Chairperson of the Shareholders' Meeting established that: -----

- the number of shares for which valid votes were cast is: 23,353,272 (twenty-three-million-three-hundred-fifty-three-thousand-two-hundred-seventy-two);
- the proportion of these shares in the share capital is: 59.231% (fifty-nine-point-two-three one per cent); -----
- the total number of valid votes is: 23,353,272 (twenty-three-million-three-hundred-fifty-three-thousand-two-hundred-seventy-two);-----
- the number of votes FOR the resolution is: 21,828,966 (twenty-one-million-eight-hundred-twenty-eight-thousand-nine-hundred-sixty-six), which accounts for 93.473% (ninety-three-point-four-seven-three per cent) of the votes cast; -----
- the number of votes AGAINST the resolution is: 1,524,306 (one-million-five-hundred-twenty-four-thousand-three-hundred-six), which accounts for 6.527% (six-point-five-two-seven per cent) of the votes cast;-----
- the number of votes ABSTAINED is: 1,906,971 (one-million-nine-hundred-six-thousand-nine-hundred-seventy-one); -----

**The Chairperson of the Shareholders' Meeting declared the resolution as adopted.**-----

He then proceeded to the next item of the agenda. -----

**6 (six) Proposal for determining the amount of basic remuneration, attendance fees, other income, and the reimbursement of costs to members of the Supervisory Board and Supervisory Board committees**

The Chairman of the Shareholders' Meeting informed the shareholders of the counter-proposal submitted by the Republic of Slovenia with respect to this item, according to which the remuneration provided to the Supervisory Board members is to be reduced. -----

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Venčeslav Pirc said that he would second the counter-proposal, but that he still requires Supervisory Board members to be paid according to their performance instead of being paid a flat amount. Besides, he proposed the criteria for remunerating Supervisory Board members be prepared for the next Shareholders' Meeting.-----

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Dušan Jovanovič, authorised representative of IECG NALOŽBE d.o.o., pointed out that the counter-proposal was inadequate, while the shareholder Radivoj Zavec proposed the current system of remuneration not to be amended.-----

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The Chairperson then put to the vote the counter-proposal of the Republic of Slovenia:-----

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**RESOLUTION**-----

**Members of the Supervisory Board shall receive a gross attendance fee in the amount of €275.00 (two-hundred-seventy-five EUR 00/100). Members of Supervisory Board committee shall receive the attendance fee amounting to 80% (eighty per cent) of the attendance fee for a Supervisory Board meeting. The attendance fee for a correspondence meeting amounts to 80% (eighty per cent) of a regular attendance fee. Regardless of the aforementioned and regardless of the number of attendances of meetings, each individual member of the 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% (fifty per cent) of the basic remuneration for holding the office of each individual Supervisory Board member.**-----

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**In addition to attendance fee, each member of the Supervisory Board shall receive for performing the duties of his office a gross basic payment of €13,000.00 (thirteen-thousand EUR 00/100) per annum. The Chairman of the Supervisory Board is entitled also to an extra payment in the amount of 50% (fifty per cent) of the basic payment provided to a Supervisory Board member, while the Deputy Chairman is entitled to an extra payment in the amount of 10% (ten per cent) of the basic payment provided to a Supervisory Board member. A member of a Supervisory Board committee shall receive an extra payment for performing his duties, amounting to 25% (twenty-five per cent) of the basic payment provided to a Supervisory Board member. The President of a committee is entitled to an extra payment in the amount of 50% (fifty per cent) of the basic payment provided to a Supervisory Board member.**-----

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**Members of the Supervisory Board and Supervisory Board committees shall receive the basic payment and any extra payments in pro rata monthly payments to which they are entitled for as long as they hold their office. Monthly payments equal one-twelfth of the above stated annual**

**amounts. Regardless of the aforementioned and regardless of the number of committees an individual is a 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% (fifty per cent) of the basic remuneration provided to a Supervisory Board member on the annual level. -----**

**The limitation regarding the amount of total attendance fees or extra payments provided to a Supervisory Board member shall not in any way affect his duty to participate actively in all meetings of the Supervisory Board and Supervisory Board committees of which he is a member, and his responsibility stipulated by law. -----**

**Members of the Supervisory Board are entitled to be reimbursed for travelling expenses, daily allowance, and the cost of accommodation incurred in relation to their work on the Supervisory Board, up to the amount stipulated by the regulations governing the reimbursement of costs in relation to the work and other income which is not included in tax base. The cost of accommodation may be reimbursed only if the distance between the permanent or temporary residence of a member of the Supervisory Board or a Supervisory Board committee and the place where the body performs its work is at least 100 (one-hundred) kilometres, if he is not able to travel back because, according to the timetable, a ride of a public means of transport is no longer scheduled, or due to other objective reasons. -----**

**This resolution shall take effect on the day of its adoption by the Shareholders' Meeting. 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 18<sup>th</sup> (eighteenth) Shareholders' Meeting dated 8 July 2009 (eighth July two-thousand-nine) shall cease to have force. -----**

Following the voting, the Chairperson of the Shareholders' Meeting established that: -----

- the number of shares for which valid votes were cast is: 24,967,096 (twenty-four-million-nine-hundred-sixty-seven-thousand-ninety-six); -----
- the proportion of these shares in the share capital is: 63.325% (sixty-three-point-three-two-five per cent); -----
- the total number of valid votes is: 24,967,096 (twenty-four-million-nine-hundred-sixty-seven-thousand-ninety-six); -----
- the number of votes FOR the resolution is: 21,010,232 (twenty-one-million-ten-thousand-two-hundred-thirty-two), which accounts for 84.152% (eighty-four-point-one-five-two per cent) of the votes cast; -----

- the number of votes AGAINST the resolution is: 3,956,864 (three-million-nine-hundred-fifty-six-thousand-eight-hundred-sixty-four), which accounts for 15.848% (fifteen-point-eight-four-eight per cent) of the votes cast; -----
- the number of votes ABSTAINED is: 293,147 (two-hundred-ninety-three-thousand-one-hundred-forty-seven) votes;-----

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**The Chairperson of the Shareholders' Meeting declared the resolution as adopted.**-----  
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**7 (seven) Recalling Supervisory Board members and appointing new Supervisory Board members**-----  
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The Chairperson of the Shareholders' Meeting informed the persons present about the voting proposal and added that a counter-proposal to Point 7 (seven), submitted by the shareholders GEN ENERGIJA d.o.o. and ELEKTRO-SLOVENIJA d.o.o., was received today by the Management Board. He read this counter-proposal. -----

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Voting proposals were today submitted also by the shareholders East Capital Eastern Europe Fund, East Capital Balkan Fund and KDPW, Warsaw, represented by Rok Zdravković. The counsel Zdravković clarified the counter-proposal and added that, considering the number of shares they hold, the proposers should be entitled to a representative in the Bank's Supervisory Board. Besides, he wanted to get an explanation from the Chairman of the Supervisory Board regarding the proposed replacement of Supervisory Board members. -----

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Mr. Toplek, Chairman of the Supervisory Board, said he was not informed of the new counter-proposal regarding the recall of the current and appointment of new Supervisory Board members. He considers this replacement as incomprehensible, given that the majority shareholder gave a discharge to both the Management and the Supervisory Board. -----

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Kristjan Verlič called upon the shareholders not to support the counter-proposal. -----

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Venčeslav Pirc said such situation could not occur if the criteria for assessing the performance and efficiency of Supervisory Board members are applied. -----

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Robert Biček, authorised representative of the Republic of Slovenia and the company ELES d.o.o., briefly clarified the reasons for recalling current Supervisory Board members. The fact is that the AUKN has proposed the audit of the Bank's operations, which was refused by the Supervisory Board. The proposed recall is in no way related to the discharge for the 2010 (two-thousand-ten) financial year, granted today at the Shareholders' Meeting, but is the result of incorrect response of Supervisory Board members. He made clear

to Mr. Verbič that the price of a Bank share does not depend on the requests of the majority shareholder, but is the result of the Bank's performance. -----

Dušan Jovanovič, Kristjan Verbič and Rajko Stankovič participated in the discussion as well.-----

Zdenko Podlesnik, authorised representative of NFD 1 (one) delniški investicijski sklad d.d., wanted to know whether the proposed candidates meet the criteria for performing this function.-----

Stojan Auer proposed the Chairperson to adjourn the Shareholders' Meeting in order to establish whether the counter-proposal was legitimate. -----

The Chairman of the Shareholders' Meeting said that he had examined the counter-proposal and that there was no reason to adjourn the Shareholders' Meeting. -----

Rober Biček said that the proposed candidates meet the criteria to be appointed Supervisory Board members and that all of them have also presented corresponding statements.-----

Following the discussion, the Chairperson of the Shareholders' Meeting said there would be a separate voting for each Supervisory Board member, and put to the vote the counter-proposals of GEN ENERGIJA d.o.o. and ELEKTRO-SLOVENIJA d.o.o.:-----

**RESOLUTION 7.1 (seven . one)**-----

**The Shareholders' Meeting recalls Danilo Toplek, the current Supervisory Board member, a representative of shareholders.**-----

**The Shareholders' Meeting elects Darjan Petrič, a representative of shareholders, as a new Supervisory Board member for the next four-year period starting on 23 July 2011 (twenty-third July two-thousand-eleven).** -

**RESOLUTION 7.2 (seven . two)**-----

**The Shareholders' Meeting recalls Ivan Vizjak, the current Supervisory Board member, a representative of shareholders.**-----

**The Shareholders' Meeting elects Ivan Simič, a representative of shareholders, as a new Supervisory Board member for the next four-year period starting on 23 July 2011 (twenty-third July two-thousand-eleven).**--

**RESOLUTION 7.3 (seven . three)**-----

**The Shareholders' Meeting recalls Alenka Bratušek, the current Supervisory Board member, a representative of shareholders.**-----

**The Shareholders' Meeting elects Vida Lebar, a representative of shareholders, as a new Supervisory Board member for the next four-year period starting on 23 July 2011 (twenty-third July two-thousand-eleven).--**

**RESOLUTION 7.4 (seven . four)**

**The Shareholders' Meeting recalls Andrej Svetina, the current Supervisory Board member, a representative of shareholders.**

**The Shareholders' Meeting elects Duško Kos, a representative of shareholders, as a new Supervisory Board member for the next four-year period starting on 23 July 2011 (twenty-third July two-thousand-eleven).--**

**RESOLUTION 7.5 (seven . five)**

**The Shareholders' Meeting recalls Anton Guzej, the current Supervisory Board member, a representative of shareholders.**

**The Shareholders' Meeting elects Peter Premk, a representative of shareholders, as a new Supervisory Board member for the next four-year period starting on 23 July 2011 (twenty-third July two-thousand-eleven).--**

Following the voting on the Resolution 7.1 (seven . one), the Chairperson of the Shareholders' Meeting established that:

- the number of shares for which valid votes were cast is: 24,950,597 (twenty-four-million-nine-hundred-fifty-thousand-five-hundred-ninety-seven);
- the proportion of these shares in the share capital is: 63.283% (sixty-three-point-two-eight-three per cent);
- the total number of valid votes is: 24,950,597 (twenty-four-million-nine-hundred-fifty-thousand-five-hundred-ninety-seven);
- the number of votes FOR the resolution is: 18,973,432 (eighteen-million-nine-hundred-seventy-three-thousand-four-hundred-thirty-two), which accounts for 76.044% (seventy-six-point-nought-four-four per cent) of the votes cast;
- the number of votes AGAINST the resolution is: 5,977,165 (five-million-nine-hundred-seventy-seven-thousand-one-hundred-sixty-five), which accounts for 23.956% (twenty-three-point-nine-five-six per cent) of the votes cast;
- the number of votes ABSTAINED is: 309,646 (three-hundred-nine-thousand-six-hundred-forty-six);

**The Chairperson of the Shareholders' Meeting declared the resolution 7.1 (seven . one) as adopted.**

Following the voting on the Resolution 7.2 (seven . two), the Chairperson of the Shareholders' Meeting established that:

- the number of shares for which valid votes were cast is: 24,950,647 (twenty-four-million-nine-hundred-fifty-thousand-six-hundred-forty-seven);

- the proportion of these shares in the share capital is: 63.283% (sixty-three-point-two-eight-three per cent);-----
- the total number of valid votes is: 24,950,647 (twenty-four-million-nine-hundred-fifty-thousand-six-hundred-forty-seven);-----
- the number of votes FOR the resolution is: 20,218,697 (twenty-million-two-hundred-eighteen-thousand-six-hundred-ninety-seven), which accounts for 81.035% (eighty-one-point-nought-three-five per cent) of the votes cast;-----
- the number of votes AGAINST the resolution is: 4,731,950 (four-million-seven-hundred-thirty-one-thousand-nine-hundred-fifty), which accounts for 18.965% (eighteen-point-nine-six-five per cent) of the votes cast;-----
- the number of votes ABSTAINED is: 309,596 (three-hundred-nine-thousand-five-hundred-ninety-six);-----

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**The Chairperson of the Shareholders' Meeting declared the resolution 7.2 (seven . two) as adopted.**-----

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Following the voting on the Resolution 7.3 (seven . three), the Chairperson of the Shareholders' Meeting established that:-----

- the number of shares for which valid votes were cast is: 24,950,647 (twenty-four-million-nine-hundred-fifty-thousand-six-hundred-forty-seven);-----
- the proportion of these shares in the share capital is: 63.283% (sixty-three-point-two-eight-three per cent);-----
- the total number of valid votes is: 24,950,647 (twenty-four-million-nine-hundred-fifty-thousand-six-hundred-forty-seven);-----
- the number of votes FOR the resolution is: 18,968,897 (eighteen-million-nine-hundred-sixty-eight-thousand-eight-hundred-ninety-seven), which accounts for 76.026% (seventy-six-point-nought-two-six per cent) of the votes cast;-----
- the number of votes AGAINST the resolution is: 5,981,750 (five-million-nine-hundred-eighty-one-thousand-seven-hundred-fifty), which accounts for 23.974% (twenty-three-point-nine-seven-four per cent) of the votes cast;-----
- the number of votes ABSTAINED is: 309,596 (three-hundred-nine-thousand-five-hundred-ninety-six);-----

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**The Chairperson of the Shareholders' Meeting declared the resolution 7.3 (seven . three) as adopted.**-----

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Following the voting on the Resolution 7.4 (seven . four), the Chairperson of the Shareholders' Meeting established that:-----

- the number of shares for which valid votes were cast is: 24,950,647 (twenty-four-million-nine-hundred-fifty-thousand-six-hundred-forty-seven);-----
- the proportion of these shares in the share capital is: 63.283% (sixty-three-point-two-eight-three per cent);-----



- the total number of valid votes is: 24,950,647 (twenty-four-million-nine-hundred-fifty-thousand-six-hundred-forty-seven);
- the number of votes FOR the resolution is: 16,369,065 (sixteen-million-three-hundred-sixty-nine-thousand-sixty-five), which accounts for 65.606% (sixty-five-point-six-nought-six per cent) of the votes cast;
- the number of votes AGAINST the resolution is: 8,581,582 (eight-million-five-hundred-eighty-one-thousand-five-hundred-eighty-two), which accounts for 34.394% (thirty-four-point-three-nine-four per cent) of the votes cast;
- the number of votes ABSTAINED is: 309,596 (three-hundred-nine-thousand-five-hundred-ninety-six);

**The Chairperson of the Shareholders' Meeting declared the resolution 7.4 (seven . four) as NOT adopted.**

Following the voting on the Resolution 7.5 (seven . five), the Chairperson of the Shareholders' Meeting established that:

- the number of shares for which valid votes were cast is: 24,950,647 (twenty-four-million-nine-hundred-fifty-thousand-six-hundred-forty-seven);
- the proportion of these shares in the share capital is: 63.283% (sixty-three-point-two-eight-three per cent);
- the total number of valid votes is: 24,950,647 (twenty-four-million-nine-hundred-fifty-thousand-six-hundred-forty-seven);
- the number of votes FOR the resolution is: 17,044,968 (seventeen-million-forty-four-thousand-nine-hundred-sixty-eight), which accounts for 68.315% (sixty-eight-point-three-one-five per cent) of the votes cast;
- the number of votes AGAINST the resolution is: 7,905,679 (seven-million-nine-hundred-five-thousand-six-hundred-seventy-nine), which accounts for 31.685% (thirty-one-point-six-eight-five per cent) of the votes cast;
- the number of votes ABSTAINED is: 309,596 (three-hundred-nine-thousand-five-hundred-ninety-six);

**The Chairperson of the Shareholders' Meeting declared the resolution 7.5 (seven . five) as NOT adopted.**

The Chairperson of the Shareholders' Meeting then established that the agenda was exhausted, thanked the persons present for their cooperation, and concluded the Shareholders' Meeting at 1:34 p.m. (one-thirty-four p.m.)

**Chairperson of the Shareholders' Meeting**  
**Grega Peljhan, Counsel**

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**I, the undersigned Ines Bukovič, a notary public of Maribor, confirm that these minutes are a true record of the course of the Shareholders' Meeting and that all of the above stated resolutions were adopted in the form and with the content as written above.** -----

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**I certify the content of these minutes and the resolutions set forth herein with my signature and seal.** -----

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**Notary Public**  
**Ines Bukovič**  
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Annexed to this notary's minutes and joined with them in a prescribed manner are the following documents: -----

- publication of the call of the Shareholders' Meeting and publications of counter-proposals in newspaper VEČER, -----
- counter-proposal of the Republic of Slovenia dated 26 June 2011 (twenty-sixth June two-thousand-eleven) and 7 July 2011 (seventh July two-thousand-eleven), -----
- counter-proposal of the Republic of Slovenia dated 15 July 2011 (fifteenth July two-thousand-eleven) to Point 5 (five) of the agenda, -----
- counter-proposal of the Republic of Slovenia dated 15 July 2011 (fifteenth July two-thousand-eleven) to Point 6 (six) of the agenda, -----
- counter-proposal of the shareholders Gen energija d.o.o. and Elektro-Slovenija d.o.o. dated 20 July 2011 (twentieth July two-thousand-eleven) to Point 7 (seven) of the agenda, -----
- counter-proposal of the shareholders East Capital Eastern Europe Fund, East Capital Balkan Fund and KDPW, Warsaw, dated 22 July 2011 (twenty-second July two-thousand-eleven) to Point 7 (seven) of the agenda, -----
- list of competencies at the Shareholders' Meeting dated 22 July 2011 (twenty-second July two-thousand-eleven), -----
- list of persons present at the Shareholders' Meeting dated 22 July 2011 (twenty-second July two-thousand-eleven) -----
- results of voting on items 1 (one), 3 (three), 4 (four), 5 (five), 6 (six) and 7 (seven) of the agenda, -----



TO THE SHAREHOLDERS OF NOVA KREDITNA BANKA MARIBOR D.D.

Subject: **Position of the Supervisory Board regarding the request to extend the agenda of the 20<sup>th</sup> Shareholders' Meeting of Nova KBM d.d.**

At its 36<sup>th</sup> meeting held on 13 July 2011, the Supervisory Board discussed the request to extend the agenda of the 20<sup>th</sup> Shareholders' Meeting of Nova KBM d.d. The request was to include the following topics on the agenda: (i) Recalling Supervisory Board members and appointing new Supervisory Board members; (ii) Appointing a special auditor to conduct the verification of individual transactions of the company. Although a shareholder has a legitimate right to request the recall or appointment of Supervisory Board members as well as to nominate a special auditor, the Supervisory Board is surprised about the practice and method of how the largest shareholder, i.e. the Republic of Slovenia, represented by the Capital Assets Management Agency of the Republic of Slovenia (AUKN), exercises its rights. In spite of the fact that the AUKN withdrew on 7 July the proposal for appointing a special auditor, the Supervisory Board believes that it must take its position with respect to this proposal.

**To Point 7 of the agenda of the Shareholders' Meeting – recalling Supervisory Board members and appointing new Supervisory Board Members**

In accordance with good practice of corporate governance, a supervisory board shall appoint the nomination committee. The task of this committee is to carry out the procedures for selecting candidates to be appointed supervisory board members and to assess whether the candidates meet all the criteria and are suitable to be appointed as supervisory board members. The final decision with respect to the proposal for appointing a supervisory board member, which the supervisory board submits to the shareholders' meeting, has to be reached by the supervisory board. This is stipulated in Article 7 of the Corporate Governance Code for Public Limited Companies. In addition, the Corporate Governance Code for Companies with State Capital Investments provides for the setting up of the nomination committee which, in accordance with Article 79 of this Code, shall review and assess the current composition of the supervisory board.

Pursuant to both aforementioned Codes, the Supervisory Board of Nova KBM d.d. has set up the Nomination Committee, a member of which is also a representative of the Accreditation Board of the AUKN. At its meeting held on 18 April 2011, the Nomination Committee discussed the report on self-assessment of the Supervisory Board and did not reach any decision with respect to necessary changes to the Supervisory Board. In 2011, as one of the first in a public limited company, the Supervisory Board of Nova KBM d.d. carried out the self-assessment of its work in 2010. This self-assessment was made on the basis of a questionnaire formulated by the Supervisors Association of Slovenia. Both the quantitative and the qualitative analysis have been performed within the self-assessment procedure.

I. Quantitative analysis:

All nine members of the Supervisory Board took part in this analysis. The average mark of the Supervisory Board as a whole was 3.45. Considering that the highest possible mark is 4, the Supervisory Board believes that it works well and to the best interest of the company.

The average marks by individual activities are as follows:

Activity A – Functioning of the Supervisory Board to the best interest of the company and the governance policy – 3.77

Activity B – Composition of the Supervisory Board – 3.77

Activity C – Appointing Supervisory Board members – 2.62

Activity D – Supervisory Board meetings – 3.64

Activity E – Providing information to the Supervisory Board – 3.64

- Activity F – Culture and development of the Supervisory Board – 3.24
- Activity G – Tasks of the Supervisory Board – 3.42
- Activity H – Relation with the Management Board – 3.5
- Activity I – Supervisory Board committee – 3.53
- Activity J – Support to the work of the Supervisory Board – 3.39
- Activity K – Contribution of each Supervisory Board member – 3.75

## II. Qualitative analysis:

The analysis of responses for each activity shows that the Supervisory Board members gave the highest marks to 'Functioning of the Supervisory Board to the best interest of the company' and 'Composition of the Supervisory Board'. Supervisory Board members are of the opinion that the information they need for the effective decision-making is well prepared and delivered to them in a timely manner. The Management Board informs the Supervisory Board on all current topics on a regular basis. Two Supervisory Board members mentioned that some information submitted by the Management Board is too comprehensive and detailed and that it is sometimes presented directly at the meeting, which justifies the necessity of decision-making. As regards its composition, the members believe that the Supervisory Board is composed of professionals from different areas and therefore adapted to meet the challenges of today's business world. There have been quite a few attempts of the majority shareholder (government) to exercise controlling influence over the Bank.

The worst marks were given to the activities 'Appointing Supervisory Board members' and 'Culture and development of the Supervisory Board', which is consequently reflected in the appointing procedure, but in particular in the disproportion between low remuneration for Supervisory Board members (no payment, only attendance fee) and their responsibility. Supervisory Board members agree that the criteria for selecting candidates are in place (determined by the Supervisory Board), and that also the selection procedure through the Appointment Board is conducted in a transparent manner; the adopted criteria, however, are too general and do not allow for individualization.

Based on the responses, it may be concluded that the Supervisory Board is very satisfied with the information provided, indicating that the cooperation between the Management and the Supervisory Board can be considered as a good one. Supervisory Board members also admitted that the Management Board enjoys their confidence.

The Supervisory Board achieved a high average mark, which is a proof of its good work and accomplishment of assigned tasks. Due to too general criteria for being appointed as a Supervisory Board member, the Appointment Board reached a decision to prepare profiles required for Supervisory Board members. The Appointment Board assessed positively the work of the Supervisory Board. Therefore, we reject the reproaches of the Management of the AUKN regarding the incompetence of some of the Supervisory Board members and the unsatisfactory work of the Supervisory Board.

The Supervisory Board was surprised to see the proposal of the AUKN for the recall of Supervisory Board members and believes that the proposal is in contradiction with the applicable codes and good practice of corporate governance. The Supervisory Board does not intend to revoke or restrict the right of shareholders to recall Supervisory Board members; however, it proposes the rules of good practice of corporate governance to be complied with. This position of the Supervisory Board is based on the fact that the AUKN has, instead of stating the reasons for recall in the official request for extending the agenda of the Shareholders' Meeting, mentioned in press releases false reasons for the replacement of Supervisory Board members: as regards Danilo Toplek, Chairman of the Supervisory Board, there were no business conflicts of interest, since he is not the owner or co-owner of any company in Slovenia or abroad. Thus, the complaint

concerning his business relation with the Bank is not true; further, Alenka Bratušek is not a partner or owner in any company. We also want to point out that Alenka Bratušek has been given a favourable opinion by the Staff-Accreditation Council, the predecessor of the Accreditation Committee of the AUKN, which should have established whether the conflicts of interest exist. The Supervisory Board has not been able to find any provision in the applicable legislation of the Republic of Slovenia that would in any way prohibit the employees in state administration from being supervisory board members (with the exception of officials). We believe that such misleading of shareholders is not an example of good, responsible and honest corporate governance of a public limited company.

As a public limited company with the largest number of shareholders of any Slovene company, and being listed on the Warsaw Stock Exchange, Nova KBM d.d. must comply with the principles of good practice of corporate governance.

**To Point 8 of the agenda of the Shareholders' Meeting (which was later withdrawn) – Appointing a special auditor to conduct the verification of individual transactions of the Company**

In accordance with the applicable legislation and practice of auditors, a special audit is normally requested by minority shareholders, given that the controlling shareholders may always nominate the majority of Supervisory Board members and thus exercise control over operations of a company. This is even more true for companies in which one shareholder holds over 90% of all the shares. Until the November 2007 public offering of shares, Nova KBM d.d. had been a non-public company, the shares of which had been held by the Republic of Slovenia, KAD d.d. and SOD d.d. Until then, the Republic of Slovenia had always had a possibility to recall Supervisory Board members, request the audit, and otherwise control the operations of the Bank. We are therefore surprised that the same shareholder now requests a special audit of the Bank's operations for the last five year, i.e. also for 2006 and 2007.

The Supervisory Board cannot get rid of the impression that, by requesting a special audit, a vote of no-confidence has been called against the Supervisory Board, in its present and current composition, the Supervisory Board committees, in particular the Audit Committee, and last but not least against the external auditor which was nominated by the Shareholders' Meeting and seconded by the majority shareholder, and against the Bank of Slovenia. Therefore, we wish to describe once more how the Supervisory Board has worked and works:

During 2010 the Supervisory Board 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 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 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 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 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. We especially point out that, in 2009, the Supervisory Board introduced the monthly monitoring of operations of the Bank and quarterly examination of the Bank's and the Group's exposure to customers. The Management Board,

together with relevant departments, prepares monthly operating reports for the Supervisory Board, while the report on the Bank's exposure to the 10 largest borrowers and the review of the Bank's exposure to the 50 largest borrowers is drawn up on a quarterly basis. The report contains also the information regarding the exposure of the Group.

All financial reports are checked by the Supervisory Board Audit Committee which draws up an opinion to the reports prepared by the Management Board. The Audit Committee and the Supervisory Board are informed of the work of the Internal Audit Centre through quarterly reports. The Audit Committee is composed of two Supervisory Board members and two outside experts, one of them being a certified auditor, while the other was a Vice Governor of the Bank of Slovenia for a number of years. All members are highly-qualified professionals with extensive experience in the financial sector.

In addition to the control carried out by the Supervisory Board, Nova KBM d.d., as a systemically important financial institution, has been a subject to numerous audits and reviews by the Bank of Slovenia. In 2010, the Bank of Slovenia carried out three comprehensive audits of the Bank's operations. No major irregularities were detected, which is contrary to the statements set out in the request for special audit. All review reports by the Bank of Slovenia have been promptly submitted to the Supervisory Board.

The Supervisory Board has always been prepared to comply with any reasonable request of any shareholder for the audit of individual transactions, in particular if such audit contributes to even more successful operations of the Bank. At the proposal of the controlling shareholder, the Supervisory Board requested an audit with respect to the financing of management buyouts in companies Istrabenz d.d., Pivovarna Laško d.d. and Merkur d.d., as well as in their related companies, for the period 2006 - 2008 and with respect to the variable remuneration provided to the Management Board members in the period 2006 - 2008, which was carried out by the audit firm KPMG d.o.o. and the results of which were presented at the 18<sup>th</sup> Shareholders' Meeting.

In spite of the fact that the proposer requesting the agenda extension has later withdrawn this item, we consider that the damage has been done already by publishing the request for extending the agenda of the Shareholders' Meeting. The Supervisory Board will carefully observe possible consequences of this request by AUKN.

The Supervisory Board believes that the operations of Nova KBM d.d. are legitimate and efficient and that the Bank is successfully implementing its strategic objectives, notwithstanding unfavourable economic conditions.

Maribor, 22 July 2011

Supervisory Board of Nova KBM d.d.

Danilo Toplek m.p., Chairman

## **20<sup>th</sup> Shareholders' Meeting of Nova KBM d.d.**

### **REPORT OF THE BANK'S MANAGEMENT BOARD CONCERNING REASONABLE GROUNDS FOR THE TOTAL OR PARTIAL EXCLUSION OF THE PRE-EMPTIVE RIGHT TO PURCHASE NEW SHARES, PURSUANT TO THE SECOND PARAGRAPH OF ARTICLE 354, IN CONNECTION WITH THE FOURTH PARAGRAPH OF ARTICLE 337 OF THE COMPANIES ACT (ZGD-1)**

According to the agenda of the 20<sup>th</sup> Shareholders' Meeting of Nova KBM d.d. to be held on 22 July 2011, the Management and the Supervisory Board propose to the Shareholders' Meeting to reach a decision on the increase of share capital from the authorized capital of the Bank. In accordance with the second paragraph of Article 354 of ZGD-1, and pursuant to the amended Bank's Articles of Association, the Management and the Supervisory Board also propose the authorization to be issued to the Bank's Management Board with respect to the possibility of excluding the pre-emptive right of the existing shareholders to purchase new shares. Considering that the authorization to increase the Bank's share capital is granted to the Management Board by the amended Articles of Association, the Management Board shall, in accordance with the fourth paragraph of Article 337 of ZGD-1, submit to the Shareholders' Meeting a written report concerning a reasonable ground for the total or partial exclusion of the pre-emptive right to purchase new shares.

#### **Reasons for the total or partial exclusion of the pre-emptive right to new shares**

For accomplishing the long-term objectives, set out in the Strategy of the Bank and the Group for the period 2010 – 2013, the Bank will need additional funding which will be used in order to ensure the adequate structure and quality of the Bank's capital, and for maintaining the capital adequacy ratio above the regulatory minimum level, in line with the requirements of the Bank of Slovenia and the Basel Committee on Banking Supervision (Basel 3). The Bank's Management Board intends to raise additional funding by placing new shares in the domestic as well as foreign stock markets, with the aim of offering Bank shares to new investors. The Management and the Supervisory Board believe that the placing of Bank shares in the domestic and foreign markets constitutes sufficiently reasonable ground to exclude the pre-emptive right. The Bank will in this way enhance the liquidity of already issued shares, which will be reflected in a higher share price. Besides, by excluding the pre-emptive right, the Bank will increase its responsiveness when raising funds to ensure the adequate capital adequacy. Thus, considering short response time of the international financial market, the Management Board will, with the consent of the Supervisory Board, have a possibility to exclude the pre-emptive right of existing shareholders in the capital raising process and so react more quickly to the opportunities offered by financial markets, taking into account in particular that Nova KBM shares are listed also on the Warsaw Stock Exchange.

Maribor, 22 July 2011

Management Board of Nova KBM d.d.

Andrej Plos  
Member

Manja Skernišak  
Member

Matjaž Kovačič  
President



## **20<sup>th</sup> Shareholders' Meeting of Nova KBM d.d.**

### **Report of the Management Board on the measures and activities undertaken with respect to bad loans and with the aim of improving the performance of Nova KBM d.d.**

At its 36<sup>th</sup> regular meeting held on 13 July 2011, the Supervisory Board of Nova KBM d.d. discussed the Report on the measures and activities undertaken with respect to bad loans and with the aim of improving the performance of Nova KBM d.d., and decided to present the summary of this Report to all shareholders of Nova KBM d.d. (hereafter referred to as »Nova KBM« or the »Bank«).

### **Operations of the Bank and the Nova KBM Group under adverse economic conditions in Slovenia and abroad**

Very difficult economic conditions in Slovenia and abroad affected the operations of the Bank over the past years. Despite the forecast of stabilization of economic conditions, this has not yet taken place. Consequently, the Nova KBM Group had to recognize high provisions and impairment losses as a result of increased credit risk. Notwithstanding adverse market conditions, both the Bank and the Nova KBM Group performed well and generated a profit in the past years; however, the amount of provisioning needed to maintain sound operations has greatly affected the profits of the Bank.

The Nova KBM Group has over the past years helped its customers overcome obstacles caused by the financial and economic crisis. Unfortunately, the support provided by the Bank has not always been sufficient and a number of Bank customers ended in insolvency, so the Bank had to recognize additional impairment losses. The exposure of the Bank has been collateralized in accordance with the code of conduct and the principles of prudent operations; however, the economic crisis has caused a drop in the value of certain collateral. The Bank and the Nova KBM Group are therefore trying to do anything within their power to obtain additional collateral from borrowers.

Due to the changes in the economic environment, the Bank and the Nova KBM Group decided as early as in 2009 to make a thorough analysis of the situation and to modify the method of conducting operations so as to ensure sound operations of the Bank in the future, notwithstanding possible further weakening of economic conditions. Given below is the summary of implemented and future key measures aimed at improving the situation, along with a brief report on the reviews carried out by the auditors and the regulator.

### **Internal and external audits and inspections**

Operations of the Bank and the Nova KBM Group, in particular their loan portfolio, in years 2009 and 2010 have been subject to numerous examinations of internal and external auditors and the Bank of Slovenia inspectors, who assessed the performance of both the Bank and the Nova KBM Group from different points of view (in years 2009 and 2010, the Bank of Slovenia carried out 2 examinations of the loan portfolio, the external auditor Ernst & Young carried out 4 examinations, while the internal auditors carried out

13 examinations of the loan portfolio). The aim of these examinations was to assess the regularity of operations and the adequacy of the system of internal controls in risk management, with emphasis on credit risk. Assessments were made of the following: organization of credit risk management; strategy; policy; methodologies; regulations; limits; and instructions. Detailed examinations were made of the following: loan approval procedures; credit ratings; regularity of approval procedures; method for ascertaining and monitoring the relations between parties; procedures for documenting and monitoring loans; analysis of customer operations; quality of collateral; timeliness and appropriateness of debt collection procedures, with emphasis on overdue loans; adequacy of managing written-off loans. The examination of credit risk management included: procedures for valuing and monitoring the loan portfolio; assessment of the internal credit rating model; concentration of credit risk and monitoring of credit risk management on the basis of the reporting system; early detection of doubtful customers, and measures aimed at improving their performance.

The audits and inspections carried out showed that improvements can be made particularly in the credit risk segment, which is the most significant risk with regard to the characteristics and volume of Bank operations. The system of internal controls in the management of credit risk is at the acceptable level, but may be further improved. The risk of operations non-compliance was eliminated by amending the loan approval procedures and by defining activities in case of a disagreement with an investment.

All entries relating to collateral provided for loans are controlled, as a result of which the Bank has limited its exposure to operational risk. This improvement has an impact on credit risk and capital requirements for credit risk as well as on the accuracy of reporting to the Bank of Slovenia. Improved credit risk management may as well be attributed to the adopted criteria and methodologies for assessing threshold concentration. Moreover, in order to make the system for assessing the performance of corporate customers more balanced, qualitative criteria have been incorporated in the model used for the classification of customers into different credit rating groups. The credit rating model used for the classification of sole proprietors has been upgraded too. The appropriate procedures for verifying and approving the classification of customers are in place. These procedures may be further improved by applying a balanced approach to the customer analysis. The efficiency and effectiveness of debt collection was 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. In 2011, the development is continuing of a comprehensive and integrated database used for the monitoring of debt collection procedures and realization of collateral. This database provides a transparent overview of the repayments made by customers, of actual losses, and of the enforceability of individual items of collateral.

In 2010, the Bank of Slovenia made the audit of credit risk management and ascertained that the Bank eliminated the deficiencies identified in 2009, within the deadlines set. The last two deficiencies were eliminated in 2011. The aim of the last audit of the Bank of Slovenia was, among others, to assess the total amount of credit risk and the management thereof, as well as the adequacy of customer classification. In 2009, 32.3% of the total corporate loan portfolio as well as the Bank's exposure to 85 corporate

customers was examined, while, in 2010, 16.6% of the portfolio, totalling €678 million in outstanding claims, was examined. Of the latter figure, €422 million related to C-, D- and E-rated customers.

Within the scope of regular annual audit of the 2009 Bank's financial statements, the external auditor examined loans granted to 68 corporate customers, the aggregate amount of which totalled €1,238 million, or 45% of the loan portfolio, as of 31 December 2009. Of this amount, €248 million related to the exposure to C-, D- and E-rated customers, which accounts for 20% of the examined portfolio. All the largest exposures were examined, but excluding the customers examined by the Internal Audit Centre in 2009. Internal auditors examined 26% of the corporate loan portfolio (including sole proprietors), totalling €874 million, of which €314 million related to C-, D- and E-rated customers.

Within the audit of the 2010 Bank's financial statements, the external auditor examined loans granted to 78 corporate customers, the aggregate amount of which totalled €1,395 million, or 50% of the loan portfolio, as of 31 December 2010. Of this amount, €661 million related to the exposure to C-, D- and E-rated customers, which accounts for 48% of the examined portfolio. All the largest exposures were examined, but excluding the customers examined by the Internal Audit Centre in 2010. Internal auditors examined 20% of the corporate loan portfolio (including sole proprietors), totalling €676 million, of which €227 million related to C-, D- and E-rated customers. Thus, it may be concluded that in 2010 the external and internal auditors examined slightly over 54.7% of the loan portfolio of C-, D- and E-rated customers.

In November 2010, the Slovene Institute of Auditors and the Agency for Public Oversight of Auditing carried out the regular review of the audit firm that audited the financial statements of the Bank and the Nova KBM Group in the last two years. Such reviews are carried out every three years, and the Institute selects at its discretion the entity that is subject to review. Examined in this review was the audit of Nova KBM for the year 2009. The institute checked, among others, the appropriateness of the selected sample of the loan portfolio, and concluded that no irregularities had been made in this respect. The only recommendation given by the Institute referred to the disclosures in respect of related persons, which was also pointed out by the Bank of Slovenia. This deficiency was corrected in the 2010 Annual Report.

The Supervisory Board Audit Committee discussed at its meetings held in 2010 the quarterly reports of the Management Board on the aggregate exposure to, and collateral provided by, the 50 largest customers, and regularly informed the Supervisory Board of its position. Members of the Audit Committee monitored the procedures undertaken by the external auditors, and discussed the findings of the preliminary and the final audit of the Bank's and the Nova KBM Group's financial statements (exposure to related persons, adequacy of impairment losses on loans given to construction companies). They also made a suggestion for additional assessment of impairment losses and monitored the implementation of measures issued by the Bank of Slovenia, external and internal auditors.

The Management Board discussed the recommendations given by external and internal auditors as well as inspectors, and monitored their direct implementation (the

recommendations were in some cases included in the Bank's development plan for a certain year) on a regular basis.

### **Recast of strategic directions**

Nova KBM has adopted a strategy for the period until 2013. As some presumptions on which this strategy was based have changed significantly (growth forecast, changes in the market, merger and cooperation opportunities), the decision was made to update the Bank's strategy. This update process started at the beginning of June 2011 and is being carried out in cooperation with the external advisers from PricewaterhouseCoopers.

The aim of this task is to prepare general strategic directions for the period until 2016 and to formulate and evaluate possible development scenarios for the Bank and the Nova KBM Group at a high level. As planned, the strategies of the Nova KBM Group members will be recast at a later date, from September 2011 onwards.

In revising its strategic directions, the Bank took into consideration the aforementioned changes and re-examined the vision, strategic objectives and strategic directions of the Nova KBM Group. Considering the situation in the business environment and the Bank's own potentials, two possible options for the Bank's strategic development, along with their advantages and shortcomings, have been analysed. The option the Bank favours is most suitable for further development of both the Bank and the Group. Besides, this option guarantees the stakeholders the best ratio of investments to benefits.

The key elements of the revised strategic directions are as follows: strengthening of the Bank's position in Slovenia; expansion into the markets of the Adria region; further streamlining of operations; improving the performance of the insurance division and the asset management division of the Nova KBM Group. The Bank pays particular attention to the improvement of corporate governance and social responsibility of the Nova KBM Group, as well as to the sustainable development as an increasingly important aspect of operations of business entities.

### **Activities and measures aimed at improving the performance**

#### **- Reduction of operating costs**

For a number of years, both the Nova KBM Group and the Bank have been devoting a great deal of attention to the activities carried out with the aim of providing the appropriate optimisation and rationalisation of Bank operations. The appropriate measures needed to accomplish these important objectives, set out also in the Bank's strategy, are implemented intensively through the reorganization of working processes, by setting up a so called slim organization, and through a number of other activities aimed at reducing operating costs and, consequently, improving cost-effectiveness. The results of the last two years show that we are in the right path. Significant positive financial effects, in spite of the last year's increase in operating costs as a result of the expansion of banking operations at home and abroad, will be visible in the financial statements this year and in the coming years (the number of staff at Credy Banka a.d., Kragujevac, was reduced from 719 to 390 at the end of 2010). Staff costs are expected to suffer the most significant reduction. This is due to the fact that the Bank has reduced the number of staff in the last two years by 112, which is slightly over 8% of the total

number of staff (31 December 2008: 1,505; 31 December 2010: 1,393), despite the expansion of its business network as well as the necessary yet selective hiring of certain specialists needed in order for the Bank to comply with the measures imposed by the banking regulator. The Bank's cost-effectiveness will be further improved through ongoing implementation of cost-cutting measures which are an established component of the Bank's annual business projections.

#### **- More effective risk management**

Over the last two years, the Bank has reorganised its risk management department and has given attention to an even more efficient system for measuring and managing risks, both at the Bank level and at the level of the Nova KBM Group. The following areas, in particular, were extremely important: measuring the exposure to credit risk and measuring the exposure to liquidity risk. The main activities carried out by the Bank are as follows:

- Adoption of the Methodology for determining the upper limit of borrowing by non-financial companies – Nova KBM customers;
- Centralized access to rating reports across the Nova KBM Group;
- Centralized monitoring of late payments across the Group as well as accelerated recovery of loans and realization of collateral;
- At least quarterly review of financial (customer) data in respect of individually significant financial assets;
- Increased attention with regard to obtaining additional collateral;
- Organization and carrying out of training programmes for Bank employees, mainly those working in commercial departments, the aim of which is to raise awareness about the feasibility and importance of risk management (the subject of training programmes was, among others, the upper limit of borrowing by non-financial companies, measuring the collateral coverage, measuring individual impairment of financial assets);
- Updating of the Liquidity risk management policy which clearly sets out the tasks related to operational and structural liquidity;
- Updating of the methodology for managing structural liquidity and the creation of a model used for measuring the stability of sight deposits;
- Continuation of activities related to the implementation of the technological support for liquidity projections;
- Updating of the methodology for measuring liquidity position and calculating liquidity ratios, the threshold values of which are based on multi-annual time series of measurement data.

The Bank has adopted certain measures which have helped improve the management of credit, market and interest rate risk, both on a stand-alone and consolidated basis. The Bank has set up an automated reporting system within the Nova KBM Group, which contributed to a more accurate measuring of the Nova KBM Group's exposure to all types of risk and provided a centralized control over the reporting of Nova KBM Group members.

## **- Revision of the Nova KBM Group's corporate governance system**

The Agreement on the Nova KBM Group Governance and Management has been in place since 2009. Nova KBM d.d., as the controlling company of the Nova KBM Group, and other members of the Nova KBM Group entered into this Agreement by mutual consent, in the spirit of due diligence and with the aim of closer cooperation within the Nova KBM Group and outwards. The purpose of concluding this Agreement was to utilise the advantages of a joint market appearance and synergies of membership in the Nova KBM Group, all with the aim to increase the Nova KBM Group's market share and to improve the performance of all members of the Nova KBM Group.

With the aim of reconciling current and development business policies, strategies, as well as activities in the market and in individual segments within the Nova KBM Group, the Board of Directors has been set up as the highest body of the Nova KBM Group, which is comprised of members of the management boards of all Nova KBM Group companies. Coordination between Group members is conducted through coordination boards and special boards or committees. The aim of coordinating activities between Nova KBM Group companies that belong to the same business division is to utilise synergies arising from the introduction of new services or products.

In 2010, the Bank's Management and the Supervisory Board adopted the Governance policy of Nova KBM d.d. which sets out principal directions in governing and managing Nova KBM d.d. and members of the Nova KBM Group, taking into consideration each Group member's long-term objectives, its values, and its responsibility toward the broader social environment, which should increase the standards or transparency of members of management and supervisory bodies as well as of other stakeholders (employees) of the Bank in conducting regular operations. This forms a firm basis for better corporate governance, improved risk management system, and the economy of the Nova KBM Group operations.

In setting up and developing a transparent, clear and successful governance and management system, the Bank endeavours, as far as feasibly possible, to comply with the highest standards of responsible and well thought out management of the Bank, which are set out in the Corporate Governance Code for Public Limited Companies. Compliance with the Corporate Governance Code is presented each year in the Corporate Governance Statement which forms an integral part of the Bank's annual report.

## **- Credit risk management**

In the area of corporate banking, the Bank has revised its credit policy and has defined the target customer groups and appropriate strategies for each of them. Exposure to large customers is being reduced in line with repayment schedules. If a large corporate customer is oriented mainly toward exports, then, in accordance with the adopted credit strategy and considering the general export orientation of the Slovene economy, the cooperation with such a customer is preserved at the same level and in all segments, under the condition that the appropriate collateral is provided. If corporate customers, also large ones, increase the volume of their operations, in particular in foreign markets,

the Bank is providing and will provide to them additional funding for the financing of concrete transactions.

Target customers or projects include micro- and small enterprises, investments in renewable energy sources, environmental investments, and investments undertaken by public organizations, such as investments in homes for the aged, protected housing, etc.

The Bank has adopted a strategy of diversification across industry sectors and has decided to reduce its exposure to the construction industry (projects for the market). To that effect, the Bank has started offering very favourable housing loans for individuals, which accelerated the demand for new residences and, consequently, caused the exposure to this segment to decrease.

The Bank cooperates also with the SID Bank and with some international financial institutions that provide a variety of funding sources for the financing of corporate customers. We devote special attention to the projects that are eligible for financing through grants from the European Union and the Slovene Enterprise Fund. By so doing, the Bank follows the development orientation of Slovenia.

The effects of the economic crisis are not so severe in the retail banking segment; however, due to a growth in the number of unemployed, the Bank has to deal with an increased number of delinquent customers. For each case, the Bank tries to find an individual solution which is based on the assessment of the situation and the capability of a customer to overcome current problems. To this end, the Bank restructures loans, thus enabling customers a normal life during the period without regular income. Regular repayment of the loan is resumed once the customer gets a new employment. In view of high indebtedness of citizens, the Bank amended in March 2011 its terms and conditions for lending, which protect the customers from over-indebtedness, while enabling the Bank to have a better control over the regularity of repayments.

### **Changes in the work of Bank credit committees**

Powers and competencies as well as the method of reaching decisions with respect to investments are set in the Decision of the Management Board on competencies, procedures and the method of reaching decisions with respect to investments of Nova KBM d.d. Competencies concerning the approval of low-risk investments are vested in certain authorised officers of the Bank, while the decisions with respect to larger and more risky or problematic investments are reached by appropriate credit committees (branch or department credit committee, division credit committee and Bank credit committee).

The Bank's Management Board adopted in 2010 a decision to amend the rules of procedures governing the work of individual credit committees. Provisions of the rules of procedures have been adjusted to comply with the General standards for credit risk management, which are annexed to the Decision on risk management and assessing adequate internal capital. In accordance with the amended rules of procedures, an investment can be approved only if the credit risk management department gives its consent, as set out in the General standards for credit risk management. Also, the amended rules of procedure set out the regulations to be observed in cases where

the member of a credit committee, who is from the Credit Analysis and Investment Assessment Department, disagrees with an investment decision.

### **Improved control of collateral**

Already in 2008, the Bank set up the application for entering and monitoring all types of collateral. Special emphasis was put on daily monitoring of prices of pledged securities and on the value of other types of collateral. Based on the calculation of the value of collateral, the respective officers request from the borrowers to provide additional collateral if the value of collateral already provided falls below the agreed upon value, or negotiate different terms with the borrower.

Credit officers devote a special attention to the daily monitoring of obligations to the Bank that have become due, and collect the amounts due from available collateral – primarily from credits on the account or from other types of collateral. They devote a special attention also to the daily monitoring of customers engaged in currently risky industries (construction and related activities). If any receivable is overdue for more than 90 days, it is transferred to the Loan Recovery Department, or taken to court for recovery. Due to the above average number of companies in insolvency, this department hired additional staff with the aim of collecting outstanding debts as quickly and as favourably as possible – to the extent possible by law. We participate actively and to the maximum extent possible in credit boards and cooperate with administrators or receivers.

### **Restructuring and collecting bad loans**

Nova KBM has set up a special department which is in charge of restructuring and collecting bad loans. The employees of this department deal intensively with the collection of debts that are overdue more than 180 days and are classified in lower credit rating groups, as well as with the restructuring and collection of debt from companies in insolvency proceedings, i.e. companies in compulsory settlement, bankruptcy or winding-up proceedings, or legal entities that have been cancelled from the court register without winding-up.

The employees of this department have specific knowledge and cooperate in dealing with bad loans mainly with the legal office and commercial departments. Already in 2010, but particularly in 2011, the department hired additional staff with the aim of managing and solving bad loans more effectively and faster.

Considering adverse economic conditions, the Bank has reinforced also other areas dealing with the collection of debts and management of bad loans, particularly in the area dealing with pledged real estate. The Bank has established contacts with real estate agencies through which, with the consent of the owner of pledged real estate, it tries to transform real estate into liquid assets from which the payment can be made of obligations that are due to the Bank.

The purpose of the Bank's engagement through its subsidiaries and other companies in insolvency proceedings is a more efficient settlement of bad loans on the basis of pledged real estate, with the aim of reducing the Bank's exposure to such loans. It must be pointed out, however, that the Bank's activities in this respect are relatively limited



due to the fact that the Bank is not the owner of pledged real estate. Therefore, agreements must be reached with the owners of real estate, while the subsidiaries and other companies must be financially qualified for possible purchases of real estate.

To the extent possible by law, the Bank, directly or through its subsidiaries and other entities, cooperates actively with receivers in bankruptcy proceedings, especially in cases where the Bank's exposure is rather high.

The Bank settles arrangements with debtors that are not (or no longer) in insolvency proceedings mainly by restructuring loans.

Activities related to debt collection and seizures of pledged securities have this year also been heavily intensified. In carrying out these activities, the Bank pursues the principle of optimum yield.

The Bank notes that there are several factors affecting the yield, from different court proceedings (bankruptcy proceedings, compulsory settlement proceedings, execution proceedings) to the outcome of negotiations with different entities involved in the settlement of mutual relationships. The latter does not necessarily depend on the activities of the Bank, so a substantial period of time is sometimes needed until the final outcome of a recovery is reached, which causes delays in already-scheduled repayments.

The Bank also notes that certain court proceedings take unreasonable long time to finish. In such cases, the Bank lodges supervisory complaints, or even criminal complaints if there are grounds for this.

The Bank has in place appropriate internal rules for dealing with overdue claims until these are transferred to a special department. Professional support is also provided by both the in-house and outside legal office.

The Management Board reports regularly to the Supervisory Board on the issues related to large borrowers and on the realisation of the annual recovery schedule. The amount of debts recovered in the first six months of 2011 already exceeds the annual projection. The Bank will continue to take all necessary steps to ensure optimum recovery of debts or settlement of overdue claims.

#### **- Customer relationship management**

The Bank continues with the setting up of the customer relationships management system, which provides an approach more suited to customer needs and better sales results. All marketing activities are planned and systematically carried out, while target customers are carefully selected and managed in a controlled manner. Models have been set up that enable the sales personnel to conduct marketing activities more proactively and to offer services tailored to the needs of individual customer segments. The Bank informs the customers of the maturity of individual transactions and offers them a possibility to conclude new or more favourable transactions. In so doing, the Bank provides a higher level of customer service. Within the upgrade of the CRM system, the Bank intends to improve and supplement the customer database. In

addition, all sales activities through all distribution channels will be planned and monitored in a uniform manner.

#### **- Monitoring illegal conduct of employees**

The Bank nominated a compliance officer already in 2009. In the first half of this year, it had set up a special system for the anonymous reporting of the actions of employees that constitute infringements of internal rules or regulations. The Supervisory Board is informed of the violation reports.

If internal rules and regulations are violated and the violations have the signs of criminal offence, the relevant departments prepare the documentation for filing a criminal complaint and possibly a claim for damages. In accordance with the applicable labour legislation, the Bank conducts proceedings against possible violators.

#### **Conclusion**

By amending its approach to risk and adapting the organization of the entire Nova KBM Group to the changed market conditions, the Bank clearly demonstrated its intention to actively manage its position in adverse operating environment. The economic crisis revealed that some areas of banking operations could be improved, and by adopting a different approach the Bank has made numerous improvements in its operations. The Management Board, as well as all other governance bodies and the employees, pursues the goal of sound, reliable and profitable operations. With this report, we wanted to present to the shareholders the main activities the Bank and the Nova KBM Group have carried out or are still undertaking.

Maribor, 22 July 2011

Management Board of Nova KBM d.d.

Andrej Plos  
Member

Manja Skernišak  
Member

Matjaž Kovačič  
President

**Five largest shareholders present or represented at the Shareholders' Meeting of Nova KBM d.d., the number of shares and voting rights they hold, and the percentage of their voting rights in relation to all voting rights**

1. Republic of Slovenia, Gregorčičeva ulica 20, 1000 Ljubljana – 10,822,770 shares and voting rights, or 27.55% of all the voting rights in the Bank
2. POŠTA SLOVENIJE d.o.o., Slomškov trg 10, 2000 Maribor – 2,599,192 shares and voting rights, or 6.62% of all the voting rights in the Bank
3. GEN d.o.o., Vrbina 17, 8270 Krško – 2,500,000 shares and voting rights, or 6.36% of all the voting rights in the Bank
4. KAD d.d., Dunajska cesta 119, 1000 Ljubljana – 1,875,920 shares and voting rights, or 4.77% of all the voting rights in the Bank
5. SOD d.d., Mala ulica 5, 1000 Ljubljana – 1,250,614 shares and voting rights, or 3.18% of all the voting rights in the Bank