

# 21<sup>st</sup>

Shareholders'  
Meeting of  
**Nova KBM d.d.**



MATERIALS

 **Nova KBM**  
READY FOR TOMORROW



On the basis of Article 32 of the Bank's Articles of Association and second paragraph of 295. article of Companies Act (ZGD-1), The Management Board of Nova KBM d.d., Maribor invites its shareholders to attend the

# 21<sup>st</sup> Shareholders' Meeting of Nova Kreditna banka Maribor d.d.

which will take place on Friday, 8 June 2012, at 12:30 p.m. in the Minarik Hall of Hotel Habakuk, Pohorska ulica 59, Maribor.

## **AGENDA:**

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

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

#### **Resolution proposal:**

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

On the basis of Article 304 of the Companies Act (ZGD-1), Ines Bukovič, a notary public of Maribor, will attend the 21<sup>st</sup> Shareholders' Meeting of Nova KBM d.d., Ulica Vita Kraigherja 4, Maribor.

The resolution was proposed by the Management Board.

### **2. Taking note of the 2011 Report on Internal Audit, together with the opinion of the Supervisory Board, the 2011 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 2011 Annual Report of the Nova KBM Group and Nova KBM d.d.**

### **3 Information on the amount and the covering of the 2011 loss of Nova KBM d.d., granting discharge to the Management and the Supervisory Board of Nova KBM d.d. for the financial year 2011, and information on the remuneration provided in 2011 to members of the management and supervisory bodies.**

#### **Resolution proposal:**

3.1 Based on the proposal of the Bank's Management and Supervisory Board, the Shareholders' Meeting takes note that the 2011 loss of Nova KBM d.d. amounts to €83,716,623.69. It also takes note that the loss would not be covered, but would be transferred to retained earnings or losses of the Bank.

3.2 The Shareholders' Meeting gives a discharge to the Bank's Management Board for the financial year 2011.



3.3 The Shareholders' Meeting gives a discharge to the Bank's Supervisory Board for the financial year 2011.

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

#### **4. Adoption of resolution on the appointment of the certified auditor for the audit of the 2012 financial statements of the Bank and the Group.**

##### **Resolution proposal:**

Based on the proposal of the Supervisory Board, the auditing firm Ernst & Young d.o.o., Ljubljana, is appointed as the certified auditor for the audit of the 2012 financial statements of Nova KBM d.d. and the Nova KBM Group.

The resolution was proposed by the Supervisory Board.

#### **5. Proposal for amendments to the Bank's Articles of Association.**

##### **Resolution proposal:**

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

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

#### **6. Appointment of new and replacement Supervisory Board members**

##### **Resolution proposal:**

1. The Shareholders' Meeting takes note of the resignation of Mr. Ivan Simič, a Supervisory Board member, and appoints Mrs. Aleksandra Špiler instead of him. Her term of office will start on 9 June 2012 and will end on the day on which the term of office of the resigned Supervisory Board member would have ended, i.e. 23 July 2015.
2. The term of office of the following Supervisory Board members expires on 14 July 2012: Mr. Dušan Jovanovič, Mr. Franc Škufca, Mr. Andrej Svetina, Mr. Aleš Krisper, Mr. Janez Košak and Mr. Anton Guzej. Therefore, the Shareholders' Meeting appoints the following Supervisory Board members for a period of 4 (four) years, starting on 15 July 2012: Mr. Goran Dimc, Mr. Dag Kralj, Mr. Igor Marinšek, Mr. Franc Škufca, Mr. Janez Košak, Mrs. Janja Postružnik

The resolution was proposed by the Supervisory Board.

#### **7. Undertaking capital raising activities**

##### **Resolution proposal:**

1. The management bodies of the Bank shall immediately undertake activities to raise capital, so that the Bank's Core Tier 1 ratio will reach 9% by the end of October 2012 at the latest. Within the context of these activities, an independent due diligence review of NKBM d.d. and its subsidiaries (the entire NKBM Group) shall be carried out by an internationally selected institution according to international standards. The due diligence shall be carried out on a priority basis and in any case no later than by July 2012.
2. The management bodies of the Bank need to carry out the activities to sell non-core assets of the NKBM Group by the end of October 2012 at the latest.



## Information for shareholders

### **Availability of the materials for the Shareholders' Meeting, resolution proposals with explanations, and information related to the Shareholders' Meeting**

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

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

### **Shareholder requests and proposals**

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

Shareholders may also communicate their requests for additional agenda items by e-mail: [delnicar@nkbm.si](mailto:delnicar@nkbm.si) or by fax: +386 2 229 2014.

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

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

### **Shareholder's right to information**

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



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

The Shareholders' Meeting may be attended by only those shareholders who register their participation in the Shareholders' Meeting with the Management Board no later than 3 days before the session, i.e. by 4 June 2012 inclusive, and are entered in the central registry of book-entry securities as owners of Bank shares at the end of 4 June 2012. The registration is to be sent by mail to the address: Nova Kreditna banka Maribor d.d., Bank Secretariat – for the Shareholders' Meeting, 2505 Maribor, Slovenia. The registration for the Shareholders' Meeting cannot be sent via electronic means. Only registrations with original signatures will be considered valid and will be taken into consideration.

Each shareholder entitled to participate in the Shareholders' Meeting can appoint a proxy to attend it on his behalf and to exercise his voting right. The written power of attorney must be submitted to the Bank where it will be kept. The form for exercising the voting right via a proxy is available on the Bank's website, and each shareholder can obtain it free of charge at the Bank's headquarters in Maribor, Ulica Vita Kraigherja 4, each working day between 10:00 a.m. and 1:00 p.m., from the date of publishing the call until the day of the Shareholders' Meeting. The power of attorney may also be sent to the Bank by e-mail to: [delnicar@nkbm.si](mailto:delnicar@nkbm.si); it must be scanned and sent as an attachment, it must contain the personal signature of the natural person, and in case of legal entities it must contain the personal signature of the statutory representative and the stamp of the legal entity, if it is being used. The Bank is entitled to check the identity of the shareholder or the principal sending the power of attorney by e-mail as well as the authenticity of his signature. The power of attorney may also be sent to the Bank by fax to: +386 2 229 2014. Until the day of the Shareholders' Meeting, the power of attorney may be revoked by the shareholder anytime in the same manner as it was granted.

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

On the day of the call of the Shareholders' Meeting, the Bank has 39,122,968 ordinary registered no par value shares outstanding. According to the law, each ordinary share entitles its owner to one vote at the Shareholders' Meeting. On the day of the call of the Shareholders' Meeting, the Bank does not hold any treasury (its own) shares; however, on the day of the call of the Shareholders' Meeting, Poštna banka Slovenije d.d., a member of the Nova KBM Group, holds 136,000 ordinary registered no par value shares of Nova KBM d.d.

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

If at the stated time the Shareholders' Meeting does not have a quorum, there will be another session on the same day at 1:30 p.m., at the same venue. In this case, the Shareholders' Meeting will have a quorum regardless of the number of shareholders present or represented.

Maribor, 8 May 2012

Management Board of Nova KBM d.d.

Andrej Plos  
Member

Aleš Hauc  
President

**Point 1**

# Opening of the Shareholders' Meeting,

## **establishment of quorum and election of Shareholders' Meeting bodies**

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

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

**Resolution:**

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

On the basis of Article 304 of the Companies Act (ZGD-1), Ines Bukovič, a notary public of Maribor, will attend the 21st Shareholders' Meeting of Nova KBM d.d., Ulica Vita Kraigherja 4, Maribor.

Maribor, 8 May 2012

Management Board of Nova KBM d.d.

Management Board of Nova KBM d.d.

Andrej Plos  
Member

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Aleš Hauc  
President

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## Point 2

## Taking note

### **of the 2011 Report on Internal Audit, together with the opinion of the Supervisory Board, the 2011 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 2011 Annual Report of the Nova KBM Group and Nova KBM d.d.**

Pursuant to the first paragraph of Article 282 of the Companies Act (ZGD-1), the Supervisory Board verified at its 49th regular meeting held on 17 April 2012 the complete 2011 Annual Report of the Nova KBM Group and Nova KBM d.d., submitted by the Bank's Management Board, and, in accordance with the second paragraph of Article 282 of the Companies Act (ZGD-1), adopted at the same meeting the report of the Supervisory Board on verification of the 2011 Annual Report of the Nova KBM Group and Nova KBM d.d. as well as the resolution on approving the 2011 Annual Report of the Bank and the Group (Appendix).

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

Pursuant to Article 201 of the Banking Act (ZBan-1), the internal audit department shall draw up the annual report on internal audit (Appendix), which must be put by the Management Board on the agenda of the Shareholders' Meeting of the Bank, together with the audited annual report of the Bank and the report of the Supervisory Board. In accordance with these provisions, on 29 March 2012 the Bank's Management Board submitted to the Supervisory Board the 2011 Report on Internal Audit, based on which the Supervisory Board formulated the following opinion:

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

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

The Internal Audit Centre gives assurance to the Bank's Supervisory Board, the Audit Committee and the Management Board of its organisational independence, which was not threatened in any way during 2011. The Internal Audit Centre also gives assurance as to the consistency of the Charter of Internal Auditing in the Group, which provides for proper functioning of the internal auditors of Group companies with regard to their mission, the method of their work, their competences and responsibilities, and the area and scope of their work.



Internal auditors of the Group performed the audit reviews on the basis of the Group's annual plan of internal audits. With respect to the audit of the banking division, a special attention was devoted to the management of liquidity, interest rate and currency risk. Credit risk management was also subject to a detailed audit, both at the level of commercial departments and from the point of view of established system for measuring, monitoring and reporting of risk. The audit of commercial departments was focused on the loan approval procedures, on collateral provided for loans, and on the procedures for collecting debts. The debt collection procedures were audited at the level of commercial departments as well as at the level of specialised departments. As for operational risk management, audits were carried out of the following: information technology; cash operations; staff function; the organisation; and disclosures in the annual reports. Operational compliance and the procedures for preventing money laundering were also subject to an audit review.

In Zavarovalnica Maribor, d.d., audits were carried out of the risk management system, with particular emphasis on insurance risk in the non-life insurance segment, market risks and credit risk. In addition, audits were carried out of the collection of debts under insurance business, and of insurance risk in the area of life insurance. With respect to operational risk management, an audit was carried out of compliance with legislation.

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

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

At the Group level, audits were carried out of the following: purchase of irrecoverable banking claims by KBM Fineko, d.o.o.; certain segments of information systems in Zavarovalnica Maribor, d.d.; a software used by KBM Infond DZU, d.o.o. and PBS, d.d.; and approval of transactions by KBM Leasing, d.o.o.

The Audit Committee believes that the objectives of internal audit reviews have been met and that the audit reviews carried out by internal auditors in 2011 were in accordance with the principal purpose of internal auditing – i.e. assessing the adequacy and efficiency of the system of internal controls for managing and controlling risks, the security of IT systems, and the accuracy of reporting. By implementing the recommendations, an improvement has been achieved in the efficiency of the system of internal controls, resulting in a more sophisticated risk management system, which is of crucial importance in view of the current operating environment.

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





Based on the aforementioned, the Management and the Supervisory Boards propose to the Shareholders' Meeting to consider, in accordance with the second paragraph of Article 282 and the third paragraph of Article 294 of the Companies Act (ZGD-1), as well as in accordance with Article 201 of the Banking Act (ZBan-1), the 2011 Report on Internal Audit, together with the opinion of the Supervisory Board, the 2011 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 2011 Annual Report of the Nova KBM Group and Nova KBM d.d.

Maribor, 8 May 2012

Management Board of Nova KBM d.d.

Andrej Plos,  
Member

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Aleš Hauc,  
President

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Supervisory Board of Nova KBM d.d.

dr. Dušan Jovanovič,  
Chairman

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## To Point 2

# REPORT

## on internal audit of the Nova KBM Group for the year 2011

The supervisory bodies and management boards of Nova KBM Group companies are aware that the setting up and implementation of a proper risk management system and a system of internal controls is of key importance for secure, effective, economical and successful management of the Nova KBM Group. In accordance with the principles of corporate governance, the Internal Audit Centre (hereafter 'CNR') has organised its work in such a way that the auditing of the Bank is performed separately from the audit reviews in subsidiary companies. CNR is responsible for coordinating the work of all internal auditors in the Group, and for the transfer of good practice. The internal auditors in the Group perform their activities through the Internal Audit Board of the Nova KBM Group. CNR gives assurance to the Bank's Supervisory Board, the Audit Committee and the Management Board of its organisational independence, which was not threatened in any way during 2011. CNR also gives assurance as to the consistency of the Charter of Internal Auditing in the Group, which provides for proper functioning of the internal auditors of Group companies with regard to their mission, the method of their work, their competences and responsibilities, and the area and scope of their work.

### Functioning of internal auditors

The internal auditors perform their work with due care and diligence, and in compliance with the professional rules (principles and standards applicable to internal auditing), the Code of Ethics of Internal Auditors, and the Document of Internal Auditing. The internal auditors take account of applicable national legislation as well as of internal operational and organisational rules. CNR reports quarterly and annually to the Bank's Management and Supervisory Boards, the Supervisory Board Audit Committee and, occasionally, to external supervisors. Through reports prepared by internal auditors, CNR gives independent and impartial assurances to the Bank's Supervisory and Management Board with respect to the adequacy of the system of internal controls for the management of risks in accomplishing operating objectives and preserving an ethical business environment. The internal audit is an independent and impartial function of the Group that offers advice to management at all levels. It involves carrying out supervisory activities, though this does not release management members from their responsibility to set up and implement a secure, economical, effective and successful system of internal controls needed for proper risk management.

### Implementation of the annual programme of work

The annual plan of internal auditing was prepared based on the Methodology for Planning Internal Auditing on the Basis of Risk Assessment, the Group's business policy, the annual business plan of individual Group companies, and on the basis of annual plan of work of the Group companies' internal auditors. The plan was carried out by 24 internal auditors of the Group.

### Accomplishing the objectives of internal auditing

The principal objectives of internal auditors set out in the plan of internal auditing for 2011 were accomplished. The implementation of key findings and recommendations given by internal auditors to the management of Group companies contributed to the reduction of risk to an acceptable level.

The **banking division** includes the following companies: Nova KBM, d.d., Poštna banka Slovenije, d.d. (PBS), Credy banka AD and Adria Bank AG.



In Nova KBM, d.d., audits were carried out of the following: the risk management system, commercial and support services, financial markets, financial reporting, compliance with legislation, the information system, and staff functions. In addition, on the basis of decisions passed by the Bank's Management or Supervisory Board, or on the basis of findings established during regular audit reviews, six extraordinary audit reviews were carried out last year.

As regards liquidity risk management, it was established that there is a proper division between the competences and responsibilities of the Risk Management Department and the Treasury Department. Also, an adequate system of reporting to and informing the Bank's Management Board of the Bank's exposure to liquidity risk has been set up. Liquidity risk management at the Group level is in compliance with the common standards of liquidity risk management, as are the activities related to the measurement of liquidity risk on an individual basis for periods longer than 30 days. The Bank has also defined the liquidity reserve and has adopted measures for preventing and remedying the causes of a lack of liquidity (liquidity management scenarios, crisis plans).

The Bank has set up an adequate system for limiting its exposure to currency risk. With respect to currency risk, the Bank strives to maintain a closed foreign currency position, while in setting limits for currency trading, capital requirements for foreign exchange risk are taken into consideration. Independent monthly monitoring of compliance with limits by individual currencies is provided for. The limits for currency trading may be changed depending on the volatility of exchange rates and the Bank's operational needs. The reporting on compliance with limits is done on a daily and monthly basis, and the Bank has decided measures to be taken if the limits are violated.

An adequate system for managing credit risk has been set up by the Bank, yet some improvements in certain segments will need to be implemented. The Bank has in place basic facilities for collecting debts: a debt collection policy, a warning letter procedure, and a system of reporting on the collection of debts to the senior management. It also manages claims written off in an adequate manner. The efficiency and effectiveness of debt collection may be ensured by optimising the debt collection process and by liquidating collateral provided for claims that have become overdue, and through more efficient monitoring of procedures for debt collection and the realisation of collateral. The monitoring of delinquent customers is provided for, as is the automatic generation of warning letters to legal entities and sole proprietors in respect of their overdue debts.

The organisation of procedures for individual assessment and impairment of financial assets and off-balance sheet commitments is considered to be adequate; however, these procedures need to be organisationally separate from the commercial departments and carried out independently in one organisational unit. Individual impairments of financial assets and off-balance sheet commitments measured at amortised cost are recognised based on the adopted Methodology for Assessing Credit Risk Losses and the Collateral Rules. When calculating individual impairment of financial assets on the basis of cash flow from the liquidation of immovable or moveable property provided as collateral, the Bank must obtain a timely appraisal of the fair market value of collateral. It must also monitor the value of collateral more closely and carry out statistical revaluations. By setting up a department responsible for monitoring collateral, an improvement was made regarding the control over the value and quality of collateral. This department also ensures that collateral documents are up to date.

In the commercial area of the Bank, audits were carried out of lending operations in selected branch offices and of the functioning of credit committees. As regards the approval of investments, it was established that internal controls are, in general, at an adequate level. The Bank has effectively streamlined its loan approval procedures and has provided for increased commitment of loan officers. Furthermore, it has changed the structure of credit committee members by reducing the number of members from commercial departments and by including experts from other, non-commercial departments of the



Bank. By so doing, it has provided for a better assessment of credit and other risks. Also, a special credit committee has been set up, which is in charge of approving loans to customers with a lower credit rating. The aim of this was to limit the risk of potential loss arising from the specifics related to the settlement of doubtful investments.

The auditing of cash operations provides for appropriate internal control in cash handling. Furthermore, the Bank, as a depositary, complies with contractual provisions and assures the quality of the euro banknotes it uses. Risks related to payment card operations are identified and managed in a timely manner. The system of internal controls in the area of cost management is an adequate one, compliance with the legislation is provided for, and the area of work is supported by instructions and regulations. The scope and the type of disclosures provided by the Bank are in accordance with the applicable legislation. Information included in the annual report is complete and accurate, while the scope of information meets the regulatory requirements. The information and reporting system is an adequate one and ensures compliance with the provisions of the Regulation on Disclosures by Banks and Savings Banks. The Bank fully complies with the provisions of the Prevention of Money Laundering and Terrorist Financing Act.

In the area of information systems, an audit of the Moneta payment system was carried out. Assurances were given by the auditors that the functioning of this payment system is in compliance with the applicable legislation and regulations, and that the Bank, as a manager and a member of the Moneta payment system, has set up an appropriate risk management system in this area. Based on the audit of the management of operational processes, an assurance was given that the Bank's system for documenting operational processes is an adequate one and forms a sufficient basis for the management of operational processes, while providing proper evidence of these processes. As regards the Bank's online banking service, Bank@Net, the Bank has set up adequate controls to guarantee a proper level of security and reliability in the provision of electronic banking services for corporate customers. As for the audit of the payment system, assurances were given that the Bank executes outgoing SEPA payments on the basis of transaction systems, which ensures that the entry of payment order data as well as the execution or rejection of outgoing SEPA payments are at an adequate level. The verification and authorisation of payment orders guarantee the accuracy of the same.

Internal auditors specialising in information systems carried out the audit reviews in Zavarovalnica Maribor d.d., KBM Infond d.o.o. and PBS. Audits were carried out of the software used for transactions in securities, of the software used for recording loans given to corporate customers, and of the accuracy and integrity of information in the central data warehouse of PBS.

As regards credit risk in PBS, audits were carried out of the following: credit risk management, the retail loan portfolio, the classification of customers-legal entities into credit rating categories, and individual impairment of financial assets. Based on the audits carried out, assurances were given that the procedures for approving and monitoring loans, as well as for classifying customers, are, in general, consistent with the applicable legislation, internal documentation, and common standards applicable to credit risk. An improvement was made in the recording of restructured loans and in the assessment by authorised officers of PBS of the value of real estate pledged as collateral. Also, it was necessary to ensure the calculation of exposure limits. Within the auditing of the retail loan portfolio, an assurance was given that the loan approval procedures are, in general, in compliance with the applicable legislation, internal documentation, terms and conditions of the insurance company, and competences. As for the classification of customers into credit rating categories, an assurance was given that an adequate methodology for classifying customers is in place. By implementing the recommendation following the audit of individual impairment of financial assets, an adequate system will be set up for the calculation of the recoverable amount of individually significant financial assets. Within the auditing of the assessment of adequate internal capital, an assurance was given that the process of assessing internal capital is, in general, carried out in compliance with the



applicable legislation and internal documents, taking into account the characteristics, and the volume and complexity of operations carried out. An assurance was also given that PBS has sufficient internal capital in relation to its risk profile. Internal documents governing liquidity risk and interest rate risk were amended and implemented. Competent authorities of PBS produced and reviewed additional reports, calculations, stress scenarios and ratios. PBS has in place appropriate and adequate rules for the selection of outsourcers, which must be strictly observed. The findings of the audit in respect of the legitimacy of operations give an assurance as to the credibility of published information (the semi-annual report of PBS). Also, the content and the scope of disclosures included in this report are consistent with legal and professional standards.

In Credy banka AD, the auditors carried out 10 regular audit reviews and, in accordance with the decision of the Management Board, two extraordinary audit reviews. A legally required audit was carried out of the bank's operations to verify the compliance of its internal documents with the legislation governing the protection of money laundering, and the compliance of its training programmes and methodologies with the implementation of the training of employees. With respect to the audit of its retail loan portfolio, an assurance was given that necessary controls are carried out and that the identification and measurement of credit and operational risk, as well as the limiting of risks, are properly managed. Based on the findings of the audit with regard to whether receivership proceedings are carried out and reported to the National Bank of Serbia in a timely manner, it was necessary to ensure the correctness of all procedures. Based on the findings of the audit of the central vault in Kragujevac, it was established that an improvement of control in cash transactions is required in order for operational risks to be reduced. Within the auditing of identification, measurement and monitoring of liquidity and currency risk, an assurance was given that adequate controls have been set up in the area of liquidity risk and currency risk management, and that the reporting to the National Bank of Serbia is carried out in a timely and accurate manner. Based on the audit of costs related to the reconstruction and refurbishing, of rents, and of other costs associated with the investments in intangible assets, it was necessary to strengthen control over the agreements entered into with external contractors. Audits were also carried out of the investments in the information system, and of the implementation of recommendations.

In Adria Bank AG, audits were carried out of the credit risk management, of loan approval procedures, and of the assessment of the loan portfolio quality. Based on the findings of audit reviews, recommendations were given on how to improve the warning letter procedure, obtain additional collateral, amend the documenting of transactions, and control individual stages in the construction of real estate projects financed by Adria Bank AG. Suggestions were also made regarding the ideal number of staff. The operations of Adria Bank AG were in compliance with the Minimum Standards for Granting and Managing Foreign Currency Loans, issued by the Austrian Financial Market Authority (FMA). The findings of the audit of computer systems gave an assurance that these are, in most cases, consistent with regulatory requirements and general accounting principles. The audit of transaction compliance detected some non-compliance with certain provisions of the Austrian Banking Act and the Securities Supervision Act, which were immediately rectified.

In the **insurance business division**, which includes Zavarovalnica Maribor, d.d., an audit was carried out of the procedures for managing insurance risk in the non-life insurance segment, which included an audit of risks arising from insurance contracts, an audit of the risk of loss, an audit of fraud in taking out insurance and in the repayment of damages, and an audit of risks related to re-insurance. In addition, an audit was carried out of credit risk management and of insurance risk in the area of life insurance, which included an audit of risks related to early termination or redemption of insurance policies, an audit of risks related to a loss of distribution channels, and an audit of risks regarding product development. With respect to operational risk management, an audit was carried out of compliance with external and internal legislation. Based on the audit findings, recommendations were given for a more efficient system of internal controls to be set up, and for better management of risks in the audited areas. In accordance with the



Insurance Act, Zavarovalnica Maribor d.d. has set up an internal audit function, which is independent and separate from other departments, and subordinated directly to the Management Board. In 2011, there were no significant changes in the organisation or the method of operation of internal audits.

The **fund management and pension savings division** includes KBM Infond, d.o.o. and the pension company Moja naložba, d.d.

Moja naložba d.d. has adequate internal controls in place in its working procedures. The organisation of the company is such that there is a proper division between commercial activities and investment and financial activities, meaning that the department responsible for selling the products is organisationally separate and not involved in recording transactions or carrying out payments. The Management Board controls the performance of the company through monthly reports. In addition, it is actively involved in the reporting and in the decision-making process in respect of investment activities of the company and the investment policy applied to the company's long-term business fund. Internal audits contributed to the improvement of the control environment in the company and to making operations more transparent. The internal audits carried out in 2011 confirmed that the accounting of the company was consistent with its internal rules and with best practice applicable to insurance companies.

Following the audits carried out in KBM Infond, d.o.o. in accordance with the adopted annual plan, it was established that the company has set up proper internal controls in the key operating segments, both at the level of working procedures and at the level of independent control. Independent controls of the company's key segments and of funds managed by the company are carried out on a daily, weekly, monthly and occasional basis by the officer authorised by the Management Board to perform internal controls. A proper management system has been set up, which is reflected in the existence of an adequate number of employees with regard to the volume of operations and the complexity of services and transactions the company performs; in a clear and efficient organisational structure; in a reliable information system; and in an efficient system of internal controls. By implementing the recommendations made following the audits in the company, the work of the officer responsible for internal controls has been rationalised. Furthermore, full compliance has been achieved with the Decision on Staff, Technical and Organisational Requirements as regards information technology and business continuity. The internal audit function was clearly defined in a separate internal document. The Management Board of the company accepts recommendations, appoints officers responsible for their implementation, and sets deadlines for implementation.

The leasing and real estate activity division includes KBM Leasing, d.o.o., Gorica Leasing, d.o.o., KBM Leasing Hrvatska, d.o.o., KBM Invest, d.o.o., KBM Projekt, d.o.o. and KBM Fineko, d.o.o.

The audit findings disclosed that the operating risks of individual companies increased further as a result of adverse economic conditions. Lower income, weak performance, an increase in financial expenses and impairment losses, an increase in inventories of equipment seized under lease agreements, and poor liquidity of the companies had the most adverse effects on the performance of this division. As for the leasing companies, the proportion of income-generating investments fell quite substantially, which will cause the amount of income to decline and financial expenses to increase in the future. KBM Fineko d.o.o. is a partial exception in this group. This company managed to increase the volume of its operations and to improve its performance as a result of taking over (purchasing) an increased number of bad loans from the Bank, and collecting them efficiently. Most of the loss reported by this division derived from investments made before 2010, so it is reasonable to believe that the loss will decrease in the future. However, risks have risen due to a significant drop in the volume of business. Therefore, operating costs of the companies will need to be adjusted to reflect this drop in business volume. Reduced liquidity of the economy, economic recession, and the fact that a number of companies filed



for bankruptcy, mainly in the construction industry, contributed the most to the enhanced exposure to risk. The bulk of recommendations issued by CNR were implemented in 2011. However, there are still some risks that are not at an acceptable level.

Maribor, 8 May 2012

Internal Audit Centre  
Boža Korbar

A handwritten signature in black ink, appearing to read 'Boža Korbar'.



## To Point 2

# REPORT

## of the Supervisory Board on verification of the 2011 Annual Report of the Nova KBM Group and Nova KBM d.d.

### Introduction

The Supervisory Board of the Bank pursued its activities during 2011 in two different formations. In the first half of the year, the Supervisory Board was composed of the following members: Danilo Toplek, Chairman, Franc Škufca, Deputy Chairman, and members Andrej Svetina, Dušan Jovanovič, Anton Guzej, Ivan Vizjak, Janez Košak, Alenka Bratušek and Aleš Krisper.

On 22 July 2011, the Shareholders' Meeting recalled the following three Supervisory Board members: Danilo Toplek, Alenka Bratušek and Ivan Vizjak, and appointed instead Vida Lebar, Ivan Simič and Darjan Petrič (all three for a full term of office).

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

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

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

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

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

Members of the Supervisory Board took all precautionary measures to avoid any conflicts of interest that might influence their decisions. In case of conflicts of interest, the Supervisory Board members acted in accordance with law and the Corporate Governance Code for Public Limited Companies.

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

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

The Chairman of the Supervisory Board did his work in accordance with the competencies and the Rules of Procedure of the Supervisory Board, and also cooperated with the Bank's Management Board during Supervisory Board meetings. The Chairman of the Supervisory





Board encouraged other Supervisory Board members to perform their duties efficiently and actively. He chaired the meetings in such a way as to provide for responsible decision-making by the Supervisory Board. The communication of the Supervisory Board with the public was conducted through its Chairman.

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

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

The Supervisory Board believes that its members carried out their work with great responsibility and commitment. In 2011, some members of the Supervisory Board attended the supervisory board members' training programmes organised by the Slovene Directors' Association and the Bank Association of Slovenia.

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

Based on a self-assessment of the Supervisory Board and its committees carried out in 2011, it was established that, as regards the preparation for the meetings, their participation in and activity at the meetings, and their contribution to formulating individual decisions reached, the Supervisory Board members effectively, actively and successfully performed their supervising function during 2011. In so doing, they contributed to the efficient corporate governance of the Bank and the Group, as well as to the protection of the Bank's shareholders' and creditors' interests.

Compared to 2010, the Supervisory Board noticed some deterioration in its performance in 2011, mainly due to external factors such as the impact of the economic crisis. In addition, amendments made to the legislation governing the management of capital investments, which set out new principles, guidelines and standards, as well as a new regulatory framework for a more efficient corporate governance, had an impact on the work of the Supervisory Board. The Supervisory Board believes that some of these changes adversely affected its performance.

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

During 2011 the Supervisory Board (in both formations) met at 14 regular and five correspondence meetings. The most important issues discussed at the Supervisory Board meetings in 2011 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. The Supervisory Board monitored the implementation of the 2011 Business Policy and Financial Plan of Nova KBM d.d. and the Nova KBM Group. It was given the reports prepared by the Bank's Management Board on the exposure to customers with financial difficulties, and the



reports on changes in the quality of portfolios of leasing companies and banks in the 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 given reports prepared by the Bank's Management Board on the method and progress of the capital raising by Nova KBM d.d. In January 2012 it gave consent to the 2012 Business Policy and Financial Plan of Nova KBM d.d., while in February 2012 it was informed of the 2012 Business Policy and Financial Plan of the Nova KBM Group. In addition to these key issues, the Supervisory Board deliberated on and approved the 2010 Annual Report of the Bank and the Group, as well as other materials which the Supervisory Board submitted for approval to the Shareholders' Meeting. It discussed other important affairs as well.

The Supervisory Board dealt with the following key affairs and issues in 2011:

- At the beginning of the year, it reviewed the unaudited 2010 report on operations of the Bank and the Group.
- Within the scope of following the operations of the Bank, it regularly discussed quarterly reports on the Bank's and the Group's performance and quarterly internal audit reports.
- It discussed and approved the 2010 Annual Report of Nova KBM d.d. and the Nova KBM Group.
- It discussed the materials for the 20<sup>th</sup> Shareholders' Meeting, and proposed to the Shareholders' Meeting to reach decisions on the appropriation of the profit available for distribution; on granting the discharge to the Management and the Supervisory Boards; on nominating the auditor; and on amendments to the Bank's Articles of Association. Furthermore, the Shareholders' Meeting was informed of the remuneration provided to members of management and supervisory bodies in 2010, and proposed to the Shareholders' Meeting to reach a decision with respect to basic remuneration, attendance fees and other benefits payable to, as well as the reimbursement of costs incurred by, members of the Supervisory Board and Supervisory Board committees.
- It reached a decision on remuneration of, and reimbursement of costs incurred by, members of the Supervisory Board standing committees and bodies.
- It consented to the Management Board's proposal for setting up a system of internal controls in the Bank. It regularly followed and assessed the strategies and policies of risk acceptance and management, and of the risk management system and capital adequacy.
- For the Shareholders' Meeting, it formulated a proposal for nominating the auditor for 2011.
- It agreed to the capital injection into Credi banka a.d.
- It consented to the Management Board's proposal for the capital injection into Zavarovalnica Maribor d.d., and agreed to the decision of the Management Board on the increase in Nova KBM d.d.'s shareholding in Zavarovalnica Maribor d.d. to above 50%, and on the take-over of Zavarovalnica Maribor d.d.
- It agreed to the capital injection into KBM Infond DZU d.o.o. by Nova KBM d.d.
- It agreed to the capital injection into KBM Leasing d.o.o., KBM Leasing Hrvatska d.o.o. and PBS.
- It gave its consent to the determination of the final share price and the total number of shares issued in the capital raising by Nova KBM d.d.
- It gave its consent to the Management Board regarding the allocation of shares following the public offering of new shares, regarding the increase in the Bank's share capital, and regarding amendments to the Bank's Articles of Association.
- In December 2011, it agreed to the early termination of the term of office of Matjaž Kovačič, President of the Bank's Management Board, with effect from 31 December 2011.
- In December 2011, it agreed to the early termination of the term of office of Manja Skernišak, member of the Bank's Management Board. Her term of office will end on the day that newly appointed Management Board members obtain a licence from the Bank of Slovenia confirming them as members of the Bank's Management Board.
- Also in December 2011, it elected Andrej Plos as the President of the Bank's Management Board, with his term of office from 1 January 2012 to 1 December 2014.
- On 27 January 2012, the Supervisory Board was informed of the resignation of Ivan Simič as one of its members.



- On 17 February 2012, it accepted the resignation of Andrej Plos, President of the Bank's Management Board. Mr. Plos will continue to hold this office until a new president is appointed.
- On 9 March 2012, the Supervisory Board appointed Aleš Hauc as the President of the Bank's Management Board. Aleš Hauc will start his five-year term of office after being granted a licence by the Bank of Slovenia.

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

- A report on the Bank's exposure to the largest borrowers, including collateral provided.
- It gave its consent to the upper limit of long-term borrowings of the Bank in 2011.
- It gave its consent to the annual plan of work of the Internal Audit Centre for 2011.
- It was informed of the Report on Internal Audit for 2010.
- It adopted the Corporate Governance Statement for 2010.
- It adopted the Rules of Procedure of the Remuneration and Nomination Committee, by the adoption of which the Personnel Committee was transformed into the Remuneration and Nomination Committee. It also appointed Ivan Simič, a Supervisory Board member, as a member of the Remuneration and Nomination Committee.
- It was informed of the letters of the Bank of Slovenia to the Management and the Supervisory Boards, and of the decisions, resolutions and recommendations of the Bank of Slovenia and the explanations of the Management Board in respect of these documents.
- It was informed of the letters and recommendations of the Capital Assets Management Agency of the Republic of Slovenia to the Management and the Supervisory Boards.
- It was informed of the public auction of brand names owned by the company Delo Revije d.d.
- It requested the Internal Audit Centre to carry out an extraordinary audit review of transactions involving brand names of Delo Revije d.d., and of transactions in shares of electric companies.
- It was informed of the extraordinary audit review of the Bank and the Group carried out by the Bank of Slovenia on the request of the Capital Assets Management Agency of the Republic of Slovenia.
- It gave its consent to the proposal of the Audit Committee with regard to the appointment of Deloitte Revizija d.o.o. of Ljubljana to carry out the agreed procedures for assessing the economy, efficiency and cost-effectiveness of the purchasing and financing brand names owned by Delo Revije d.d.
- In January 2012, it was informed of the report drafted by Deloitte Revizija d.o.o. regarding the actual findings of the agreed procedures carried out in connection with the purchasing, financing and leasing of brand names owned by Delo Revije d.d.
- It set up the Strategy Committee of Nova KBM d.d. and appointed Aleš Krisper as the President, and Dušan Jovanovič and Darjan Petrič as members of this Committee.
- It was informed of the rehabilitation programmes of the Group leasing companies.
- It took note of the reports drafted by individual Supervisory Board committees.
- At its regular and correspondence meetings, the Supervisory Board gave its consent to the Bank's exposure to individual customers pursuant to the Banking Act, and approval to the exposure of the Bank to persons having a special relation with the Bank.
- It appointed Jože Glazer as a new member of the Supervisory Board Appointment Board to replace Borut Bratina, who had resigned from his position.



Based on the aforementioned, and Articles 272 and 281 of the Companies Act, the Supervisory Board asserts and establishes that it regularly and thoroughly monitored the operations of the Bank and the Group in 2011 within its competencies, thus adequately supervising the management and operations of the Bank and the Nova KBM Group and the work of the Internal Audit Centre.

### **Supervisory Board committees**

The following committees carried out their work during 2011 in accordance with the Companies Act (ZGD-1) and the Banking Act (ZBan-1): the Audit Committee, the Personnel Committee, the Remuneration and Nomination Committee, and the Appointment Board. The Personnel Committee carried out its work until 13 September 2011, when the Supervisory Board, in accordance with the amended Banking Act (ZBan-1) and the Resolution on the Diligence of Members of the Management and Supervisory Boards of Banks and Savings Banks, passed a decision to appoint a single Remuneration and Nomination Committee. The Personnel Committee was dissolved on the day the Remuneration and Nomination Committee was formed.

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

### **Review and approval of the Annual Report and taking note of the proposal of the Bank's Management Board with regard to covering the 2011 loss**

The Management Board submitted to the Supervisory Board the audited 2011 Annual Report of Nova KBM d.d. and the Nova KBM Group, together with the auditor's report, within the legal deadline. It also submitted the annual report on the internal audit for the year 2011.

The Supervisory Board deliberated on the audited 2011 Annual Report of Nova KBM d.d. and the Nova KBM Group. It established that both annual reports gave a complete overview of the Bank's and the Group's operations in 2011. The Supervisory Board was also informed of the opinions of the certified auditor Ernst & Young d.o.o. As stated in these opinions, the financial statements of the Bank and the consolidated financial statements present fairly, in all material respects, the financial position of the Bank and the Group as of 31 December 2011, and their financial performance and their cash flows for the year ended 31 December 2011 in accordance with International Financial Reporting Standards as endorsed by the EU, and in accordance with the requirements of the Companies Act relating to the drafting of the financial statements. The external auditor is of the opinion that the business part of the annual report is also in compliance with the audited financial statements.

The Supervisory Board also took note of the Bank's Management Board's proposal with regard to the amount and the covering of the 2011 loss. It was informed that the 2011 loss of Nova KBM d.d., in the amount of €83,716,623.69, would not be covered, but would be, in its full amount, transferred to retained earnings or losses of the Bank.

At its 49th meeting held on 17 April 2012, the Supervisory Board adopted in accordance with Article 282 of the Companies Act (ZGD-1) the following

**Resolution:**

- The report of the Supervisory Board on verification of the 2011 Annual Report of the Nova KBM Group and Nova KBM d.d. is adopted.
- The Supervisory Board approves the 2011 Annual Report of the Nova KBM Group and Nova KBM d.d., and informs the Shareholders' Meeting of the report.

Maribor, 8 May 2012

Supervisory Board of Nova KBM d.d.  
Dušan Jovanovič, Chairman



**Point 3**

# Information

## **on the amount and the covering of the 2011 loss of Nova KBM d.d., granting discharge to the Management and the Supervisory Boards of Nova KBM d.d. for the financial year 2011, and information on remuneration provided in 2011 to members of the management and supervisory bodies**

For 2011, Nova KBM d.d. reported a net loss of €83,978,698.93 (eighty-three million nine-hundred-seventy-eight thousand six-hundred-ninety-eight 93/100 euro).

	€
Pre-tax loss from continuing operations	(104,021,236.62)
Income tax	0.00
Deferred tax	20,042,537.69
<b>Net loss for the financial year</b>	<b>(83,978,698.93)</b>

At the time of drawing up the 2011 Annual Report, the Bank covered a part of the 2011 loss from retained earnings.

Following the payment of dividends for 2010, the amount of €262,075.24 remained undistributed and was allocated to retained earnings.

On 22 July 2011, the Shareholders' Meeting of Nova KBM resolved to appropriate the entire 2010 profit available for distribution, in the amount of €3,391,912.68, for the payment of dividends. The gross dividend per share was €0.08. Shareholders entered in the share register on 3 August 2011 were entitled to dividends. The total amount earmarked for the payment of dividends was €3,129,837.44 (39,122,968 x €0.08), and the dividends were paid to shareholders on 20 September 2011. As a result of rounding the amount of gross dividend to two decimal places, €262,075.24 of the 2010 profit available for distribution was not paid out, but was allocated to retained earnings.

	€
<b>Net loss for the financial year 2011</b>	<b>(83,978,698.93)</b>
- retained earnings from previous years	262,075.24
<b>Retained loss</b>	<b>(83,716,623.69)</b>

At the time of drawing up the 2011 Annual Report, the Bank did not charge the loss to reserves from profit. In accordance with Article 320 of the Companies Act (ZGD-1), it is compulsory to cover the loss from the net profit. The Companies Act (ZGD-1), however, does not lay down any obligation to cover the loss from reserves or from share capital. Until the loss is covered, the Bank may neither show any profit available for distribution nor pay any dividends, since the uncovered loss automatically reduces the profit available for distribution. The reason for not covering the loss from reserves from profit arises from the following facts:

- The dividends for 2011 will not be paid out.
- The 2011 loss is expected to be covered with the profit generated in 2012.
- The 2011 loss, which will remain uncovered, may be covered by releasing other reserves from profit (may also be covered from regulatory and statutory reserves, as stipulated in the Companies Act (ZGD-1)) in 2012 or later.



As of 31 December 2011, the Bank's reserves from profit, which may be used for covering the loss, amounted to €275,044,320.45 and were made up as follows:

- regulatory reserves: €12,144,695.54
- statutory reserves: €172,158,127.31
- other reserves from profit: €90,741,320.45
- At the time of drawing up the 2012 Annual Report, the Bank may release other reserves from profit up to the amount needed for the payment of dividends. The loss may remain uncovered.

At its 43rd meeting held on 27 January 2012, the Supervisory Board took note of the Management Board's proposal that the 2011 loss would not be covered, but would be, in its full amount, transferred to retained earnings or losses. The Supervisory Board consented to this proposal of the Management Board at the time of approving the 2011 Annual Report.

In accordance with the provision of Article 294 of the Companies Act, the Shareholders' Meeting shall decide also on granting discharge to the Management and the Supervisory Boards for the previous financial year. By giving discharge, the Shareholders' Meeting approves the performance of the Management and the Supervisory Boards in the previous financial year.

In accordance with the fifth paragraph of Article 294 of the Companies Act (ZGD-1), the Management Board must inform the shareholders of remuneration provided to members of the management and supervisory bodies for performing their work in the company in the previous financial year.

Pursuant to the Companies Act (ZGD-1), this information shall be discussed by the Shareholders' Meeting upon reaching a decision on giving discharge to members of the management and supervisory bodies.

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

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

#### Resolutions:

- 3.1 The Shareholders' Meeting takes note that the 2011 loss of Nova KBM d.d. amounts to €83,716,623.69. It also takes note that the loss would not be covered, but would be transferred to retained earnings or losses of the Bank.
- 3.2 The Shareholders' Meeting gives a discharge to the Bank's Management Board for the financial year 2011.
- 3.3 The Shareholders' Meeting gives a discharge to the Bank's Supervisory Board for the financial year 2011.

Maribor, 8 May 2012

Management Board of Nova KBM d.d.

Andrej Plos,  
Member

Aleš Hauc,  
President

Supervisory Board of Nova KBM d.d.

dr. Dušan Jovanovič,  
Chairman

**To point 3****Information on remuneration provided in 2011 to members of the management board, members of the supervisory board and members of supervisory board committees of Nova KBM d.d.****Notes:**

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

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

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

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

Remuneration of members of the Supervisory Board, the Audit Committee, the Remuneration and Nomination Committee and the Appointment Board comprises: attendance fees, reimbursement of costs and seminar participation fees.

The total amount paid in 2011 to Matjaž Kovačič, President of the Management Board, in the form of attendance fees, reimbursement of costs and awards for acting on Supervisory Boards of Nova KBM Group companies was €45,000. Manja Skernišak, Member of the Management Board, was paid €20,000 and Andrej Plos, Member of the Management Board, was paid €22,000.





## Remuneration of the Management Board in 2011

	Salary		Pay for annual leave		Awards		Bonuses		Supplementary pension insurance premium		Other emolument		Total	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Matjaž Kovačič	129,156.15	63,296.56	1,582.25	878.43	0.00	0.00	4,312.05	0.00	2,683.32	0.00	75,940.78	34,903.15	213,674.55	99,078.14
Manja Skerlišak	122,698.78	60,035.85	1,582.25	880.15	0.00	0.00	4,853.81	0.00	2,683.32	0.00	0.00	0.00	131,818.16	60,916.00
Andrej Plos	122,697.86	59,337.05	1,582.25	880.33	0.00	0.00	6,146.20	0.00	2,683.32	0.00	0.00	0.00	133,109.63	60,217.38
<b>Total</b>	<b>374,552.79</b>	<b>182,669.46</b>	<b>4,746.75</b>	<b>2,638.91</b>	<b>0.00</b>	<b>0.00</b>	<b>15,312.06</b>	<b>0.00</b>	<b>8,049.96</b>	<b>0.00</b>	<b>75,940.78</b>	<b>34,903.15</b>	<b>478,602.34</b>	<b>220,211.52</b>



## Remuneration of the Supervisory Board in 2011

€

Name and surname	Attendance fees	Reimbursement of costs	Seminar participation fees	Total
Danilo Toplek	5,094.27	172.26	433.55	5,700.08
Franc Škufca	12,324.05	2,568.59	1,353.29	16,245.93
Andrej Svetina	9,891.16	1,173.47	418.06	11,482.69
Anton Guzej	10,867.39	1,033.84	1,353.29	13,254.52
Ivan Vizjak	3,506.26	0.00	851.61	4,357.87
Aleš Krisper	10,179.90	948.22	851.61	11,979.73
Alenka Bratušek	3,506.26	1,087.05	433.55	5,026.86
Janez Košak	11,059.91	1,573.24	418.06	13,051.21
Dušan Jovanovič	14,025.49	119.35	1,060.64	15,205.48
Ivan Simič	7,416.15	551.21	0.00	7,967.36
Darjan Petrič	8,516.13	1,632.05	0.00	10,148.18
Vida Lebar	7,636.13	754.49	501.68	8,892.30
<b>Total remuneration received from the parent bank</b>	<b>104,023.10</b>	<b>11,613.77</b>	<b>7,675.34</b>	<b>123,312.21</b>
Dušan Jovanovič	23,214.24	0.00	0.00	23,214.24
<b>Total remuneration received from subsidiaries</b>	<b>23,214.24</b>	<b>0.00</b>	<b>0.00</b>	<b>23,214.24</b>
<b>Total</b>	<b>127,237.34</b>	<b>11,613.77</b>	<b>7,675.34</b>	<b>146,526.45</b>

## Remuneration of the Audit Committee in 2011

€

Name and surname	Attendance fees	Reimbursement of costs	Total
Andrej Svetina	5,913.58	1,190.81	7,104.39
Kosta Bizjak	6,044.70	1,114.94	7,159.64
Franc Koletnik	5,673.45	0.00	5,673.45
Janez Košak	4,026.53	1,214.64	5,241.17
<b>Total</b>	<b>21,658.26</b>	<b>3,520.39</b>	<b>25,178.65</b>



### Remuneration of the Remuneration and Nomination Committee in 2011

€

Name and surname	Attendance fees	Reimbursement of costs	Total
Dušan Jovanovič	7,098.85	0.00	7,098.85
Danilo Toplek	1,856.26	112.88	1,969.14
Franc Škufca	4,989.03	956.11	5,945.14
Marko Vresk	6,635.94	566.84	7,202.78
Ivan Simič	1,530.02	358.05	1,888.07
<b>Total</b>	<b>22,110.10</b>	<b>1,993.88</b>	<b>24,103.98</b>

### Remuneration of the Appointment Board in 2011

€

Name and surname	Attendance fees	Reimbursement of costs	Total
Dušan Jovanovič	482.62	130.84	613.46
Franc Škufca	371.25	0.00	371.25
Andreja Kert	371.25	0.00	371.25
Borut Bratina	371.25	130.84	502.09
Ivan Vizjak	371.25	130.84	502.09
<b>Total</b>	<b>1,967.62</b>	<b>392.52</b>	<b>2,360.14</b>

**Point 4**

# Adoption of a resolution

## on the appointment of a certified auditor for the audit of the 2012 financial statements of the Bank and the Group

The Supervisory Board Audit Committee did not select the auditor for the year 2012 on the basis of a call for tenders, but has, in accordance with the adopted criteria, made an assessment of cooperation with the current auditor, which is Ernst & Young d.o.o., Ljubljana. The criteria on the basis of which Ernst & Young d.o.o., Ljubljana, was selected as the auditor were as follows:

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

At its meeting held on 10 April 2012, the Audit Committee established that the auditing firm Ernst & Young d.o.o. meets all the criteria to be selected as the auditor. Therefore, in accordance with Article 28 of the Bank's Articles of Association, as well as in accordance with provisions of the Charter of the Audit Committee, it has proposed to the Supervisory Board to adopt a resolution on the basis of which Ernst & Young d.o.o., Ljubljana, would be appointed as the certified auditor for the audit of the 2012 financial statements of Nova KBM d.d. and the Nova KBM Group. The Supervisory Board consented to the proposal of the Audit Committee at its 49th meeting held on 17 April 2012, and decided to propose to the Shareholders' Meeting to appoint Ernst & Young d.o.o., Ljubljana, as the certified auditor for the audit of the 2012 financial statements of Nova KBM d.d. and the Nova KBM Group.

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

**RESOLUTION:**

Ernst & Young d.o.o., Ljubljana, is appointed as the certified auditor for the audit of the 2012 financial statements of Nova KBM d.d. and the Nova KBM Group.

Maribor, 8 May 2012

Supervisory Board of Nova KBM d.d.  
Dušan Jovanovič, Chairman

A handwritten signature in black ink, appearing to read 'D. Jovanovič', written over a horizontal line.

**Point 5**

# Proposal

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

**1. Article 11 is added and reads as follows:**

- (1) The Management Board of the Bank is authorised, with the consent of the Supervisory Board and without any additional resolution of the Shareholders' Meeting, to increase the share capital of the Bank by not more than €20,407,156.00 through issuing new shares for a consideration in the period of five years after the amendments to the Articles of Association, adopted by the Shareholders' Meeting on 8 June 2012, have been entered in the court register. New shares are issued with the rights, under the conditions and in the manner as set forth in the resolution of the Management Board on the increase in share capital. In case of issuing new shares for cash consideration, the Management Board is entitled to decide on the exclusion of pre-emptive rights to new shares.
- (2) Following the increase in share capital within the limits of the authorised capital, the Supervisory Board is authorised to appropriately amend the Bank's Articles of Association in order for its provisions to comply with the new facts which have arisen due to the increase in share capital and the issue of new shares.

**Explanation:**

With the amendment of the provision of Article 11, the Bank's Management Board is entitled to increase the share capital on the basis of the institute of authorised capital, with the consent of the Supervisory Board and without any additional resolution of the Shareholders' Meeting, in the manner and by the procedure set forth in the Companies Act (ZGD-1). The authorisation granted to the Management Board has been adjusted to the new amount of the Bank's share capital following the 2011 capital increase, and is intended to ensure the appropriate structure and quality of the Bank's capital, and to maintain the Bank's capital adequacy ratio above the regulatory minimum value, in compliance with the requirements of the Bank of Slovenia, EBA and the documents of the Basel Committee on Banking Supervision (Basel 3). By increasing its share capital, the Bank will be able to continue providing a more efficient and effective supervision within the Nova KBM Group. Namely, by raising capital in 2011, the entire authorised capital of the Bank has already been issued.

The subject of the authorisation to the Management Board is also the option to exclude pre-emptive rights of shareholders to purchase new shares in compliance with Article 354 of the Companies Act (ZGD-1). In accordance with the second paragraph of Article 354 of the Companies Act (ZGD-1), the Management and the Supervisory Boards propose that, along with the amendments to the Articles of Association, the authorisation is granted to the Bank's Management Board with respect to the possibility of excluding pre-emptive rights of existing shareholders to purchase new shares. Considering that the authorisation 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 the Companies Act (ZGD-1), submit to the Shareholders' Meeting a written report concerning a reasonable ground for the total or partial exclusion of pre-emptive rights to purchase new shares.



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

For accomplishing its long-term objectives, set out in the Strategy of the Bank and the Group for the period 2010 – 2013, the Bank will need to acquire additional funds in order to ensure the appropriate structure and quality of its capital and to maintain its capital adequacy ratio above the regulatory minimum value, in compliance with the requirements of the Bank of Slovenia, EBA and the documents of the Basel Committee on Banking Supervision (Basel 3). The Management Board intends to raise additional funds by issuing new shares on the local and international capital markets, with the aim of offering Bank shares to new investors. The Management and the Supervisory Boards believe that issuing Bank shares on the local and international markets constitutes a justified reason for excluding pre-emptive rights. In this way, the Bank will boost the liquidity of all outstanding shares, which will lead to a higher market value of Bank shares. Besides, by excluding pre-emptive rights, the Bank will enhance its responsiveness when raising funds to ensure the required capital adequacy. Thus, considering short response time of the international financial market, and taking into account, in particular, that Nova KBM shares are listed also on the Warsaw Stock Exchange, the Management Board will, with the consent of the Supervisory Board, have a possibility to exclude pre-emptive rights of existing shareholders in the capital raising process and so react more quickly to the opportunities offered by financial markets.

Moreover, by excluding pre-emptive rights, the Management Board may, with the consent of the Supervisory Board, offer newly issued shares, up to one-half of the existing number of outstanding shares (up to one-half of the Bank's share capital), to known institutional investors (or a single investor) that want to know in advance the terms and conditions applicable to the issue of new shares as well as the number of shares they may subscribe for and purchase. This ensures more favourable conditions for capital raising, giving the Bank better opportunities to increase its share capital.

### 2. In Article 57, the date »26 April 2011« is replaced by the date »22 July 2011«.

#### Explanation:

This amendment to the Articles of Association is of an editorial nature only.

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

#### RESOLUTION:

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

Maribor, 8 May 2012

Management Board of Nova KBM d.d.

Andrej Plos,  
Member

Aleš Hauc,  
President

Supervisory Board of Nova KBM d.d.

dr. Dušan Jovanovič,  
Chairman

**Point 6**

# Appointment

## of new and replacement Supervisory Board members

Mr. Ivan Simič, a Supervisory Board member, submitted his resignation notice on 27 January 2012 and notified the Supervisory Board of Nova KBM d.d. thereof. Consequently, the Supervisory Board proposes to the Bank's Shareholders' Meeting to take note of his resignation. In addition, the term of office of the following Supervisory Board members expires on 14 July 2012: Mr. Dušan Jovanovič, Mr. Franc Škufca, Mr. Janez Košak, Mr. Andrej Svetina, Mr. Anton Guzej and Mr. Aleš Krisper.

In accordance with the best practice of corporate governance, the Supervisory Board set up the Appointment Board which carried out the registration of candidates for membership on the Supervisory Board. On 4 April 2012, the Appointment Board published a call inviting potential candidates for membership on the Supervisory Board to submit their application. Taking account of regulatory and statutory requirements for Supervisory Board members, the Appointment Board selected among the registered candidates those that met all the necessary criteria. The names of the selected candidates were sent for approval to the Accreditation Committee of the Capital Assets Management Agency of the Republic of Slovenia. Based on the opinion of the Bank's Appointment Board and the Remuneration and Nomination Committee, the Supervisory Board selected the candidates for membership on the Supervisory Board at its 50th meeting held on 25 April 2012, and adopted a decision to propose to the Shareholders' Meeting to appoint the below listed candidates as new and replacement Supervisory Board members. When selecting the candidates, the Supervisory Board took into consideration the requirements laid down in the Companies Act, the Banking Act, Nova KBM d.d.'s Articles of Association, and the applicable Corporate Governance Code. In accordance with the best practice of corporate governance, the Supervisory Board has defined recruitment profiles for Supervisory Board members, the aim of which was to select those candidates that can ensure effective performance of their tasks and of the Bank's Supervisory Board. Professional skills, experience and required profiles were taken into consideration by the Supervisory Board.

**The following candidates are proposed as new members of the Supervisory Board:**

**Mr. Goran Dimc;** holds a BSc and an MSc in Economics, and currently serves as a Managing Director of Cimos TAM Ai d.o.o. He has over 19 years of work experience in the area of finance, accounting, controlling and running large companies. In the past, he was, among other things, manager of finance, accounting and controlling. He has gained experience working for TAM Maribor d.d. and M.P.P. Gonila d.o.o.

**Mr. Dag Kralj;** holds a BSc in Economics and an MSc in Business Sciences. He currently serves as a member of the Management Board of Bisol Group d.o.o. He has over 21 years of work experience in the area of financial services (investment funds, stock exchange brokerage, insurance industry and banking), business counselling, and renewable sources of energy. He has gained experience working for KD Group, KD Skladi, KD Življenje, McKinsey & Company, London, Bank of Slovenia, etc.

**Mr. Igor Marinšek;** holds a BSc in Law and currently works as a lawyer in the legal office Marinšek. In the past, he served as the Executive Director of the Legal and Staff Department at Mobitel d.d., and as a manager of Zavarovalnica Adriatic d.d., Maribor branch. He has gained work experience in the insurance industry and telecommunications. In addition, being a member of the Supervisory Board of NLB d.d. between 2005 and 2009, he has gained experience in supervising banks.



**Mr. Franc Škufca;** holds a BSc in Economics and an MSc in Business and Organisational Sciences. He is a pensioner and has over 36 years of work experience, mainly in the area of planning, finance, accounting and insurance industry. Between 1989 and 2003, he held various management positions in the then Zavarovalna skupnost Triglav, now Zavarovalnica Triglav d.d., most recently as a Management Board member responsible for legal, general, organisational and staff issues. Prior to this, he had held various senior positions in the government administration for a number of years (the Republican Secretariat for Finance and the Secretariat for Labour). He also acted as a member of supervisory boards of insurance and other companies (Autocommerce d.d., Sava Osiguranje Reka, Istra Osiguranje Pula), most recently as the Deputy Chairman of the Supervisory Board of Nova KBM d.d., which he chaired between 2008 and 2009.

**Mr. Janez Košak;** holds a BSc and an MSc in Economic. He is a pensioner and has over 37 years of work experience in the banking industry and the real economy. He acted as a Vice-Governor of the Bank of Slovenia between 1991 and 2009, prior to which he had held various management positions in the companies Lesnina, Žito, Giposs and Kolinska. He has been a member of the Supervisory Board of Nova KBM d.d. since 2009.

**Mrs. Janja Postružnik;** holds a BSc in Economics. She is a pensioner and has over 30 years of work experience in the insurance industry, banking and advisory services. Most recently, she worked in the companies active in the finance and insurance services (Audens d.o.o., Amissus d.o.o. and Green Power d.o.o.), prior to which she was an Executive Director at Probanka d.d. for ten years and the President of the Management Board of Prima (now Grawe Zavarovalnica d.d.) for six years. She participated in various insurance and banking seminars at home and abroad (Lloyd's, Securities Market Agency, Insurance Supervision Agency).

**Mrs. Aleksandra Špiler;** holds a BSc in Economics. She is a pensioner and has over 30 years of experience on management positions in the area of asset management and finance. In her last year before retirement, she was the Deputy Director of the Financial Fund for Decommissioning of the Nuclear Power Plant Krško prior to which she was the Manager of the Treasury Department at Slovenska odškodninska družba d.d. for 17 years. She was a member of the supervisory boards of Peko d.d., Begrad d.d., Color d.d., Koto d.d., etc.

The Supervisory Board of Nova KBM d.d. proposes to the Shareholders' Meeting to adopt, on the basis of Article 293 of the Companies Act (ZGD-1), the following



**Resolutions:**

1. The Shareholders' Meeting takes note of the resignation of Mr. Ivan Simič, a Supervisory Board member, and appoints Mrs. Aleksandra Špiler instead of him. Her term of office will start on 9 June 2012 and will end on the day on which the term of office of the resigned Supervisory Board member would have ended, i.e. 23 July 2015.
2. The term of office of the following Supervisory Board members expires on 14 July 2012: Mr. Dušan Jovanovič, Mr. Franc Škufca, Mr. Andrej Svetina, Mr. Aleš Krisper, Mr. Janez Košak and Mr. Anton Guzej. Therefore, the Shareholders' Meeting appoints the following Supervisory Board members for a period of 4 (four) years, starting on 15 July 2012:
  1. Mr. Goran Dimc
  2. Mr. Dag Kralj
  3. Mr. Igor Marinšek
  4. Mr. Franc Škufca
  5. Mr. Janez Košak
  6. Mrs. Janja Postružnik

Maribor, 8 May 2012

Supervisory Board of Nova KBM d.d.  
Dušan Jovanovič, Chairman



To point 6

## Resignation form of a Supervisory Board member Ivan Simič

*prof. dr. Ivan Simič*

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**Mag. Ivan Simič**  
**Smlednik 92, 1216 Smlednik**

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**NOVA KREDITNA BANKA MARIBOR d.d.**  
**Nadzorni svet**  
**Ulica Vita Kraigherja 4**  
**2000 MARIBOR**

### **ZADEVA: PRENEHANJE ČLANSTVA V NS Nove KBM d.d.**

Sporočam vam, da z današnjim dnem odstopam s funkcije člana nadzornega sveta Nove KBM d.d.

V skladu s 14. členom Poslovnika o delu nadzornega sveta Nove KBM d.d. mi članstvo v nadzornem svetu preneha z današnjim dnem.

V Mariboru, 27.01.2012

Mag. Ivan Simič

**Point 7**

REPUBLIC OF SLOVENIA  
**THE CAPITAL ASSETS MANAGEMENT AGENCY OF  
THE REPUBLIC OF SLOVENIA**

*Dunajska cesta 160, 1000 Ljubljana*

T: 01 32 00 510  
F: 01 32 00 539  
E: tajnistvo@auknrs.si  
www.auknrs.si

**Management Board**

Nova KBM d.d.  
Vita Kraigherja 4  
2000 MARIBOR

Fax: 02/229 2014  
Email: delnicar@nkbm.si

Date: 15 May 2012  
02-01/2012-753

In accordance with the seventh indent of the first paragraph of Article 28 of the Management of Equity Investments of the Republic of Slovenia Act, the Capital Assets Management Agency of the Republic of Slovenia exercises the rights arising from shares held by the Republic of Slovenia. Therefore, pursuant to the call of the 21<sup>st</sup> regular Shareholders' Meeting of Nova KBM d.d., Vita Kraigherja 4, Maribor, which will take place on 8 June 2012 at 12:30 p.m. in the Minarik Hall of Hotel Habakuk, Pohorska ulica 59, Maribor, the Capital Assets Management Agency of the Republic of Slovenia, hereby submits the following

**REQUEST TO EXPAND THE AGENDA**

The Republic of Slovenia holds 10,822,794 shares of Nova KBM d.d. (hereafter also referred to as the »Company« or the »Bank«), which accounts for 27.66% of the Company's share capital, which demonstrates its legal interest in submitting the request to expand the agenda of the Shareholders' Meeting.

In accordance with the seventh indent of the first paragraph of Article 28 of the Management of Equity Investments of the Republic of Slovenia Act, the Capital Assets Management Agency of the Republic of Slovenia (hereafter referred to as the »Agency«) exercises the rights arising from shares held by the Republic of Slovenia. Therefore, the Agency requests the agenda of the Shareholders' Meeting, which was published on 8 May 2012 in the electronic dissemination system of the Ljubljana Stock Exchange, SEOnet, be expanded to include an additional item.



The additional agenda item and the resolution proposals read as follows:

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**Additional agenda item: Undertaking capital raising activities**

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**Resolution proposal:**

1. The management bodies of the Bank shall immediately undertake activities to raise capital, so that the Bank's Core Tier 1 ratio will reach 9% by the end of October 2012 at the latest. Within the context of these activities, an independent due diligence review of Nova KBM d.d. and its subsidiaries (the entire Nova KBM Group) shall be carried out by an internationally selected institution according to international standards. The due diligence shall be carried out on a priority basis and in any case no later than by July 2012.
2. The management bodies of the Bank need to carry out the activities to sell non-core assets of the Nova KBM Group by the end of October 2012 at the latest.

**Explanation of the additional agenda item:**

In accordance with the requests of the Bank of Slovenia, the Bank must immediately adopt the action plan to increase its CT1 ratio to at least 9%. This should be achieved by raising additional capital and selling non-core assets of the banking group. Prior to the capital increase, an independent due diligence review of the entire Nova KBM Group shall be carried out. Therefore, the Capital Assets Management Agency of the Republic of Slovenia proposes the agenda be expanded.

We are calling upon the Management Board of the Company to act in accordance with Article 298 of the Companies Act (ZGD-1) and publish this request to expand the agenda of the 21<sup>st</sup> regular Shareholders' Meeting of Nova KBM d.d., Vita Kraigherja 4, Maribor, which will take place on 8 June 2012 at 12:30 p.m. in the Minarik Hall of Hotel Habakuk, Pohorska ulica 59, Maribor, within the deadline and in the same manner as it published the notice of the call of the Shareholders' Meeting.

Yours faithfully.

Republic of Slovenia, represented by  
the Capital Assets Management Agency of  
the Republic of Slovenia  
Dagmar Komar  
President of the Management Board  
(signature)

# 21<sup>st</sup>

Shareholders'  
Meeting of  
Nova KBM d.d.



## REGISTRATION FOR THE 21<sup>st</sup> SHAREHOLDERS' MEETING OF NOVA KBM d.d.

The undersigned  
(shareholder's name and surname): \_\_\_\_\_  
Name and surname of the  
authorised person  
(if the shareholder is legal entity): \_\_\_\_\_  
Residing at  
(street and number, place): \_\_\_\_\_  
Date and place of birth: \_\_\_\_\_  
Personal ID number/Registration  
number: \_\_\_\_\_

### hereby register

my participation in the 21<sup>st</sup> Shareholders' Meeting of Nova KBM d.d., with its headquarters in Maribor, Ulica Vita Kraigherja 4, to be held on Friday, 8 June 2012 at 12:30 p.m. in the Minarik Hall of Hotel Habakuk, Pohorska ulica 59, Maribor, Slovenia.

The Shareholders' Meeting will be attended by me personally.

Place and date: \_\_\_\_\_

Shareholder's signature: \_\_\_\_\_

**REGISTRATION AND POWER OF ATTORNEY FOR THE  
21<sup>st</sup> SHAREHOLDERS' MEETING OF NOVA KBM d.d.**

The undersigned  
(shareholder's name and surname): \_\_\_\_\_

Name and surname of the  
authorised person  
(if the shareholder is legal entity): \_\_\_\_\_

Residing at  
(street and number, place): \_\_\_\_\_

Date and place of birth: \_\_\_\_\_  
Personal ID number/Registration  
number: \_\_\_\_\_

shareholder of Nova KBM d.d.,

**hereby register**

my participation in the 21<sup>st</sup> Shareholders' Meeting of Nova KBM d.d., with its headquarters in Maribor, Ulica Vita Kraigherja 4, to be held on Friday, 8 June 2012, at 12:30 p.m. in the Minarik Hall of Hotel Habakuk, Pohorska ulica 59, Maribor, Slovenia.

For participation in the Shareholders' Meeting and for exercising my voting rights, I hereby

**authorise**

Name and surname of the authorised  
person: \_\_\_\_\_

Personal ID number/Registration  
number: \_\_\_\_\_

Born in: \_\_\_\_\_

Residing at: \_\_\_\_\_



## Information for shareholders

Pursuant to Article 296 of the Companies Act (ZGD-1), Nova KBM d.d. hereby publishes the following information for shareholders concerning their rights at the Shareholders' Meeting which will be held on 8 June 2012 at 12:30 p.m.

Shareholders who jointly hold at least one-twentieth of the Bank's share capital may request within seven days from the publication of the call of the Shareholders' Meeting additional items to be put on the agenda. They shall enclose to the request a written proposal for the resolution on which the Shareholders' Meeting is to reach a decision, or, if the Shareholders' Meeting does not pass a decision on a particular item of the agenda, explanation of the agenda item. Pursuant to the third paragraph of Article 298 of the Companies Act (ZGD-1), the Bank's Management Board will publish those additional agenda items for which shareholders will send a request to the Bank no later than seven days after the call of the Shareholders' Meeting.

Shareholders may send requests to the Bank for additional agenda items via e-mail to the e-mail address [delnicar@nkbm.si](mailto:delnicar@nkbm.si) or by telefax to the number +386 2 229 2014.

The Management Board shall immediately after expiration of the above stated period publish additional agenda items to be discussed at the Shareholders' Meeting. An additional agenda item can be discussed at the Shareholders' Meeting only if it is published no later than 14 days prior to the day of the Shareholders' Meeting, otherwise it shall be discussed at the first subsequent Shareholders' Meeting.

Shareholders may give in written form proposals for resolutions and voting proposals for each agenda item. The Bank's Management Board will publish in the same way as this call of the Shareholders' Meeting those well-founded proposals of shareholders that will be sent to the Bank within seven days after publication of this call of the Shareholders' Meeting and for which the shareholder-proposer will give a notification that he/she will challenge the proposal of the Management or Supervisory Board at the Shareholders' Meeting and that he/she will try to convince other shareholders to vote in favour of his/her proposal. Pursuant to Article 301 of the Companies Act (ZGD-1), the shareholder is not obliged to justify a voting proposal. Shareholders may send to the Bank proposals for resolutions and voting proposals also via e-mail to the e-mail address [delnicar@nkbm.si](mailto:delnicar@nkbm.si) or by telefax to the number +386 2 229 2014.

Requests for additional agenda items as well as proposal for resolutions and voting proposals that are communicated to the Bank via e-mail shall be sent in a scanned format as attachment and shall have a hand-written signature of the natural person or, in case of legal entities, a hand-written signature of the legal representative and a stamp or a seal of the legal entity where this is used. The Bank has the right to verify the identity of the shareholder or principal, including the authenticity of his/her signature, who sends a request or proposal via e-mail.

The Management Board does not need to publish the proposal and the reasoning of a shareholder, if:

- publishing the proposal would constitute a criminal offence or an economic infringement;
- the proposal may give rise to a resolution of the Shareholders' Meeting that would be against the law or the Articles of Association;
- the reasoning for a proposal contains in essential points apparently false or misleading information or insults;
- the proposal of a shareholder containing the same content has already been communicated to the Shareholders' Meeting;
- during the last five years, the same proposal of a shareholder with essentially the same reasoning has been submitted to at least two Shareholders' Meetings, and if less than one-twentieth of the capital represented at the Shareholders' Meeting voted in favour



- of such a proposal;
- the shareholder makes it known that he/she will not attend the Shareholders' Meeting and has not made arrangements to be represented; or
- during the last two years, the shareholder has not raised his/her proposal or has not requested the proposal to be raised at the Shareholders' Meeting.

The reasoning for a proposal does not need to be published if it contains more than 3,000 characters.

The Management Board may publish only a summary of those proposals and the reasoning for proposals for which more shareholders have submitted identical requests.

Proposals of shareholders that are not sent to the Bank within the period of seven days, but are submitted directly at the Shareholders' Meeting, are discussed at the Shareholders' Meeting.

At the Shareholders' Meeting, the Management Board shall furnish the shareholders with reliable information about the Bank's affairs when this is necessary for assessing agenda items. If the same question is raised by more than one shareholder, the Management Board may provide information in one single reply. The shareholders' right to information shall also apply in respect of the Bank's legal and business relations with its affiliated companies.

The Management Board is not obliged to provide information:

- if reasonable business judgement suggests that the provision of information could cause damage to the Bank or its affiliated companies;
- on the method of compiling the balance sheet and of making estimates, if stating these methods in notes to the financial statements is sufficient for an assessment of the property and the financial and profit position of the Bank which conforms with the actual circumstances;
- if disclosure of the information would constitute a criminal offence or an economic infringement or would be in breach of good business practices; or
- if the information is published on the Bank's website in the form of questions and answers at least seven days prior to the Shareholders' Meeting.

If a shareholder is given information outside a session of the Shareholders' Meeting, that information must be passed on to every other shareholder upon request even if it is not necessary for the assessment of an agenda item. If a shareholder is not given the information, he/she may request his/her question and the reasons for which his/her request was refused to be included in the minutes of the Shareholders' Meeting.