



Nova Kreditna banka Maribor d.d.

(incorporated in the Republic of Slovenia as a joint stock company, with its registered office at Ulica Vita Kraigherja 4, 2505 Maribor, Slovenia)

Prospectus for admission to trading of up to 98,522,167 newly issued ordinary shares with an accountable par value of €1.0230 on the Prime Market of the Ljubljana Stock Exchange and on the Main Market of the Warsaw Stock Exchange.

This prospectus (the "Prospectus") relates to 98,522,167 newly issued ordinary registered shares of Nova Kreditna banka Maribor d.d. ("Nova KBM" or the "Bank"), and their admission to trading on the Prime Market of the Ljubljana Stock Exchange and on the Main Market of the Warsaw Stock Exchange (the "New Shares" or "Shares").

98,522,167 new ordinary registered shares were issued in compliance with the resolutions of the Management Board and the Supervisory Board on the increase in the authorised share capital of the Bank through in-kind contribution – conversion of a hybrid loan principal into share capital, as approved by the Shareholders Meeting at 11 December 2012.

All New Shares were as an in-kind contribution subscribed for by the Republic of Slovenia.

The New Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or under any securities laws of any state or other jurisdiction of the United States. The New Shares may not be offered, sold or delivered within the United States to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The New Shares will be offered and sold only outside the United States in reliance on Regulation S under the Securities Act.

The Securities Market Agency (*Agencija za trg vrednostnih papirjev*, the "SMA" or the "ATVP") as a competent authority under Directive 2003/71/EC (together with any applicable implementing measures in all member states of the EEA, the "Prospectus Directive") in the Republic of Slovenia has approved the prospectus, written in Slovenian language and translated into English language, and prepared pursuant to the Prospectus Directive. The existing shares of the Bank are traded on the Ljubljana Stock Exchange ("LJSE"), sub-segment "Prime Market", and on the Main Market of the Warsaw Stock Exchange. Application will be made to the LJSE for the New Shares to be admitted to trading in its sub-segment "Prime Market". Application will be made to the Warsaw Stock Exchange (*Giełda Papierów Wartościowych w Warszawie S.A.* or the "WSE") for the New Shares to be admitted to trading in its sub-segment "Main Market". The shares of the Bank will not be traded on any other regulated stock market. It is estimated that trading of the New Shares on the LJSE and WSE will commence by the end of 25 April 2013.

Nova KBM expects to deliver the New Shares through the facilities of the Central Securities and Clearing Corporation (*KDD - Centralna klirinško depozitna družba, delniška družba*, the "KDD") to the Republic of Slovenia by the end of April 2013.

Nova Kreditna banka Maribor d.d.

This Prospectus is dated 26 April 2013.

IMPORTANT INFORMATION ON THIS PROSPECTUS

In connection with this Prospectus, the Bank has prepared three documents: (i) a Slovenian prospectus, dated 26 April 2013 (including any and all exhibits thereto), setting forth certain information concerning the Bank and the New Shares (the "Slovenian Prospectus"); (ii) an English language translation of the Slovenian Prospectus (the "English Prospectus"); and (iii) a Polish summary prospectus, being a Polish language translation of the summary of the Slovenian Prospectus (the "Polish Summary Prospectus"). The terms "Prospectuses" as used herein means the Slovenian Prospectus, the English Prospectus and the Polish Summary Prospectus. The Prospectuses are available in electronic form on Nova KBM's website. The English Prospectus and the Polish Summary Prospectus are both available in electronic form on the WSE website. The Slovenian Prospectus will also be published on SEOnet.

Nova KBM accepts responsibility for the information contained in this Prospectus. Nova KBM declares that, after having taken all reasonable care to ensure that such is the case, the information in this Prospectus is in accordance with the facts and does not omit anything likely to affect the importance of such information.

Neither the delivery of this Prospectus nor any sale made hereunder shall under any circumstances imply that from the date of this Prospectus there has been no change in the affairs of Nova KBM and its subsidiaries and associated companies taken as a whole (the "Nova KBM Group") or that the information set forth in this Prospectus is correct as at any date subsequent to the date of this Prospectus.

In making an investment decision, prospective investors must rely upon their own examination of the Nova KBM Group and the terms of this Prospectus, including the risks involved. The distribution of this Prospectus and the sale of the New Shares in certain jurisdictions may be restricted by law. Nova KBM requires persons into whose possession this Prospectus comes to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the ordinary shares in any jurisdiction in which such offer or sale would be unlawful.

NOTICE TO INVESTORS

Because of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the shares offered hereby.

No actions have been taken to register or qualify the New Shares or otherwise permit a public offering of the New Shares on any regulated market other than LJSE and WSE. The distribution of this Prospectus and the offer of the New Shares in certain jurisdictions may be restricted by law, and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions, including those in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions.

No prospective investor should consider any information in this Prospectus to be investment, legal, tax or other advice. Each prospective investor should consult its own legal expert, tax consultant, and other advisers for such advice. Nova KBM gives no guarantee to any existing or new purchasers regarding the legality of an investment in the New Shares.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus includes “forward-looking statements”, which include all statements other than statements of historical facts, including, without limitation, any statements preceded by, followed by or that include the words “targets”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “would”, “could” or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the control of the Nova KBM Group that could cause its actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Nova KBM Group's present and future business strategies and the environment in which it currently operates and will operate in the future. Among the important factors that could cause the Nova KBM Group's actual results, performance or achievements to differ materially from those expressed in such forward-looking statements include those in “Key Information”, “Risk Factors”, “Information on the Issuer”, “Overview of Operations”, “Operating and Financial Review, Capital Assets, Investments and Prospects”, “Risk Management” and elsewhere in this Prospectus. These forward looking statements speak only as at the date of this Prospectus. The Nova KBM Group expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable laws or the listing rules of the Ljubljana Stock Exchange (the “LJSE”) or the Warsaw Stock Exchange (the “WSE”).

Investors should be aware that several important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:

- the effects of competition in the region in which the Nova KBM Group operates;
- general economic conditions and market factors;
- the Nova KBM Group's ability to successfully implement its business strategy;
- the Nova KBM Group's ability to attract and/or retain qualified personnel;
- the Nova KBM Group's ability to carry out planned upgrades to its IT systems;
- the Nova KBM Group's ability to increase market share for its products and services and to control expenses;
- the Nova KBM Group's ability to fund operations and capital needs through borrowings or otherwise;
- inflation, interest rate and exchange rate fluctuations;
- the Nova KBM Group's success at managing the risks of the aforementioned factors;
- content of the Restructuring programme of the Nova KBM Group, as it will be in its final version approved by the European Commission.

This list of important factors is not exhaustive. When relying on forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Nova KBM Group operates. The Nova KBM Group does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

MARKET AND INDUSTRY INFORMATION

This Prospectus contains historical market data and industry forecasts which have been obtained from industry publications, market research and other publicly available information. Nova KBM has not independently verified the information in industry publications or market research, although it believes the information contained therein to be reliable. Nova KBM does not represent this information to be accurate. The information provided from the sources referred to above has been accurately reproduced and, as far as Nova KBM is aware and has been able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third-party information has been used in this Prospectus, the source of such information has been identified.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The Nova KBM Group's audited consolidated financial statements as at and for the three years ended 31 December 2010, 2011 and 2012 included in this Prospectus have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Boards ("IFRS") and adopted by the EU (collectively, the "Financial Statements"). The "Summary of Consolidated Financial and Operational Information" and "Selected Consolidated Financial Information" included in this Prospectus have been derived from the Financial Statements. The Financial Statements included in this Prospectus have been audited and/or reviewed by Ernst & Young Slovenija d.o.o. and Deloitte revizija d.o.o., independent accountants.

In this Prospectus, all references to "Nova Kreditna banka Maribor d.d.", "Nova KBM d.d.", "Nova KBM" or the "Bank" are to Nova Kreditna banka Maribor d.d. References to "Nova KBM Group" or the "Group" are to Nova Kreditna banka Maribor d.d. and its subsidiaries and associated companies taken as a whole. References to "PBS" are to Poštna Banka Slovenije d.d. and references to "ZM" are to Zavarovalnica Maribor d.d.

All references to "€", "EUR" and "Euro" are to the currency of the EU member states participating in the third stage of the Economic and Monetary Union under the Treaty establishing the European Community. All references to "USD" and "U.S. dollar" and "dollar" are to the currency of the United States of America. All references to "PLN" or "Polish zloty" are to the currency of the Republic of Poland.

In this Prospectus, all references to "Slovenia" are to the Republic of Slovenia, all references to "Poland" are to the Republic of Poland, all references to "U.S." are to the United States of America and all references to the "EU" are to the European Union and its member states as at the date of this Prospectus.

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In this Prospectus, all references to »hybrid loan« are to the loan amounting to €100 million, based on the Hybrid Loan Agreement in the amount of €100 million between the Republic of Slovenia as Lender and Nova KBM as Borrower dated 31 December 2012.

Certain figures included in this Prospectus have been subject to rounding adjustments and accordingly (i) there may be minor discrepancies between figures for the same items in different tables and (ii) numerical figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

SUMMARY OF THE PROSPECTUS FOR ADMISSION OF NEWLY ISSUED SHARES OF NOVA KBM TO TRADING ON THE PRIME MARKET OF THE LJUBLJANA STOCK EXCHANGE AND ON THE MAIN MARKET OF THE WARSAW STOCK EXCHANGE APPROVED BY THE SECURITIES MARKET AGENCY'S DECISION NUMBER 40200-3/2013-5 DATED 26 APRIL 2013

A. INTRODUCTION AND WARNINGS

A.1 Warning

This Summary must be read as an introduction to this Prospectus and any decision to invest in the Offer Shares should be based on a consideration of the Prospectus as a whole. Where a claim relating to the information contained in this Prospectus is brought before a court in a member state of the EEA, the plaintiff may, under the national legislation of the member state where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability will attach to Nova Kreditna banka Maribor d.d. in connection with the contents of this Summary only if this Summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus.

The following text and information has been derived from the information appearing elsewhere in this Prospectus. The Summary does not contain all information which existing holders and potential investors might consider important. Existing holders and potential investors are encouraged to read the entire Prospectus, including in particular, the risk factors, detailed financial information and other information, before making any investment decision.

Persons who prepared the Summary, including the translation and required its notification, are liable for damage only if this Summary is misleading, inaccurate or inconsistent when read together with other parts of this Prospectus or if the Summary does not provide key information that investor might consider when deciding to invest into shares, when read together with other parts of this Prospectus.

A.2

The New Shares were issued on the basis of conversion of the hybrid loan of the Republic of Slovenia. No financial intermediaries took part in the issue. Further sale of Shares will not occur.

B. THE ISSUER

B.1 Legal and business name of the issuer

Full name: Nova Kreditna banka Maribor d.d.

Abbreviated name: Nova KBM

B. 2. Registered office and legal form of the issuer, legislation governing the business operations of the issuer and the country of registration

Registered office of the issuer: Maribor

Business address of the issuer: Ulica Vita Kraigherja 4, 2505 Maribor, Republic of Slovenia

Telephone number: 00386 2 229 2290

Legal form: joint stock company

Country of entry into the court register: Slovenia

The issuer performs its business operations in accordance with the Slovenian legislation.

B.3 Overview of the issuer's operations and its principal areas of business

The principal activity of Nova KBM is the provision of retail and corporate business services. In addition, in the segment of Financial Markets, Nova KBM also offers brokerage services and performs treasury operations.

The Nova KBM Group offers a comprehensive range of retail and corporate banking services, as well as certain complementary financial services, including leasing, management of mutual and pension funds, and brokerage services.

The majority of the Bank's and the Group's operations is performed within the territory of the Republic of Slovenia.

Considering the business results of Nova KBM and PBS, the Nova KBM Group is the second largest banking group in Slovenia. According to the information of the Bank of Slovenia, the Group's market share in total assets was 11.1% as at 31 December 2012.

B.4a Overview of the most important and recent trends

Sales procedure regarding the share of Nova KBM d.d. in Zavarovalnica Maribor d.d.

On 11 December 2012 Nova KBM signed an agreement for the sale of its entire shareholding in Zavarovalnica Maribor (51 per cent.) to Pozavarovalnica Sava. The realised profit from the sale and a decrease of the deductible item for calculating capital adequacy are accounted for in the calculation of capital and capital adequacy as of 31 December 2012. Revenues from the sale will be received in instalments, according to a predetermined time table, with the last instalment falling due at the end of April 2013.

Redemption of subordinated instruments

In order to strengthen its Core Tier 1 capital Nova KBM carried out a partial redemption or conversion of subordinated instruments amounting to:

ISIN code of the instrument	Nominal amount before redemption or conversion	Nominal amount of redemption or conversion	Nominal amount after redemption or conversion	Realised profit
XS0325446903	€100,000,000	€88,192,000	€11,808,000	€24,541,000
XS0270427163	€50,000,000	€31,900,000	€50,000,000	0

On 13 November 2012 the Bank offered, and on 20 December 2012 successfully concluded the partial redemption/conversion of the hybrid instruments. Prior to partial redemption/conversion of the hybrid instruments the Bank was given a conditional consent by the Bank of Slovenia. The condition for full consent was maintaining or improving the amount and quality of capital which was met by the Bank through the sale of its shareholding in Zavarovalnica Maribor.

Ratings

Moody's Investors Service downgraded Nova KBM's long-term deposit rating to Caa2 from B3, with a negative outlook. The junior subordinate ratings were downgraded to C(hyb) from Caa3(hyb). Nova KBM's standalone E bank financial strength rating (BFSR) has been affirmed. Moody's also lowered the bank's baseline credit assessment (BCA) to caa3 from caa1 within E standalone BSFR.

Restructuring programme

The hybrid loan facility of €100 million, which was provided to the Bank in December 2012 by the Republic of Slovenia, is regarded as state aid. The loan was approved in accordance with the EU state aid rules under which the Republic of Slovenia was bound to submit to the European Commission a restructuring plan of the Nova KBM Group. The plan was submitted on 21 March 2013 and by the date of this Prospectus the European Commission has not yet approved it.

B.4b Description of trends, that influence the issuer and sectors of operations

Macroeconomic environment

The Nova KBM Group's financial performance depends to a large extent on the macroeconomic environment in which it operates. A substantial part of its operations is in Slovenia, and its financial position and results of operations are largely dependent on the general economic and political conditions in the country and its main trading partners, including the economic growth and inflation rates and interest rate fluctuation.

Slovenia is member of both the European Union and the euro area, and had a population slightly exceeding 2 million as at 31 December 2011. Slovenia is the most economically developed country in the Central Europe, with a per capita GDP of €17,244 in the year ended 31 December 2012 outranking Poland, Hungary, the Czech Republic, Slovakia, Romania and Bulgaria according to Eurostat. Per capita GDP for the year ended 31 December 2011 amounted to €17,620 in Slovenia.

Slovenia's economic activity was strong until the first half of 2008, and Slovenia's economy enjoyed a favourable GDP growth.

In the second half of 2008, the global economy entered the most severe downturn in the last 80 years, with the financial services sector being hit particularly hard. A shortage of liquidity, lack of funding, the pressure on capital and extreme price volatility across a wide range of asset classes put the financial institutions under a considerable pressure. Many developed economies entered into recession and growth slowed in many emerging economies, with serious adverse consequences for asset values, employment, consumer confidence and levels of economic activity.

The global economic slowdown severely impacted Slovenia's economy in the period 2009-2012. Its economic growth was negative at -8.1 per cent., 1.4 per cent., -0.2 per cent. and -2.3 per cent. in the years from 2009 to 2012. International institutions and IMAD forecast Slovenia's economic growth to be negative also in 2013, ranging from -0.7 per cent. to -2.1 per cent. The trend should reverse and become positive only in 2014, with the economic growth rate ranging between 0.8 per cent. and 1.0 per cent. According to the European Commission, the European Union economy should grow at 0.4 per cent. in 2013 and at 1.6 per cent. in 2014.

The main macroeconomic threats that could adversely affect the performance of the Nova KBM Group are rising prices and financial market uncertainties resulting from the continuing global financial crisis.

Inflation

The annual inflation rate at the end of 2012 was 2.6 per cent., compared with 1.8 per cent. at the end of 2011 and 1.9 per cent. at the end of 2010. Based on ECB forecasts, the rate of inflation in the euro area and in Slovenia is expected to remain modest in 2013.

Interest rates, allocation of funds and costs of funding

Net interest income has historically been the most significant component of the Nova KBM Group's profits. It depends on the amount of interest-earning assets and interest-bearing liabilities, the difference between the rate of interest on the first and the latter, and the portion of interest-earning assets financed by non-interest bearing liabilities and equity.

Before the onset of the financial crisis, due to the growth of Slovenia's economy and the resulting growing demand for funding from both corporate and retail customers, the Nova KBM Group's loan portfolio increased. The declining economic growth rate in the period 2009-2012 weakened the demand for funding coming from various sectors. The deteriorating loan portfolio quality and risk profile of (corporate) customers, as well as the declining capital adequacy ratios forced the Nova KBM Group to reduce loans

to non-bank customers. Said trend was particularly pronounced in 2012, when loans to non-bank customers dropped by 11.6 per cent.. The average interest rate on the Nova KBM Group's loans was 5.0 per cent., 5.1 per cent., 5.4 per cent. and 4.6 per cent. respectively in 2009, 2010, 2011 and 2012.

The Nova KBM Group could increase its net interest income, provided it does not increase the cost of its interest-bearing liabilities to the same extent as the yield on its interest-earning assets. The Nova KBM Group's primary interest-bearing liabilities are customer deposits. In view of the higher costs of financing on capital markets (due to Slovenia's and the Bank's lower credit ratings) and insufficient liquidity available in Slovenia during the crisis, the Group tried to increase deposits by offering higher interest rates (the same trend was observable with other banks in Slovenia), which put pressure on its net interest margin. The Nova KBM Group's net interest margin decreased from 2.6 per cent. in 2008 to 2.3 per cent. in 2011. Interest margin calculated based on average total assets was 1.9 per cent. in 2012.

When repaying its liabilities to foreign creditors in 2011 and 2012, the Group mainly sought fresh financing with the ECB, which increased its refinancing operations and offered longer-term (3-year) financing to the European banks. Its exposure to the ECB increased from €130 million as at year-end 2010 to €485 million as at year-end 2012.

Interest rates offered on deposits stabilised in 2011, mainly thanks to the activities undertaken by the ECB, which introduced longer-term (3-year) refinancing operations. However, due to the continuing trend of debt repayment to foreign creditors and the resulting increased competition for household deposits, deposit interest rates offered by the Group and by the banking sector as a whole increased significantly in 2012.

The Nova KBM Group expects to continue to rely on customer deposits as its major source of funding, whilst also diversifying its sources of funding by utilising ECB and other sources to fund its lending activities. The key interest rate Euribor (currently at 0.75 per cent.) should remain unchanged until the end of 2013.

Non-performing loans

The Nova KBM Group's volume of NPLs (as was the case with other Slovenian banks) increased significantly in the period 2009-2012, mainly due to the deterioration in loan portfolio quality after the onset of the economic crisis in the fourth quarter of 2008. Gross NPLs increased from 3.5 per cent. of gross loans in 2008 to 7.4 per cent. in 2009, 12.1 per cent. in 2010, 15.1 per cent. in 2011 and 22.2 per cent. in 2012. The construction, manufacturing and financial intermediation sectors accounted for the largest portion of the Nova KBM Group's gross NPLs as at 31 December 2012.

Restructuring

In 2010, the Nova KBM Group incurred certain one-off costs associated with its acquisition and reorganisation of Credy banka, including the costs of termination of employment of certain employees. In 2011, the Group incurred certain one-off costs associated with the increase in share capital and admission to trading on the Warsaw Stock Exchange. In 2012, the Group incurred certain one-off costs associated with the sale of Zavarovalnica Maribor d.d., the buyback/exchange of hybrid bonds and the raising of a hybrid loan.

Fluctuations in the value of securities

The value of the Nova KBM Group's securities portfolio has fluctuated in the past and will fluctuate in the future, which may have a direct impact on the results of its operations and the structure of its balance sheet.

Banking regulations

Slovenia's banking sector is highly regulated. Slovenian banks must comply with the Basel II requirements since 1 January 2008. They will also have to comply with the Basel III requirements agreed in the period 2010-2011 and becoming applicable in the period 2013-2018. Under the regulations of the European Banking Authority (EBA), Nova KBM is considered a systematically important bank and must, as such, comply with capital adequacy requirements.

B.5 Description of the Nova KBM Group and the role of the issuer in the Group

As of 31 December 2012 the Nova KBM Group was composed of the Nova KBM as a parent company, and the following subsidiaries : KBM Fineko d.o.o. (100% share), KBM Invest d.o.o. (100% share), KBM Leasing d.o.o. (100% share), Gorica Leasing d.o.o. (100% share), KBM Infond d.o.o. (72.73% share), PBS d.d. (55% share), Adria Bank AG (46.65% share), M-Pay d.o.o. (50% share), Credy banka AD (76.64% share), KBM Leasing Hrvatska d.o.o. (94.38% share), Moja naložba d.d. (45% share) and Maribor Finance B.V (100% share).

B.6 Holders of Nova KBM shares with ownership interest or voting rights that are subject to registration

Information on holders of Nova KBM ordinary shares as of 31 December 2012 is presented in the table below:

Shareholder	Number of ordinary shares	Shareholding (%)
Republic of Slovenia	10,822,805	27.66
KDPW-Trust Account	4,074,595	9.00
Pošta Slovenije d.o.o.	2,599,192	6.64
GEN d.o.o.	2,500,000	6.39
Kapitalska družba d.d.	1,875,920	4.79
Slovenska odškodninska družba d.d.	1,250,614	3.20
ELES d.o.o.	937,500	2.40
NFD I, equity sub-fund	935,833	2.39
East Capital Balkan Fund	925,067	2.36
Salink Limited	476,550	1.22

All holders of the Nova KBM shares have equal voting rights. The shares issued by the Nova KBM are of the same class entitling their holders to the same rights.

Apart from persons indicated in the table above, Nova KBM is not aware of any other persons that would have direct or indirect interest in the issuer's equity or voting rights that in accordance with the Financial Instruments Market Act and/or Banking Act would need to be disclosed. Prior to Offering in this Prospectus, Nova KBM is being supervised by the Republic of Slovenia together with related persons. The Republic of Slovenia will retain supervision of Nova KBM also after this Offering in case the Republic of Slovenia and related persons will be able to subscribe for all the shares that they are entitled to by this Offer to existing shareholders.

B.7. Selected key financial information for past years

The following information and data are summaries of financial statements published in annual reports of the Nova KBM Group for the years 2010, 2011 and 2012. The annual reports are published on the Nova KBM's website. Financial statements for the years ended 31 December 2010 and 31 December 2011 are published in annual reports and were audited by Ernst & Young d.o.o. Financial statements for the year ended 31 December 2012 are published in the annual report and were audited by Deloitte revizija d.o.o. Audited financial statements for the years ended 31 December 2010, 31 December 2011 and 31 December 2012 were prepared in accordance with the International Financial Reporting Standards, which were issued by the International Accounting Standards Board and adopted by the EU («financial statements»).

The amended Regulation on the Books of Account and Annual Reports of Banks and Savings Banks was published in spring 2012, introducing several changes in the layouts of financial statements. The Nova KBM Group used these amended layouts for the first time for its financial statements as of 30 June 2012, but also ensured the comparability of data included in financial statements as of 31 December 2011.

Selected data from Statement of Income

	Year ended 31 December		
	2010	2011	2012
	(in €mIn)		
Interest income.....	254.2	262.8	227.8
Interest expenses.....	(106.9)	(127.2)	(122.0)
Net interest income.....	147.3	135.6	105.8
Net fee and commission income.....	63.1	56.4	58.8
Other net non-interest income.....	19.5	0.6	25.7
Income from continuing operations.....	229.9	192.6	190.3
Administration costs.....	(113.4)	(108.5)	(104.1)
Other non-interest expenses.....	(98.5)	(192.0)	(325.8)
Non-interest expenses.....	(211.9)	(300.5)	(429.9)
Profit/loss from continuing operations.....	18.0	(107.9)	(239.6)
Net profit/loss from continuing operations.....	11.4	(86.5)	(227.1)

Selected data from the Statement of Financial Position

	Year ended 31 December		
	2010	2011	2012
	(in €mIn)		
Loans ⁽¹⁾	4,281.3	4,040.2	3,633.3
Portfolio of securities ⁽²⁾	1,061.3	1,157.9	1,091.1
Cash and balances with the central bank.....	140.4	147.4	223.9
Other assets.....	383.7	467.6	373.5
Total assets.....	5,866.7	5,813.1	5,321.8
Deposits ⁽³⁾	3,880.9	3,915.2	3,719.3
Loans.....	1,077.1	701.2	582.5
Debt securities.....	65.5	49.0	88.6
Subordinated liabilities.....	192.0	187.9	98.1
Other liabilities.....	212.2	524.2	580.1
Total liabilities.....	5,427.7	5,377.5	5,068.6
Paid-up capital.....	27.2	40.8	40.8
Other capital.....	369.7	353.3	169.4
Non-controlling interest.....	42.1	41.5	43.0
Total shareholder's equity.....	439.0	435.6	253.2
Total liabilities and shareholder's equity.....	5,866.7	5,813.1	5,321.8

Notes:

⁽¹⁾ Included are also loans to banks.

⁽²⁾ Included are financial assets held for trading, available-for-sale financial assets, and held-to-maturity financial assets.

⁽³⁾ Included are also deposits from banks.

Selected Financial Indicators

	Year ended 31 December		
	2010	2011	2012
Net interest margin ⁽¹⁾	2.53	(in %) 2.31	1.87
Loan-to-deposit ratio ⁽²⁾	108.68	102.22	93.90
Operating cost to income ratio ⁽³⁾	55.97	63.21	56.90
ROAE ⁽⁴⁾	2.62	(17.01)	(51.85)
ROAA ⁽⁴⁾	0.20	(1.38)	(3.63)
Quality of loans			
Gross NPLs ⁽⁵⁾ /Total gross loan portfolio ⁽⁶⁾	12.1	15.1	22.2
Capital Adequacy Ratios of the Group⁽⁷⁾			
Tier 1 capital adequacy ratio.....	7.93	8.59	8.17
Total capital adequacy ratio.....	10.89	11.47	9.17

Notes:

- (1) Ratio between net interest and average assets.
- (2) Ratio between the Bank's net loans to non-banking customers and the Bank's liabilities towards non-banking customers.
- (3) Ratio between administrative costs and depreciation and amortisation, and net interest and net non-interest income.
- (4) Ratio between net profit/loss and average capital (including non-controlling interest) or average assets.
- (5) Included are all collectively impaired loans, which are classified in credit rating categories D and E and for which prime collateral has not been provided, and individually impaired loans without prime collateral and the basic credit rating of which is D or E.
- (6) Included are loans to banking and non-banking sector.
- (7) Presented in accordance with the rules of the Bank of Slovenia.

B.8 Selected key temporary financial information

Not relevant. There is no key temporary financial information.

B.9. Prediction or estimate of profit

Not relevant. This Prospectus does not include any predictions or estimates regarding the profit.

B.10 Description of potential reservations in the Auditor's report on financial information for the past years

Not relevant. There are no reservations in the Auditor's report on financial information for the past years.

B.11 Issuer's current assets

Not relevant. The issuer has sufficient current assets to cover its current needs.

C. SECURITIES

C.1 Type and Class of Shares

As at the date of this Prospectus, the share capital of Nova KBM was €140,814,313.08, consisting of 137,645,135 ordinary registered no-par shares with voting rights (with an accountable corresponding value of €1.0230 each) (hereinafter also referred to as »Existing and New Shares«). Existing and New Shares rank *pari passu* in all respects and are of the same class. The ticker symbol of the Existing and New Shares is KBMR, ISIN code: SI0021104052.

Prior to increasing the share capital of Nova KBM in April 2013, the latter amounted to €40,814,313.08, consisting of 39,122,968 ordinary registered no-par shares with voting rights (with an accountable par value €1.0432) (hereinafter also referred to as the »Existing Shares«).

Following a conversion of a hybrid loan principal on 31 December 2012 and in compliance with resolutions of the Management Board dated 18 March 2013 and 2 April 2013 and with the consent of the Supervisory Board dated 2 April 2013, Nova KBM issued 98,522,167 new ordinary registered no-par shares with voting rights (with an accountable par value of €1.0230 each (New Shares)).

C.2 Currency of Shares

The Shares are issued as no-par and carry no denomination of currency.

The accountable par value of one Nova KBM ordinary share is €1.0230.

C.3 Number of Shares

Total number of all shares: 137,645,135

Number of shares prior to issuance of New Shares: 39,122,968

Number of shares this prospectus is related to: 98,522,167

Accountable corresponding value of one ordinary registered no-par share of Nova KBM is €1.0230.

C.4 Description of rights, attached to the Shares

The New Shares are part of a single class of existing shares of Nova KBM and rank *pari passu* in all respects with the Existing Shares of Nova KBM. The rights attached to the ordinary shares are as follows:

- voting rights (each ordinary share entitles its holder to one vote at Nova KBM's General Meeting);
- participation in profit of Nova KBM (dividends); and
- pro-rata distribution of residual assets in the case of bankruptcy or liquidation of Nova KBM.

C.5 Transferability of Shares

The New Shares are freely transferable.

C.6 Trading at regulated markets

The New Shares, as well as already issued shares of Nova KBM, shall be traded with on regulated securities markets, namely LJSE, on the equities market, sub-segment Prime Market, and at WSE, Prime Market.

Expected date of listing on both regulated markets is until the end of April 2013.

As at the date of this Prospectus the existing shares of Nova KBM are being traded with at Prime Markets of both LJSE and WSE.

At this time the listing of shares of Nova KBM on any other regulated market than LJSE and WSE is not envisaged.

C.7 Dividend policy

The appropriation of accumulated profit for an individual business year is determined at the General Meeting. By resolution at the General Meeting, the shareholders can appropriate all or part of the accumulated profit for all or some of the following purposes:

- distribution to shareholders;
- creation of other reserves; and
- participation in the profit of the members of the Management Board, members of the Supervisory Board, or employees.

By resolution, the shareholders may also decide not to appropriate any accumulated profit but carry it forward.

Following listing of the KBMR share on the Ljubljana Stock Exchange Nova KBM, in spite of turbulent economic circumstances, followed its dividend policy of appropriating at least 35% of net profit. In the past, expectations of shareholders as well as ensuring the capital adequacy of the Bank and of the Group were taken into account while determining the dividend policy. In regard to this the Bank expected the higher dividends to increase interest of investors, thereby positively influencing the ownership structure of the Bank. However, higher distribution of dividends did not have any influence on implementation of development plans and financial stability. During the 1993-2010 period the Bank was achieving (accounting for the increase of the basket of consumer goods) real net profit of slightly over €20 million on average. During the 2011-2013 period the Bank is to operate with a loss, whereas profits from regular operations are planned for future years.

The Bank will not alter its dividend appropriation policy. The latter assumes reallocation of the major part of net profit to the reserves of the Bank, whereas 35% of the balance-sheet profit is earmarked for the payment of dividends. Such policy will be carried out by the Bank in the case of the capital adequacy either of the Bank or of the Group not being endangered. Dividend policy may change due to demands of European Commission in relation to the procedure of approving the restructuring plan of the Nova KBM Group.

D. RISK FACTORS

D.1 Risks Relating to the Issuer and Industry

Risks relating to the Nova KBM Group's business

- Volume of bad loans in the Nova KBM Group portfolio has increased significantly in recent years and may increase further;
- Nova KBM faces challenges associated with the integration and management of banking subsidiaries;
- The Slovenian financial services sector is very competitive;
- The inability to exercise the voting rights of Nova KBM's largest shareholder;
- Risk is inherent to the banking business;
- The Nova KBM Group's banking business is exposed to interest rate risk;
- Nova KBM faces maturity mismatches between assets and liabilities;
- If the Nova KBM Group fails to attract and retain deposits, its business may be adversely affected;
- The inability of Nova KBM and its banking subsidiaries to foreclose on collateral in the event of a default may result in a failure to recover the expected value of the collateral;
- The Nova KBM Group is exposed to credit risk in respect of various industry sectors. Deterioration in the performance of any industry sectors in respect of which it has significant credit exposure may adversely impact its business;

- The market value of real estate owned by Nova KBM Group has fallen and may continue to fall in the future;
- System errors or inability to adapt to technological changes could adversely impact the Nova KBM Group's business;
- Significant security breaches, fraud and theft could adversely impact the Nova KBM Group's business;
- Nova KBM Group may be unable to meet its regulatory requirements relating to capital adequacy;
- Uncertainty regarding distribution of dividends of Nova KBM also in the future;
- Competitive position of Nova KBM Group and its future prospects depend on its senior management team and other key personnel;
- The Nova KBM Group has significant off-balance sheet credit related commitments that may lead to potential losses;
- Compliant to European regulations, hybrid loan received on the basis of the agreement dated 31 December 2012 between the Republic of Slovenia as the Lender and Nova KBM as the Borrower amounting to €100.0 million is considered a State Aid.

Risks relating to the Nova KBM Group's countries of operation

- Adverse economic conditions in Slovenia could cause the Nova KBM Group's business to suffer;
- Changes in the regulatory framework of the Nova KBM Group's countries of operation could adversely affect the Nova KBM Group's business;
- Adverse economic conditions in countries of operation other than Slovenia could cause the Nova KBM Group's business to suffer.

D.3 Risks Relating to the Offer Shares and the Trading Market

- The market price of the Bank's shares may fluctuate disproportionately in response to adverse developments that are unrelated to the Bank's operating performance;
- Future sales of substantial amounts of Nova KBM's ordinary shares, or perception that such sales could occur, could adversely affect the market value of shares;
- Tax treatment of non-Slovene investors in Slovene company may be subject to changes;
- Securities and industry analysts may cease publishing research or reports about the Bank's business or may change their recommendations regarding the Bank's shares;
- There can be no assurance regarding the future development of the market for the Bank's shares and its liquidity;
- The trading in the Bank's shares on the LJSE and the WSE can be temporarily suspended.

Before making any decision to acquire the Offer Shares, the potential investors should carefully examine the risks stated in the Prospectus, in the section "*Risk Factors*".

E. THE OFFERING

Shares, related to in this Prospect were not offered to the public due to issuer's exemption from publishing prospectus for public offering in compliance with Article 49 of Financial Instruments Market Act.

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2. Important news and business events related to the Nova KBM Group and Nova KBM d.d. are available on the websites of the Bank (www.nkbm.si) and of the Ljubljana (<http://seonet.ljse.si/>) and Warsaw stock exchanges (www.gpw.pl).
3. This Prospectus is available on the websites of the Bank (<http://www.nkbm.si/>) and of the Ljubljana (<http://seonet.ljse.si/>) and Warsaw stock exchanges (www.gpw.pl).
4. The Articles of Association of Nova KBM d.d. are available on the Bank's website (<http://www.nkbm.si/>).

GLOSSARY OF TERMS AND ACRONYMS

2010 PD Amending Directive	Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010 amending Directives 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading and 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market
ALCO	assets and liabilities committee of Nova KBM
Articles of Association	articles of association of Nova KBM
Bank	Nova KBM
Basel III	rules published in the documents "Basel III: A global regulatory framework for more resilient banks and banking systems" and "Basel III: International framework for liquidity risk measurement, standards and monitoring" by the Basel Committee on 16 December 2010
Credy banka	Credy banka AD Kragujevac
ECB	European Central Bank
EEA	European Economic Area
EU	European Union
Euro, EUR, €	the lawful currency of the European Economic and Monetary Union, of which Slovenia is member
Existing shareholders	persons and entities registered as shareholders with KDD
Existing shares	39,122,968 ordinary no par value registered shares with voting rights, representing share capital of Nova KBM of €40,814,313.00 as at 18 March 2013
Financial statements	audited consolidated financial statements of the Nova KBM Group for the years ended 31 December 2010, 2011 and 2012
General Meeting	general meeting of shareholders of Nova KBM
IFRS	International Financial Reporting Standards issued by the International Accounting Standards Board, as adopted by the European Union
UMAR	Institute of Macroeconomic Analysis and Development (IMAD) of the Republic of Slovenia

KDD	Central Securities and Clearing Corporation (KDD), the clearing and settlement institution in Slovenia, Tivolska c. 48, 1000 Ljubljana
LB Group	Ljubljanska banka Group
LJSE	Ljubljana Stock Exchange (<i>Ljubljanska borza d.d., Ljubljana</i>), the regulated market in Slovenia
Management Board	management board of Nova KBM
MiFID (Markets in Financial Instruments Directive)	Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC
NDS	National Depository for Securities (<i>Krajowy Depozyt Papierów Wartościowych S.A.</i>), the clearing and settlement institution in Poland
Nova KBM	Nova Kreditna banka Maribor d.d.
Nova KBM Group	Nova Kreditna banka Maribor d.d. and its subsidiaries and affiliates taken as a whole
New shares	98,522,167 ordinary no par value registered shares with voting rights with an accountable par value of €1.0230 each, issued for a contribution in kind, i.e. by conversion of the principal of a hybrid loan
Restructuring plan	Restructuring plan within the meaning of the Decision no. SA.35709 of the European Commission, conditional upon the submission of said plan by the Republic of Slovenia by 21 March 2013, and the Commission communication on the return to viability and the assessment of restructuring measures in the financial sector in the current crisis
PBS	Poštna banka Slovenije d.d. – bančna skupina Nove Kreditne banke Maribor d.d.
PFSA	Polish Financial Supervision Authority (<i>Komisja Nadzoru Finansowego</i>), the capital market regulatory authority in Poland
PLN, Polish zloty	the lawful currency of the Republic of Poland
Polish Foreign Exchange Law	Act of 27 July 2002 on the Foreign Exchange Law (Journal of Laws of 2002 No. 141, item 1178)
Polish Public Offerings Act	Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies dated 29 July 2005 (Journal of Laws of 2005 No. 184, item 1539, consolidated versions Journal of Laws of 2009 No. 185, item 1439)
POS	point-of-sale terminal
Prospectus	this prospectus constituting a prospectus within the meaning of the Prospectus Directive, prepared for the purpose of the admission to trading
Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as amended from time to time, including the 2010 PD Amending Directive, and any relevant implementing measures
Regulation S	Regulation S under the US Securities Act

Investors and small investors	small investors in Slovenia and Poland, and the existing and future holders of the existing and new shares
Securities Act	United States Securities Act of 1933, as amended
Slovenian Foreign Exchange Act	Foreign Exchange Act – ZDP-2 (Official Gazette of the RS, nos. 16/08 and 85/09)
Slovenian Market in Financial Instruments Act	Market in Financial Instruments Act – ZTFI (Official Gazette of the RS, nos. 67/07, 69/08, 40/09, 88/10 and 108/10 – official consolidated copy)
ATVP	Securities Market Agency (SMA), the competent authority for capital markets in Slovenia
Supervisory Board	the supervisory board of Nova KBM
SURS	Statistical Office of the Republic of Slovenia
Takeover Directive	Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids
U.S.\$, USD, U.S. dollar, dollar	the lawful currency of the United States of America
Well-informed investors	investors defined in Article 44 of the Slovenian Market in Financial Instruments Act implementing the definition of "qualified investors" from Article 2 of the Prospectus Directive
WSE	Warsaw Stock Exchange (<i>Giełda Papierów Wartościowych w Warszawie S.A.</i>), the regulated market in Poland
WSE Corporate Governance	Polish principles of corporate governance contained in the "Best Practice of WSE Listed Companies", approved by WSE
ZM	Zavarovalnica Maribor d.d.

1. PERSONS RESPONSIBLE

Nova Kreditna banka Maribor d.d., Ulica Vita Kraigherja 4, Maribor, Republic of Slovenia, assumes responsibility for the information contained in this Prospectus. Nova KBM, having taken all reasonable care to ensure that such is the case, declares that the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

The Prospectus may only be used for the purpose for which it was published. Its reproduction for other purposes, in whole or in part, and use and publication of data and text segments are not allowed.

Management Board of Nova Kreditna banka Maribor d.d.

Igor Žibrik, Member

Aleš Hauc, Presiden

A stylized handwritten signature in black ink, consisting of a large 'I' and a 'Z' that are interconnected.A handwritten signature in black ink, appearing to be 'Aleš Hauc' written in a cursive style.

2. STATUTORY INDEPENDENT AUDITORS

The consolidated financial statements and notes thereto for the years ended 31 December 2010 and 2011 were audited by Mr. Janez Uranič, a certified auditor of Ernst & Young Slovenija d.o.o., neodvisni revizorji, Dunajska 111, Ljubljana, Slovenia. Mr. Janez Uranič is member of the Slovenian Institute of Auditors. The consolidated financial statements and notes thereto for the year ended 31 December 2012 were audited by Ms. Katarina Kadunc, a certified auditor of Deloitte revizija d.o.o., neodvisni revizorji, Dunajska cesta 165, Ljubljana, Slovenia, represented by Dr. Yuri Sidorovich. Ms. Katarina Kadunc and Dr. Yuri Sidorovich have the certified auditor licence issued by the Slovenian Institute of Auditors.

The audited consolidated financial statements for the years ended 31 December 2010, 2011 and 2012 included in the annual reports published on the Bank's website were prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as adopted by the European Union ("financial statements").

The auditor's reports for 2010, 2011 and 2012 were unqualified.

3. SELECTED CONSOLIDATED FINANCIAL INFORMATION

The information and data presented below were obtained from the consolidated financial statements included in the annual reports of the Nova KBM Group for the years 2010, 2011 and 2012, published on the Bank's website. The consolidated financial statements for the years ended 31 December 2010 and 2011 were audited by Ernst & Young d.o.o., while those for the year ended 31 December 2012 were audited by Deloitte revizija d.o.o. The audited consolidated financial statements for the years ended 31 December 2010, 2011 and 2012 were prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as adopted by the European Union.

In the spring of 2012, a new Regulation on the Books of Account and Annual Reports of Banks and Savings Banks was published, partly changing the schemes of financial statements. The Nova KBM Group first used the new schemes as at 30 June 2012, ensuring comparability with the figures as at 31 December 2012.

3.1 Selected data from the consolidated statement of income

	Year ended 31 December		
	2010	2011	2012
	(in €m)		
Interest income	254.2	262.8	227.8
Interest expense	(106.9)	(127.2)	(122.0)
Net interest income	147.3	135.6	105.8
Net fee and commission income	63.1	56.4	58.8
Other net non-interest income	19.5	0.6	25.7
Operating income	229.9	192.6	190.3
Administration costs	(113.4)	(108.5)	(104.1)
Other non-interest expense	(98.5)	(192.0)	(325.8)
Non-interest expense	(211.9)	(300.5)	(429.9)
Profit/loss from continuing operations	18.0	(107.9)	(239.6)
Net profit/loss from continuing operations	11.4	(86.5)	(227.1)

3.2 Selected data from the consolidated statement of financial position

	Year ended 31 December		
	2010	2011	2012
	<i>(in €m)</i>		
Loans and receivables ⁽¹⁾	4,281.3	4,040.2	3,633.3
Securities portfolio ⁽²⁾	1,061.3	1,157.9	1,091.1
Cash and cash balances with central banks	140.4	147.4	223.9
Other assets	383.7	467.6	373.5
Total assets	5,866.7	5,813.1	5,321.8
Deposits ⁽³⁾	3,880.9	3,915.2	3,719.3
Loans raised	1,077.1	701.2	582.5
Debt securities issued	65.5	49.0	88.6
Subordinated liabilities	192.0	187.9	98.1
Other liabilities	212.2	524.2	580.1
Total liabilities	5,427.7	5,377.5	5,068.6
Paid capital	27.2	40.8	40.8
Other equity	369.7	353.3	169.4
Minority interests	42.1	41.5	43.0
Total equity	439.0	435.6	253.2
Total liabilities and equity	5,866.7	5,813.1	5,321.8

Note:

⁽¹⁾ Includes interbank loans and receivables.

⁽²⁾ Includes financial assets held for trading, available for sale and held to maturity.

⁽³⁾ Includes interbank deposits.

3.3 Selected consolidated financial indicators

	Year ended 31 December		
	2010	2011	2012
		<i>(percentages)</i>	
Net interest margin ⁽¹⁾	2.53	2.31	1.87
Loan to deposit ratio ⁽²⁾	108.68	102.22	93.90
Cost to income ratio ⁽³⁾	55.97	63.21	56.90
Return on average equity ⁽⁴⁾	2.62	(17.01)	(51.85)
Return on average assets ⁽⁴⁾	0.20	(1.38)	(3.63)
Loan quality			
Gross NPLs ⁽⁵⁾ as % of gross loans ⁽⁶⁾	12.1	15.1	22.2
Capital adequacy⁽⁷⁾			
Capital adequacy ratio (original own funds)	7.93	8.59	8.17
Capital adequacy ratio (total equity)	10.89	11.47	9.17

Note:

- ⁽¹⁾ Represents the ratio of net interest to average assets.
- ⁽²⁾ Represents the ratio of net loans to and receivables from non-bank customers to deposits from non-bank customers.
- ⁽³⁾ Represents the ratio of administration costs and depreciation to net interest and non-interest income.
- ⁽⁴⁾ Represents the ratio of net profit/loss to average equity (including minority interests) or average assets.
- ⁽⁵⁾ Included are collectively impaired loans rated D or E without prime collateral, and individually impaired loans rated D or E without prime collateral.
- ⁽⁶⁾ Included are loans to and receivables from banks and non-bank customers.
- ⁽⁷⁾ Presented in accordance with the regulations issued by the Bank of Slovenia.

4. KEY INFORMATION

4.1 Current assets statement

As at 31 December 2012, the Nova KBM Group had €3.107 million of current assets and €3.517 million of current liabilities.

(in €m)

	As at 31 December 2012
Current assets*	3,107
Current liabilities*	3,517
a. current financial liabilities	3,511
b. current business liabilities	6
Current assets – current liabilities	(410)

* residual maturity

4.2 Capitalisation and indebtedness

As at 31 December 2012, the Nova KBM Group had total equity of €253.2 million (4.8% of total assets) and total liabilities of €5,068.6 million (95.2% of total assets).

The table below shows liabilities and equity of the Nova KBM Group as at 28 February 2013 and 31 December 2012.

(in €m)

	As at 31 December 2012	As at 28 February 2013
Financial liabilities to the central bank	485.1	479.7
Financial liabilities held for trading	1.7	1.4
Financial liabilities at amortised cost	4,528.6	4,570.0
- deposits from banks	107.1	100.8
- deposits from non-bank customers	3,612.2	3,559.2
- loans from banks	576.0	570.9
- loans from non-bank customers	6.5	6.4
- debt securities	88.6	86.1
- subordinated liabilities	98.1	199.9
- other financial liabilities	40.1	46.7
Financial liabilities associated with transferred financial assets	0.0	6.0
Provisions	46.6	45.0
Tax liabilities	0.0	0.0
- current tax liabilities	0.0	0.0
- deferred tax liabilities	0.0	0.0
Other liabilities	6.6	6.9
TOTAL LIABILITIES	5,068.6	5,109.0
Share capital	40.8	40.8
Share premium	165.8	165.8
Revaluation reserves	(1.1)	1.6

Consolidation capital adjustment	(2.4)	(1.9)
Reserves from profit	289.7	289.7
Treasury shares	(1.4)	(1.4)
Retained profit/loss (including net profit/loss for the period)	(281.2)	(282.8)
Minority interests	43.0	43.3
TOTAL EQUITY	253.2	255.1
TOTAL LIABILITIES AND EQUITY	5,321.8	5,364.1

Subordinated liabilities

The table below shows subordinated liabilities of the Nova KBM Group as at 28 February 2013 and 31 December 2012.

	Currency	Maturity date	Interest rate	As at 31 December 2012	As at 28 February 2013
Subordinated debt					
ISIN: SI0022102279	EUR	30 Sep 2011	4.70%	0.0	0.0
Adria Bank AG	EUR	perpetual; call option each 28 Dec	variable	1.3	1.3
Hybrid instruments of additional own funds					
Pošta Slovenije d.o.o. 1-4, payment	EUR	perpetual	EURIBOR 6M+2.70%	6.7	6.7
Pošta Slovenije d.o.o. 5, payment	EUR	perpetual	EURIBOR 6M+3.50%	2.0	2.0
ISIN: XS0270427163	EUR	perpetual, call option after 5 Oct 2016	EURIBOR 3M+1.60%	50.2	50.4
	EUR	perpetual, first call option 30 June 2013; Common Equity Tier 1 Capital Ratio of Nova KBM Group falls below 5.125 % or Core Tier 1 Ratio of Nova KBM Group falls below 7 %, the loan is converted into KBMR shares	10%	0.0	101.6
ISIN: XS0325446903	EUR	perpetual, call option after 31 Dec 2030	EURIBOR 3M+4%	12.0	12.0
Hybrid instruments of original own funds					
ISIN: SI0022103046	EUR	perpetual, call option after 29 Dec 2014	8.70%	25.9	25.9
Total.....				98.1	199.9

The table below shows long-term liabilities and shareholders' equity of the Nova KBM Group as at 28 February 2013 and 31 December 2012.

	As at 31 December 2012	As at 28 February 2013
	(in €m)	
Long-term indebtedness*	1,551.6	1,594.0
Financial liabilities due to the central bank	477.1	477.7
Deposits ⁽¹⁾	437.1	381.1
Loans and receivables	457.0	453.7
Debt securities	57.5	56.0
Subordinated liabilities	97.8	199.5
Other financial liabilities	0.3	0.3
Provisions	24.2	24.8
Other liabilities	0.6	0.9
Total equity	253.2	255.1
Share capital ⁽²⁾	40.8	40.8
Share premium	165.8	165.8
Accumulated profits ⁽³⁾	7.4	8.5
Consolidation capital adjustment	(2.4)	(1.9)
Treasury shares	(1.4)	(1.4)
Minority interests	43.0	43.3
Total capitalisation ⁽⁴⁾	1,804.8	1,849.1

Note:

- * residual maturity
- (1) Includes interbank deposits.
- (2) Basic equity.
- (3) Includes reserves from profit (including retained profit/loss), profit/loss for the year and surplus from securities revaluation.
- (4) Includes long-term debt and shareholder's equity.

Commitments and contingent liabilities

The table below shows commitments and contingent liabilities of the Nova KBM Group as at 28 February 2013 and 31 December 2012.

	As at 31 December 2012	As at 28 February 2013
	(in €m)	
Guarantees and unsecured letters of credit	295.0	289.1
Assumed liabilities	292.7	299.3
Derivatives	201.8	199.8
Total	789.5	788.2

4.3 Interest of natural and legal persons involved in the admission to trading

The issuer is not aware of the existence of any natural or legal person involved in the admission to trading who would have any interest, including a conflicting one, that would be material to the admission to trading.

4.4 Reasons for the admission to trading

The reason for the admission to trading on LJSE and WSE of 98,522,167 new shares is to ensure an equal position of all shareholders based on regulated and transparent trading in all KBMR shares.

Nova KBM as debtor concluded a Hybrid Loan Agreement with the Republic of Slovenia as creditor on 31 December 2012. The condition for converting the loan's principal to equity was met on 8 March 2013. Said conversion will allow the Bank to strengthen its core tier I capital.

5. RISK FACTORS

Any of the following risks could adversely affect the Nova KBM Group's business, financial condition and results of operations, in which case the trading price of the Offer Shares could decline, resulting in the loss of all or part of an investment in the Offer Shares.

The risks and uncertainties discussed below are those that the Nova KBM Group believes are material, but these risks and uncertainties may not be the only ones that it faces. Additional risks and uncertainties, including risks not known to it, or that it now deems immaterial, may also result in decreased revenues, increased expenses or otherwise adversely affect the Nova KBM Group's business and lead to a decline in the value of the Offer Shares.

5.1 Risks Relating to the Nova KBM Group's Business

5.1.1 *The Nova KBM Group's Non Performing Loans have increased in recent years and may increase further.*

While the Nova KBM Group believes that the risks relating to its non performing loans ("NPLs") are sufficiently covered by loan loss reserves and collateral, there can be no assurance that additional provisions will not be required, which could adversely affect the Nova KBM Group's profitability. As at 31 December 2011 and 31 December 2012 gross NPLs (being loans to clients in credit rating categories D and E) represented 15.1 per cent. and 22.2 per cent. of total gross loans, respectively. If there is any deterioration in the quality of the Nova KBM Group's collateral or further ageing of the assets after being classified as non-performing, an increase in provisions will be required. Any increase in provisions may adversely impact the Nova KBM Group's financial condition, results of operations and the market price of Nova KBM's ordinary shares.

A number of factors could affect the Nova KBM Group's ability to control and reduce NPLs. Some of these factors, including developments in the local economy, movements in global markets, competition, market interest rates and exchange rates, are not within the Nova KBM Group's control. There can be no assurance that its credit approval and monitoring procedures will reduce the amount of loans that become non-performing in the future or that it will be successful in its efforts to improve collections and foreclose on collateral for existing NPLs or that the overall quality of the Nova KBM Group's loan portfolio will not deteriorate in the future. If it is not able to control its asset quality, or if there is a further significant increase in its NPLs, the Nova KBM Group's business, financial condition and the market price of Nova KBM's ordinary shares could be adversely affected. Furthermore, when the Nova KBM Group restructures its NPLs, it may receive lower interest payments than originally agreed to and, in some cases, it may collect less than the original principal amounts outstanding on the loans.

Any further increase in, or failure to reduce, NPLs could adversely impact the Nova KBM Group's financial condition, results of operations and the market price of Nova KBM's ordinary shares.

5.1.2 *Nova KBM faces challenges associated with the integration and management of banking subsidiaries*

Nova KBM faces risks associated with the operations of its banking subsidiaries, i.e. Poštna banka Slovenije d.d. - bančna skupina Nove Kreditne banke Maribor d.d. ("PBS"), Adria Bank and Credy Bank. Any inability to align the strategy of its banking subsidiaries with its business plan or otherwise successfully integrate them into its business may adversely impact its ability to achieve its strategic objectives, as well as the financial condition and results of operations of the Nova KBM Group as a whole.

The size of Nova KBM Group requires significant allocation of capital and management resources, further development of its financial, internal controls and IT systems, continued upgrading and streamlining of its risk management systems and additional training and recruitment of management and other key personnel. At the same time, the Nova KBM Group must maintain a consistent level of client services and current operations to avoid loss of business or damage to its reputation. Any inability to effectively manage any of these operating issues may adversely affect the Nova KBM Group's business growth and, as a result, may materially impact its financial condition and results of operations.

5.1.3 The Slovenian financial services sector is very competitive.

As at 31 December 2012, there were 19 commercial banks operating in Slovenia, with the top three banking groups, including the Nova KBM Group, comprising more than 40 per cent. of the market as measured by assets. The Nova KBM Group faces competition from both Slovenian and foreign commercial banks for all of its products and services. The Slovenian financial sector may experience consolidation, resulting in fewer banks and financial institutions. Merged entities may have competitive advantages over the Nova KBM Group in terms of pricing and delivery channels. Since the Nova KBM Group raises funds largely from the Slovenian companies and individual depositors, it, like all Slovenian banks, faces increasing competition for these funds.

This competitive environment has put downward pressure on net interest margins and, therefore, the Nova KBM Group's profitability in recent years. Its net interest margin decreased to 2.31 per cent. for the year ended 31 December 2011 and to 1.87 per cent. for the year ended 31 December 2012.

If net interest margin compression resumes, the Nova KBM Group's profitability will be negatively impacted. In addition, due to competitive pressures, the Nova KBM Group may be unable to successfully execute its strategy and offer products and services at prices which will deliver reasonable returns, which may materially adversely affect the Nova KBM Group's business, financial condition and results of operations.

5.1.4 The inability to exercise the voting rights of Nova KBM's largest shareholder

As at 26 September 2012, the Securities Market Agency of Slovenia (the "ATVP") revoked the voting rights of the Republic of Slovenia and its related entities (Slovenska odškodninska družba d.d., Kapitalska družbo d.d., Pošta Slovenije d.o.o., GEN d.o.o. and ELES d.o.o.), which together hold 51.1 per cent of Nova KBM. The Republic of Slovenia and its related entities have been in breach of the mandatory takeover provision since 18 December 2007; they breached their obligation to make a mandatory tender offer for all the issued shares of Nova KBM, after the shares have been submitted for trading to the Ljubljana Stock Exchange (LJSE).

The Republic of Slovenia and its related entities are prohibited from exercising their voting rights with respect to all of their shares held in Nova KBM at the time of the decision of the ATVP until either: (a) the Republic of Slovenia makes a mandatory tender offer for Nova KBM's issued shares; or (b) the Republic of Slovenia and its related entities sell a sufficient number of their shares in Nova KBM such that the voting rights connected with their aggregate shareholding falls below 33 per cent. of the total voting rights in Nova KBM. Inability of the Republic of Slovenia (being Nova KBM's single biggest shareholder) to exercise its voting rights may lead to the takeover of Nova KBM by a third party. Additionally, the decision of the Republic of Slovenia and its related parties to sell any or all of the shares could adversely impact the market share of Nova KBM's shares.

5.1.5 Risk is inherent to the banking business

The Nova KBM Group's banking business is subject to various risks inherent in the banking business, including liquidity risk, market risk (including position risk, interest rate risk and currency risk) and operational risk.

Liquidity Risk

Nova KBM Group is exposed to the risk that it will be unable to meet its payment obligations when they fall due, known as liquidity risk. This risk is likely to materialize if the Nova KBM Group experiences significant maturity mismatches between its assets and liabilities (see "*— Nova KBM faces maturity mismatches between assets and liabilities*").

If the Nova KBM Group suffers any liquidity gaps as a result of maturity mismatches between its assets and liabilities in the future this may have an adverse impact on its ability to comply with the capital requirements imposed on it by virtue of it being a credit institution and the mandatory reserves that it is required to maintain in connection with the Eurosystem's minimum reserve system, which may have a material adverse effect on the Bank's business, financial condition and results of operations.

Market Risk

The Nova KBM Group is exposed to market risks, including interest rate, currency and securities portfolio risks. The Nova KBM Group is exposed to interest rate risk risks resulting from mismatches between the interest rates on its interest-bearing assets and liabilities. While the Nova KBM Group monitors interest rate positions, interest rate movements may adversely affect the Nova KBM Group's financial position. In addition, although the Nova KBM Group tries to maintain a neutral position in individual foreign currencies in order to limit the Group's exposure to fluctuations in currency, any adverse movements in the exchange rates of the currencies in which it maintains its assets and liabilities may have an adverse impact on its financial position. Furthermore, the Nova KBM Group carries out proprietary trading operations in respect of certain types of security and, as a result, it is exposed to a number of risks related to the movement of market prices of the underlying instruments, including the risk of unfavourable market price movements relative to the Group's long or short positions and the risk that the instruments that the Group chooses to hedge certain positions do not track the market value of those positions. If the Nova KBM Group suffers substantial losses from any of these exposures, this could have a material adverse effect on the Group's financial results.

For more information on the risks related to the Nova KBM Group's banking operations and risk management. See "Risk Management".

5.1.6 The Nova KBM Group's banking business is exposed to interest rate risk

The Nova KBM Group's profitability is primarily based on its net interest margin, which is a function of the pricing of its liabilities and assets. For the year ended 31 December 2012, net interest income (before provisions for loan impairments) accounted for 55.6 per cent. of the Nova KBM Group's operating income.

Fluctuations in interest rates can adversely affect the Nova KBM Group's operations and financial condition in a number of different ways. An increase in interest rates generally may decrease the value of its fixed rate loans and raise its funding costs. Such an increase could also generally decrease the value of fixed rate debt securities in its securities portfolio. In addition, an increase in interest rates may reduce overall demand for new loans and increase the risk of customer defaults, while general volatility in interest rates may result in a gap between the Nova KBM Group's interest-rate sensitive assets and liabilities. Interest rates are sensitive to many factors beyond the Nova KBM Group's control, including the policies of the European Central Bank, domestic and international economic conditions and political factors. There can be no assurance that the Nova KBM Group will be able to protect itself from the adverse effects of future interest rate fluctuations. Any fluctuations in market interest rates could lead to a reduction in net interest income and adversely affect the Nova KBM Group's results of operations.

5.1.7 Nova KBM faces maturity mismatches between assets and liabilities

Nova KBM meets its funding requirements through short-term and long-term deposits from retail and corporate depositors, interbank loans and through the capital markets. A significant portion of Nova KBM's assets have maturities with longer terms than its liabilities, and it expects these maturity mismatches to continue. As at 31 December 2012, 61.7 per cent. of Nova KBM's liabilities were short term in nature (defined as liabilities having maturities of less than one year) including current/demand accounts which have no restrictions on withdrawal. If a substantial number of Nova KBM's depositors were to withdraw funds or fail to rollover deposited funds upon maturity, its liquidity position could be adversely affected and it could be required to pay higher interest rates on deposits in order to attract and/or retain further deposits. While Nova KBM measures the stability of its current/demand deposits daily and it believes that the majority of its current/demand deposits represent core and stable funding from relatively non-price sensitive customers, a failure to obtain rollovers of customer deposits upon maturity or to replace them with new deposits could have a material adverse effect on Nova KBM's business, financial conditions and results of operations.

5.1.8 If the Nova KBM Group fails to attract and retain deposits, its business may be adversely affected

Financing of the Nova KBM Group's current operations is based to a large extent on customer deposits. If the Nova KBM Group fails to attract and retain customer deposits, it will be forced to seek other sources of

financing, such as funds raised through the capital markets, or secured borrowings or asset sales. Nova KBM's ability to raise funding through the capital markets in amounts sufficient to meet its liquidity needs and on commercially reasonable terms could be adversely affected by a number of factors, including, in particular, Slovenian and international credit market conditions. If short-term funding is not available on commercially reasonable terms, Nova KBM would be required to utilise other, more expensive, methods to meet its liquidity needs, such as secured borrowings or asset sales, which may not be available on commercially reasonable terms. The use of more expensive funding sources may have a material adverse effect on Nova KBM's business, financial condition and results of operations.

5.1.9 The inability of Nova KBM and its banking subsidiaries to foreclose on collateral in the event of a default, or a decline in the value or the liquidity of the collateral may result in a failure to recover the expected value of the collateral

Nova KBM and its banking subsidiaries provide loans to customers that are generally secured. However, they may experience delays before they are able to enforce and realise the value of collateral underlying their NPLs, and a particular loan may be classified as non-performing for several years before collateral may be seized and liquidated. In particular, although the laws relating to mortgages in Slovenia permit the recovery of commercial and domestic property in the event of a default, Nova KBM and PBS have experienced difficulties in collecting non-performing home loans secured by real estate in the past. These difficulties may significantly reduce their ability to realise the value of their collateral in a timely fashion or at all and, therefore, reduce the effectiveness of taking security for the mortgage loans they make.

A substantial portion of the Nova KBM Group's loans to corporate and retail customers is secured by collateral such as real estate, production equipment, vehicles, liquid securities and inventory. Downturns in the relevant markets or a general deterioration of economic conditions may result in declines in the value of collateral securing a number of loans to levels below the amounts of the outstanding principal and accrued interest on those loans. If collateral values decline, or there is no market available for the collateral, the collateral may not be sufficient to cover uncollectible amounts on secured loans, which may require the Nova KBM Group to reclassify the relevant loans, establish additional provisions for loan impairment and increase reserve requirements.

A failure to recover the expected value of collateral may expose the Nova KBM Group to losses, which may materially adversely affect its financial condition and results of operations

5.1.10 The Nova KBM Group is exposed to credit risk in respect of various industry sectors. Deterioration in the performance of any industry sectors in respect of which it has significant credit exposure may adversely impact its business

The Nova KBM Group is exposed to credit risk in respect of corporate borrowers operating in various industry sectors, including construction and real estate. Corporate borrowers operating in the real estate and construction sectors, together, represented 13.8 per cent. of the Nova KBM Group's gross loan portfolio as at 31 December 2012. The construction and real estate sectors in Slovenia have experienced substantial volatility as a result of the recent financial crisis. The construction sector accounted for the highest proportion of the Nova KBM Group's NPLs in the year ended 31 December 2012. A significant deterioration in the performance of the real estate and construction sector, or any other sector, in the Slovenian economy, which may be driven by events out of the Nova KBM Group's control, such as a continuation or worsening of the global economic downturn, regulatory action or policy announcements by the Slovenian Government authorities, would adversely impact the ability of borrowers in that industry to service their debt obligations to the Nova KBM Group. As a result, the Nova KBM Group would experience increased delinquency risk, increased provisions and impairments and increased write-offs of NPLs, which could have a material adverse effect on its business, financial condition and results of operations.

5.1.11 The market value of real estate owned by the Nova KBM Group has fallen and may continue to fall in the future

Nova KBM is in the process of liquidating of KBM Projekt d.d. based in Zagreb, Croatia. The company was involved in the purchase and sale of real estate, real estate brokerage services and property development. The real estate market in Croatia was adversely affected by the global economic crisis and real estate prices have fallen below the levels prevailing before the global economic crisis. As a result, the current market value of land acquired by KBM Projekt d.o.o. prior to the global economic crisis is lower

than its market value prior to the global economic crisis and, in some cases, lower than the price company paid for it. There is no assurance that in the future the market value of land owned by the Nova KBM Group will increase or not decline further. As a result, the Nova KBM Group may need to recognize further depreciation in the value of its land and building assets in its accounts which may, in turn, have a material adverse effect on its business, financial condition and results of operations.

5.1.12 System failures or an inability to adapt to technological changes could adversely impact the Nova KBM Group's business

It is very important to the operation of the Nova KBM Group's business and its ability to accurately analyse its business on a consolidated basis. Any significant failure in the Nova KBM Group's systems in the future could significantly affect its operations and the quality of customer service it provides and could result in the Nova KBM Group experiencing financial losses.

It is also important to the Nova KBM Group's business to ensure that its IT systems remain up-to-date and in line with those adopted by the banking industry and/or its competitors. As a result, the Nova KBM Group has been engaged in a number of projects in relation to upgrading and improving its IT systems. However, the development and implementation of new technology into a business entails significant technological and business risks and there can be no assurance that, now or in the future, the Nova KBM Group will be able to successfully implement and integrate new technologies effectively or adapt its transaction-processing systems to its business or customer requirements or emerging industry standards. If the Nova KBM Group is unable, for technical, legal, financial or other reasons, to adapt to changing market conditions, customer requirements or technological changes in a timely manner, its business, financial condition and results of operations could be materially adversely affected.

5.1.13 Significant security breaches, fraud and theft could adversely impact the Nova KBM Group's business

The Nova KBM Group seeks to protect its computer systems and network infrastructure from physical break-ins as well as security breaches, system-related fraud and other disruptive problems caused by its increased use of the Internet. Computer break-ins and power disruptions could affect the security of information stored in and transmitted through the Nova KBM Group's computer systems and its network infrastructure. Although it intends to continue to implement technological improvements to its security systems and to establish operational procedures to prevent computer break-ins, damage and failures, there can be no assurance that the security measures the Nova KBM Group employs, now or in the future, will be adequate or successful.

The Nova KBM Group is also exposed to risks of fraud or theft by its staff, customers and third parties. While the Nova KBM Group believes that it maintains the types and levels of insurance consistent with banking industry standards in Slovenia, it does not maintain insurance in relation to all relevant risks and, in particular, does not maintain insurance in relation to fraudulent charge card use. The Bank cannot provide any assurance that any loss it suffers in the future will be covered by its insurance, or that the proceeds of any insurance claim will be sufficient to cover any or all losses it may suffer. As a result, the failure of any of the Nova KBM Group's security measures or its inability to protect against fraud and theft could result in the Nova KBM Group suffering losses for which it may not be insured, which, in turn, could have a material adverse effect on its business, financial condition and results of operations.

5.1.14 The Nova KBM Group may be unable to meet its regulatory requirements relating to capital adequacy

The Nova KBM Group is required by the Bank of Slovenia to maintain a minimum capital adequacy ratio as stipulated in accordance with Bank of Slovenia regulations on capital adequacy. Its capital adequacy ratio was 9.2 per cent. and its core tier I (in line with EBA requirements) was 7.6 per cent as at 31 December 2012. The Nova KBM Group's ability to obtain additional capital may be restricted by a number of factors, including:

- general market conditions for capital-raising activities by commercial banks and other financial institutions;
- its future financial condition and results of operations;

- decisions of Nova KBM's shareholders at the General Meeting with respect to the appropriation of accumulated profit; and
- any necessary Bank of Slovenia approvals.

The Nova KBM Group faces challenges related to maintaining sufficient levels of capital adequacy and implementing Basel III. For more information, see section 6.7 "*Capital Adequacy and Basel III*". If the Nova KBM Group requires additional capital in the future, it cannot guarantee that it will be able to obtain this capital on favourable terms, in a timely manner, or at all. If it is unable to raise further capital to support its growth, or if its capital position otherwise declines, its ability to comply with applicable capital adequacy ratios and/or to implement its business strategy may be materially adversely affected.

5.1.15 Uncertainty regarding distribution of dividends of Nova KBM also in the future

The Nova KBM's dividend policy stipulates that the Bank will pay out dividends in the amount of 35 per cent. of profit for the financial year only when the Bank realises profit and if the capital adequacy of the Group is not threatened. Although Nova KBM has paid dividends in the past, there can be no assurance that it will continue to pay dividends for any future periods or, if it does pay dividends, what the level of such dividends will be.

5.1.16 The Nova KBM Group's competitive position and future prospects depend on its senior management team and other key personnel

The Nova KBM Group's ability to maintain its competitive position and to implement its business strategy depends, to a large degree, on the services of its senior management team and other key personnel. The control, supervision and management of an increasingly complex group of companies, comprising banking and non-banking businesses, is vested in a small number of senior managers. As a result, the departure of any of the key senior managers could materially disrupt the Nova KBM Group's operations. In addition, as there is a limited pool of skilled and qualified senior managers in the banking industry in Slovenia, competition for such personnel is intense and there can be no assurance that the Nova KBM Group will be able to continue to retain or attract key management personnel. In addition, Nova KBM is not insured in respect of any losses it suffers as a result of losing any of its key personnel. The loss or decline in the services of members of the Nova KBM Group's senior management team or an inability to attract, retain and motivate replacements could have a material adverse effect on its business, financial condition and results of operations.

5.1.17 The Nova KBM Group has significant off-balance sheet credit related commitments that may lead to potential losses

As part of the Nova KBM Group's business and in addition to credit related services, the Group also issues guarantees and letters of credit. As at 31 December 2012, it had issued guarantees amounting to €295.0 million and undrawn facilities, limits and credit lines amounting to €285.6 million.

All such credit related commitments are classified as off-balance sheet items in the Financial Statements. Although the Nova KBM Group has recognised provisions for its off-balance sheet credit related commitments, there can be no assurance that these provisions will be sufficient to cover the actual losses that it may incur on its credit related commitments in the future.

5.1.18 Compliant to European Regulations, hybrid loan received on the basis of the agreement dated 31 December 2012 between the Republic of Slovenia as the Lender and Nova KBM as the Borrower amounting to €100.0 million is considered a State Aid

Nova KBM received the state aid in the form of a hybrid loan agreement in the amount of €100.0 million concluded on 31 December 2012. In line with the request of the European Commission the Republic of Slovenia had to present to the European Commission the Nova KBM Group's restructuring plan until 21 March 2013. Due to obligations and restrictions from the approved restructuring plan the Nova KBM Group may not reach set business plans and could be obliged to essentially limit its business operations.

As of the date of this Prospectus the European Commission did not approve the restructuring plan.

5.2 Risks relating to the Group's countries of operation

5.2.1 *Adverse economic conditions in Slovenia could cause the Nova KBM Group's business to suffer*

A substantial part of the Nova KBM Group's operations are in the domestic Slovenian market, and its performance and the growth of its business are necessarily dependent on the overall health of the Slovenian economy.

In the future, the Slovenian economy could be negatively affected by a number of factors. Decrease in GDP in 2012 (-2.3 per cent.) was a result of the worsening in the international environment, labour market and measures that affected the decline of consumption. Continuation of weak conditions in the international environment and structural weakness of the domestic economy will not enable recovery of exports, while the decrease of private and government consumption will worsen further. In 2013 the plan of investments will decrease less than in previous four years due to government investments related to drawdown of European funds and the set up of energy generation facilities. Due to lower economic activity the employment will decrease further, high number of registered unemployment as of 2012 will probably be retained until end of 2014. In 2012 the gross salary per employee decrease in real terms for the first time in the last 20 years, where further decreases are expected also in 2013 and 2014. Inflation will be the least problematic. Due to single factors the growth in consumer prices was higher than in the previous four years of modest growth, whereas the inflation stayed at the same levels due to low economic activity. With continuation of high uncertainty in the domestic and international environment the gradual and modest growth in economy is expected in 2014 and 2015. Any continuation or worsening of the economic conditions in Slovenia may adversely affect the financial viability of the Nova KBM Group's retail, corporate and brokerage businesses and result in a significant decrease in the demand for financial services, including a decrease in demand for new loans, a decrease in loan values, or an increase in NPLs or provisions for loan losses, any of which could have a material adverse effect on the Nova KBM Group's financial condition and results of operations.

5.2.2 *Changes in the regulatory framework of the Group's countries of operation could adversely affect the Nova KBM Group's business*

The Nova KBM Group is subject to extensive regulation and supervision by the Bank of Slovenia, the European Central Bank and the European System of Central Banks. The banking laws to which it is subject govern the activities in which banks may engage and are designed to maintain the safety and soundness of banks, as well as to limit each bank's exposure to risk. As some of the banking laws and regulations affecting the Nova KBM Group have recently been adopted or amended, or will need to be amended (for example, to comply with Basel III), the manner in which such laws and related regulations are applied to the operations of financial institutions is still evolving. As a result, no assurance can be given that laws and regulations will not be adopted, enforced or interpreted in a manner that would have an adverse effect on the Nova KBM Group's business, financial condition and results of operations.

5.2.3 *Adverse economic conditions in countries of operation other than Slovenia could cause the Nova KBM Group's business to suffer*

The Nova KBM Group also operates in countries other than Slovenia, principally Serbia and Croatia, each of which (to varying degrees) has been adversely affected by the recent global economic crisis. Any worsening of the economic conditions in these countries may adversely affect the financial viability of the Nova KBM Group's banking subsidiaries in those countries, which could have a material adverse effect on the Nova KBM Group's financial condition and results of operations.

5.3 Risks Relating to the Offer Shares and the Trading Market

5.3.1 *The marketability of the Bank's shares may decline and the market price of the Bank's shares may fluctuate disproportionately in response to adverse developments that are unrelated to the Bank's operating performance*

The Bank cannot give any assurance that the marketability of the Shares will improve or remain consistent. Shares listed on regulated markets, such as the LJSE and the WSE, have from time to time experienced, and may experience in the future, significant price fluctuations in response to developments that are unrelated to the operating performance of particular companies. The market price of the Shares may fluctuate widely, depending on many factors beyond the Bank's control. These factors include, amongst other things, actual or anticipated variations in operating results and earnings by the Bank and its subsidiaries and/or its competitors, changes in financial estimates by securities analysts, market conditions in the industry and in general the status of the securities market, governmental legislation and regulations, as well as general economic and market conditions, such as recession. These and other factors may cause the market price and demand for the Shares to fluctuate substantially and any such development, if adverse, may have an adverse effect on the market price of the Shares which may decline disproportionately to the operating performance of the Bank and its subsidiaries.

5.3.2 *Future sales of substantial amounts of Nova KBM's ordinary shares, or the perception that such sales could occur, could adversely affect the market value of shares*

There can be no assurance as to whether or not issues or sales of substantial amounts of the Shares will take place on the market in the foreseeable future. Additional issue of substantial amounts of Nova KBM's ordinary shares, or the perception that such sales could occur, could adversely affect the market price of the Offer Shares and could adversely affect Nova KBM's ability to raise capital through future capital increases. In addition, any subsequent equity offering by Nova KBM may dilute the percentage of ownership of persons who become shareholders in the Offering.

5.3.3 *Securities or industry analysts may cease to publish research or reports about the Bank's business or may change their recommendations regarding the Bank's Shares*

The market price and/or trading volume of the Bank's shares may be influenced by the research and reports that industry or securities analysts publish about the Bank's business or the business of the Bank's subsidiaries. There can be no guarantee of continued and sufficient analyst research coverage for the Bank, as the Bank has no influence on analysts who prepare such research and reports. If analysts fail to publish research and reports on the Bank regularly, or cease to publish such reports at all, the Bank may lose visibility in the capital markets, which in turn could cause the Bank's shares price and/or trading volume to decline. Furthermore, analysts may downgrade the Bank's shares or give negative recommendations regarding the Bank's shares, which could result in a decline of the share price.

5.3.4 *There can be no assurance regarding the future development of the market for the Bank's shares and its liquidity*

The Bank's shares are listed on the LJSE and WSE. However, the past performance of the Bank's shares cannot be treated as indicative of the likely future development of market and future demand for the Bank's shares. The lack of liquid public market for the Bank's shares may have a negative effect on the ability of shareholders to sell their shares, or adversely affect the price at which the holders are able to sell their shares. There can be no assurance as to the liquidity of any trading in the Bank's shares, or that the Bank's shares will be actively traded on the WSE or the LJSE in the future.

5.3.5 *The trading on the LJSE and WSE can be temporarily suspended*

The WSE management board has the right to temporarily suspend the trading for the period of three months (i) at the request of the Bank, (ii) if the Bank does not fulfil the requirements of WSE (disclosure requirements) or (iii) if it concludes, that temporary suspension is necessary to protect the safety and interests of the investors.

The WSE management board can temporarily suspend the trading for the period of 1 month upon request of the PFSA if the PFSA concludes that trading in the shares imposes a significant threat to the proper functioning of the WSE or the safety of trading on that exchange, or infringes investors' interest.

Moreover, the LJSE must temporarily suspend the trading if: (i) temporarily suspension has been ordered by the SMA as a supervisory measure under the Slovenian Market in Financial Instruments Act; (ii) the shares cease to meet the requirements for trading on the LJSE (including as a result of merger or bankruptcy) provided that such delisting would not be materially adverse to the interests of investors or to the ordinary functioning of the market), (iii) the suspension is required due to changes performed at KDD (such as merger, distribution of shares, other events), or (iv) at the request of the Bank.

LJSE can temporarily suspend trading if it determines the suspension is necessary to protect the interests of investors.

Delisting of the Bank's shares from the LJSE and/or the WSE could have an adverse effect on the liquidity of the shares and, consequently, on investors' ability to sell the shares at a satisfactory price or at all.

The Bank will make sure to fulfil all valid regulation. There can be no assurance as to the temporary suspension of shares. Any temporary suspension of trading can negatively affect the share price.

6. RISK MANAGEMENT

Some figures in this section have been rounded off, therefore minor differences between figures for the same items in different tables included elsewhere in this Prospectus might appear. Figures which are quoted as the sum in certain tables are not necessarily an arithmetic sum of the numbers quoted before such sum.

6.1 Overview

All of the companies in the Nova KBM Group (including regulated and non-regulated businesses) treat risk management as a continuous process of identifying, measuring and managing the risks that arise in their operations.

Nova KBM and its banking subsidiaries

The principal categories of risk inherent to Nova KBM and its banking subsidiaries are credit risk, liquidity risk and market risk, which includes interest rate risk and exchange rate risk.

The banking companies within the Nova KBM Group follow similar control procedures and methodologies (which are prescribed by Nova KBM) in monitoring their loan portfolios and their business operations as a whole. Each of these is, however, administered and operated independently. Non-bank companies in the Nova KBM Group manage risks in accordance with methodologies that reflect their activities and volume of operations, while taking legal requirements into consideration..

Nova KBM prepares a daily report on its risk management efforts and publishes the same on the internal web portal of the Risk Management Division. It prepares a report for the Management Board on a monthly basis or when required. Also Nova KBM analyses the individual operations of Nova KBM Group companies, manages the capital of the entire Nova KBM Group and monitors Nova KBM Group risk with respect to credit risk and market risk, including analysis of loan composition and NPLs, capital adequacy and interest rate gaps on a quarterly basis. Liquidity risk of the Group is measured and controlled monthly.

Members of Nova KBM's Management Board and senior management are represented on the boards and risk management bodies of its banking subsidiaries.

The Nova KBM Group reports to the Bank of Slovenia four times a year in accordance with Bank of Slovenia requirements.

Within the purview of this division, Nova KBM stand-alone risk management is performed by:

- *The Credit Committees:* Nova KBM has three credit committees — the Branch Credit Committee, the Central Credit Committee and the Subprime Lending Credit Committee — each of which is responsible for the review and management of credit risk and exposure to credit risk based on the level of magnitude of the credit exposure involved, from Branch Credit Committee for lower levels of credit risk exposure up to the Central Credit Committee when a higher-level review is needed and Subprime Lending Credit Committee, when risky loans are being reviewed;
- *The Assets and Liabilities Committee (ALCO):* which reviews balance sheet structure, capital adequacy, interest rate risk, structural liquidity, market risks, currency risks, profitability and the performance of profit centres, financial plan, aggregate credit risks, regulatory requirements, tax aspects of operations and other risks associated with new products;
- *The Liquidity Committee:* which reviews Nova KBM's provision of short-term liquidity;
- *The Risk Management Department:* which monitors credit, market, currency and interest rate risk in accordance with established limits and monitors operational risk; and
- *The Credit and Investment Analysis Department:* which performs credit analysis and investment estimations before the loan is being approved at the relevant credit committee and independently verifies the appropriateness of Nova KBM's classification of customers at least once a year.

Decisions of the ALCO and the Central Credit Committees are adopted by means of a vote. The members of the ALCO, the Central Credit Committee and the Liquidity Committee represent divisions across Nova KBM, which allows the Committees to maintain a Bank-wide perspective.

Risk Management Policies and Procedures for the Nova KBM Group

Although companies in the Nova KBM Group operate independently in accordance with established objectives and regulatory requirements, the methodologies of measuring, monitoring and managing risks within the Nova KBM Group are developed within Nova KBM and then applied within the Nova KBM Group companies. The methodologies used include:

- classification of customers;
- treatment of shared customers;
- methods for mitigating credit risk;
- criteria for defining related parties;
- monitoring exposure by region and sectors;
- monitoring position, interest rate and exchange rate risks; and
- monitoring exposure due to asset and liability maturity mismatch.

The identification of a specific type of risk, the acceptable level and the method of measuring and monitoring the risks are defined by individuals in Nova KBM who specialize and focus on dealing with each type of risk. The organisational unit responsible for defining the acceptable level of a specific type of risk and the method of measuring and monitoring the risks is organizationally separated from the unit it monitors.

The following risk management processes reflect the Nova KBM Group's overall approach:

- the identification of all risks that arise in the operations of both Nova KBM individually and the Nova KBM Group;
- the evaluation of the extent of risk as well as the method of monitoring individual risk factors;
- the continuous monitoring of Nova KBM Group's exposure to a specific risk and consideration of established limits; and
- learning and adapting in an evolving business environment, which includes re-evaluating limits and methodologies for establishing limits when conditions change.

The Monitoring and Controlling Division oversees risk measurement efforts and the management of capital for the entire Nova KBM Group.

6.2 Credit Risk

Credit risk is the risk of loss resulting from the failure of a bank's debtor to discharge its liabilities. The Nova KBM Group is primarily exposed to credit risk through its loan portfolio, securities portfolios, guarantees and other on- and off-balance sheet credit exposures.

Nova KBM monitors credit risk at the bank subsidiary level through its participation on the boards of each entity. The Credit Committee of Adria Bank AG includes its Supervisory Board, which includes two Nova KBM Group representatives. While not represented on PBS's Credit Committee, the Nova KBM Group, through its representatives on the PBS Supervisory Board, is able to review any loan request that would exceed 10 per cent. of PBS's capital. The Nova KBM Group receives monthly risk reports in its own approved format from Credy banka and is represented on the Credy banka's Supervisory Board. In addition, following its acquisition of Credy banka, Nova KBM appointed the head of its risk management division.

The Nova KBM Group manages credit risk in several ways, such as:

- identifying the risk of a specific debtor and establishing impairment of financial assets and provisions for off-balance sheet liabilities;
- creating capital to ensure sufficient capital coverage of credit risks; and
- defining internal exposure limits by individual debtors, associated companies, individual industry sectors or market segments.

Credit policies and procedures

Information Gathering

The approval of loans to Nova KBM's clients is governed by rules that prescribe the documentation and procedures for identifying the risk of a specific transaction. When a potential borrower first approaches Nova KBM for a loan, Nova KBM's relationship manager conducts an initial interview with the potential borrower to acquire as much information as possible regarding the borrower's financial situation and property. With respect to retail clients, Nova KBM's relationship manager must check the following:

- the client's history with Nova KBM (whether the borrower is a client);
- the client's financial background, including data regarding the potential borrower's regular income, salary, savings, whether the borrower's employment relationship is permanent or temporary, and whether the future borrower is a retiree or sole proprietor;
- the client's existing credit classification, which is determined on the basis of the potential borrower's prior business relationship with Nova KBM and data on loans, already approved as well as the quality of repayment of the same;
- the client's financial background, primarily through payroll information; and
- an independent estimate of the collateral value.

For corporate clients, the information required consists of the company's financial statements, plans, strategies and market situation. Nova KBM's relationship manager must also obtain a risk estimate of the loan from the Credit and Investment Analysis Department. The final proposal to the appropriate Credit Committee includes information regarding:

- the client's prior history with the Bank;
- the current credit rating of the company, which is ascertained on the basis of past operations, settlement of debts and external information;
- the client's financial background, primarily through its audited annual financial statements, interim financial statements, as well as business plans and projections; and
- an independent estimate of the collateral value.

Credit Classification

Once this initial information is gathered, Nova KBM classifies individual debtors into credit risk categories A to E based on an internally adopted methodology for classifying clients into categories or, for private citizens, on methodology for classifying private citizens. The classification once assigned is monitored throughout the entire period of debt relationship. Classification is monitored in line with the internally adopted methodology for classifying clients according to objective and subjective criteria. Objective criteria for all customers include delays in payments and critical events such as bankruptcy. The Bank classifies clients based on delay in payments in accordance with the following criteria:

- claims against debtors with respect to which the Bank does not foresee difficulties in repayment of liabilities and that pay their liabilities at maturity or in exceptional cases with a delay of up to 15 days are classified as group "A";
- claims against debtors of the Bank which have been late for periods from 16 to 90 days in paying their liabilities at least twice in last six-month period are classified as group "B";

- claims against debtors of the Bank which have been late for periods from 91 to 180 days in paying their liabilities at least twice in last six-month period are classified as group "C";
- claims against debtors of the Bank which have been late for periods from 181 to 365 days in paying their liabilities at least twice in last six-month period are classified as group "D";
- claims against debtors of the Bank which have been late for periods of more than 365 days in paying their liabilities at least twice in last six-month period are classified as group "E".

For corporate clients and sole proprietors, these objective classifications may be modified based on various subjective criteria, involving a scoring model that takes into account financial statements, market position, strategy and past business with the Bank.

The following table presents the credit rating structure of the Nova KBM Group's loan portfolio as at 31 December 2012:

Credit Rating Category	% of the portfolio
A	39.0
B	20.7
C	18.1
D	5.1
E	17.1

As at 31 December 2012, approximately 39.0 per cent. of the Nova KBM Group's loan portfolio comprises liabilities of debtors that are deemed as reliable and are rated category A. Combined with liabilities of debtors that are rated category B, the share of performing loans in the total loan portfolio amounts to 59.7 per cent. Non-performing loans (categories D and E) constitute 22.2 per cent. of the total loan portfolio. See also "*Risk Factors—Risks Relating to the Nova KBM Group's Business*".

Credit Approval

Credit approval is granted by individuals and committees of differing seniority, from the Branch Manager to the Supervisory Board, depending on the credit classification of the prospective borrower and the amount of the loan involved.

A and B Credit Classified Customers. A and B rated clients can obtain loans up to €100 thousand upon approval of the manager of the relevant branch. If the loan is approved, both retail and corporate customers will receive their funds within one or two days.

Following a proposal of the manager of a branch, the application for a loan amounting from €100 thousand to €200 thousand submitted by A or B rated private persons or companies, is presented to the executive director of the relevant division who has authority to approve the investment.

Following a proposal of the manager of a branch, the application for a loan amounting from €200 thousand to €1.5 million submitted by A or B rated private persons or companies, is presented to the credit committee of the branch or division. The credit committee meets once or twice a week or if necessary, more often.

Following a proposal of the manager of a branch, the application for a loan exceeding the amount of €1.5 million submitted by A or B rated private persons or companies, is presented to the credit committee of the bank which has eight members and meets once a week or if necessary, more often.

C, D and E Credit Classified Customers. For private persons and companies with a C, D or E credit classification, on the Branch Manager's recommendation, the loan request is sent to the credit committee of the bank. Loans to clients with C, D or E ratings may only be approved if adequate collateral is provided, which would cover the total exposure to the client.

Interest Rates and Loan Arrangement Fees

Interest rates are determined in compliance with the interest rate lists approved by the Management Board on a monthly basis. Interest rates depend on basic interest rate, type of loan, history with Nova KBM, the borrower's rating, maturity of the loan and type of collateral provided for the loan.

Loan arrangement fees are set out in a fee list approved by the Management Board on a monthly basis. The fees are calculated as a single amount which depends on the amount, type and maturity of the loan.

Once the loan is approved and the rates have been determined, the respective Nova KBM relationship manager provides the potential borrower with full details of the approved loan including its type, purpose, maturity and interest rate, the documentation required for granting the loan, fees for approval and maintenance of the loan, costs for loan insurance, terms and conditions of the loan agreement and the effective interest rate.

Exposure limits

With respect to limiting its exposure, the Nova KBM Group takes into account all applicable regulatory limitations. In compliance with Slovenian banking laws and regulations, other receivables and guarantees approved to a single client or to persons related with the relevant client must not exceed 25 per cent. of the Nova KBM Group's capital.

Monitoring Process

The Bank monitors credit risk exposure on a continual basis:

- Before the drawdown of the loans, clients are inspected by the Branch Manager to confirm that the proper procedures were followed and for the accuracy of his/her signature on the loan documents.
- After the drawdown of the loans regular visits to clients are conducted, hard and soft data is collected. Monitoring also covers periodical review of collateral. Concentration of exposure is monitored on a monthly basis and reported to the management board.
- Loan repayment is monitored in individual branches and missed payments are reported the next day. In case of a delay in payment of more than 30 days, a follow-up process begins, which involves letters, calls and home visits and which is continued until the loan is fully repaid or the claim on the collateral is effected. In the event of a delay in loan repayment, Nova KBM has the right to seize incoming payments to the borrower's Nova KBM bank accounts.
- Loan repayment control is also performed in the Support Department where the credit files are regularly checked and additional loan repayment monitoring is performed.

Collateral Policy

Corporate loans are not granted without collateral. Short-term retail loans, however, may be granted without collateral through special offers/products. Long-term retail loans must generally have collateral in the form of a mortgage, pledge of movable property or a pledge of securities, or must be insured by SID (the Slovene Export and Development Bank) or other form of insurance acceptable to Nova KBM.

Impairments and Provisions

The Nova KBM Group creates impairments for on-balance sheet claims and provisions for off-balance sheet liabilities in accordance with IFRS and internal rules of the Nova KBM Group on creating impairments and provisions on a consolidated basis.

Financial assets and committed liabilities under off-balance sheet items may be impaired collectively or individually.

On each balance sheet date, the Nova KBM Group assesses whether there are objective criteria of impairment of a financial asset or a group of financial assets.

The Nova KBM Group assesses on individual basis whether there is objective evidence of impairment of individually significant financial assets or collectively insignificant financial assets exist. If impairment is not

established for an individually significant financial asset, such asset is included in the group of similar financial assets and assessed collectively.

The table below shows the Nova KBM Group's loan impairment charges as a percentage of total loans for the years indicated.

	Loan impairment charges	Gross loans	Percentage
		<i>(in €m)</i>	
31 December 2010	331.6	4,612.9	7.2
31 December 2011	446.7	4,468.3	10.0
31 December 2012	644.2	4,204.5	15.3

The following table sets forth, for the periods indicated, the allocation of the total loan impairments held by the Nova KBM Group:

	Year Ended 31 December		
	2010	2011	2012
		<i>(in €m)</i>	
Corporate lending	84.8	139.0	180.1
SME lending	110.6	192.9	307.4
Sole proprietors	15.2	15.2	14.3
Private citizens	33.1	27.7	33.4
Others	87.9	71.9	109.0
Domestic banks	0.0	0.0	0.0
State	0.1	0.3	0.8
Non-profit household service providers	0.2	0.2	0.2
Foreign banks	3.9	3.4	2.9
Foreign persons	45.4	63.5	82.5
No designation of category	38.3	4.5	22.6
Total loan impairments	331.6	446.7	644.2

When a loan is deemed uncollectible, it is written off against the related impairment. Subsequent recoveries of loans are credited to the income statement.

Loan Recovery

The Nova KBM Group defines "doubtful claims" as claims that are classified in the C rating category. Clients are classified in this category if:

- they are more than 90 days late in paying a significant amount due;
- there is a substantial likelihood that clients' future cash flows will not cover their liabilities;
- Nova KBM has negative information on their performance; and/or
- their financial statements disclose negative capital.

A loan is considered "at risk" when payment is overdue for 90 days or following a critical event, such as the declaration of bankruptcy. Nova KBM's Loan Recovery and Restructuring Department is responsible for monitoring and recovering outstanding loans in accordance with legal and regulatory requirements. At risk loans are initially handled at the branch level, with coordination and assistance by the Loan Recovery and Restructuring Department, as needed. When payments are overdue for more than 180 days, "at risk" loans are transferred to the Loan Recovery and Restructuring Department. The Loan Recovery and Restructuring Department evaluates all available information, particularly collateral coverage and the expected amount which is recoverable. The Loan Recovery Department also evaluates the underlying reasons for default to prevent future loans from becoming at risk loans. The Loan Recovery and

Restructuring Department then contacts the borrower to discuss the options for restructuring the loan, by rescheduling interest payments and extending the term of the loan in order to restore the borrower's ability to resume interest payments, or repay the loan, or by trying to obtain additional security. If the loan is restructured, the Loan Recovery and Restructuring Department also continues to monitor the borrower's compliance with the terms of the restructured loan.

If a loan cannot be restructured, Nova KBM begins legal proceedings against the borrower and/or the borrower's guarantors. Such legal action may result in the borrower's bankruptcy or financial restructuring. Nova KBM has generally been successful in obtaining partial repayment of loans through bankruptcy/legal proceedings. Sometimes additional measures can be taken to recover some or all of the borrowed funds, such as selling the Bank's rights to the loan to third parties.

Loans are written off after Nova KBM has taken all necessary and sufficient measures provided by law and internal regulations to recover the loan. Write-offs must be approved according to internal regulations at different levels: the Executive Directors, the Management Board and the Supervisory Board, based on the size of the write-off needed.

6.3 Non performing loans

The Nova KBM Group classifies exposures to clients that have been reclassified as D and E rated clients as NPLs. According to the Nova KBM methodology, clients are classified in these rating categories if:

- they have been more than 180 days late in paying their liabilities;
- they are under compulsory settlement or compulsory settlement has been confirmed;
- they are undergoing bankruptcy proceedings; and/or
- the Nova KBM Group has information which indicates that they may be incapable of paying their liabilities.

The following table sets forth certain information on the Bank's NPLs and impairments for the years and periods indicated:

	Year Ended 31 December		
	2010	2011	2012
	<i>(in €m, except percentages)</i>		
Gross NPLs (D, E)	556.5	673.3	933.7
Impairments (D, E)	219.1	313.5	476.5
Net NPLs (D, E)	337.4	359.8	457.2
Gross loan portfolio ⁽¹⁾	4,612.9	4,468.3	4,204.5
Net loan portfolio	4,281.3	4,021.5	3,560.3
Gross NPLs/Gross loan portfolio (per cent.)	12.1	15.1	22.2
Net NPLs/Net loan portfolio (per cent.)	7.9	9.0	12.8

Note:

(1) Includes gross loans to the banking sector and non-banking sector.

Analysis of NPLs by Industry Sector

The following table sets forth, for the periods indicated, the Nova KBM Group's NPLs, by borrowers' industry or economic activity and as a percentage of its loans in the respective industry or economic activities sector.

Name of the industry	Year Ended 31 December								
	2010			2011			2012		
	Total loans	NPLs	per cent. of NPL in industry	Total loans	NPLs	per cent. of NPL in industry	Total loans	NPLs	per cent. of NPL in industry
<i>(in €m, except percentages)</i>									
Private citizens.....	1,104.3	26.0	2.4	1,094.3	35.1	3.2	1,016.7	31.3	3.1
Manufacturing	890.9	156.6	17.6	895.4	180.8	20.2	841.4	217.1	25.8
Financial and insurance activities	607.0	21.3	3.5	505.2	50.7	10.0	458.5	102.0	22.2
Construction	507.5	144.1	28.4	501.1	184.1	36.7	458.0	260.0	56.8
Wholesale and retail trade, repair of motor vehicles	564.5	111.0	19.7	510.9	65.9	12.9	446.9	85.5	19.1
Professional, scientific and technical activities	195.6	37.5	19.2	194.1	39.9	20.6	182.7	52.2	28.5
Accommodation and food service activities.....	141.7	13.1	9.2	155.8	24.4	15.7	157.1	40.6	25.8
Real estate activities.....	126.8	22.2	17.6	133.4	26.5	19.8	140.5	62.6	44.6
Electricity, gas, steam and air conditioning supply	71.5	0.0	0.0	93.8	0.0	0.0	106.4	0.0	0.0
Information and communication	65.4	5.0	7.6	67.3	33.6	49.9	89.8	40.4	44.9
Transportation and storage	93.4	4.2	4.5	91.8	13.8	15.1	83.6	13.6	16.3
Arts, entertainment and recreation	85.3	3.4	4.0	77.3	3.7	4.8	68.9	3.6	5.2
Agriculture, forestry and fishing	26.0	2.9	11.0	30.6	3.7	12.1	42.6	8.6	20.3
Human health and social work activities.....	29.4	0.1	0.2	30.9	0.1	0.2	33.9	0.1	0.3
Public administration and defence, compulsory social security	35.4	0.0	0.0	24.2	0.2	1.0	19.9	0.2	1.1
Administrative and support service activities.....	22.5	4.3	18.9	20.3	4.9	24.0	17.6	6.3	35.7
Water supply, sewerage, waste management and remediation activities	11.9	0.5	4.1	14.3	0.9	6.5	15.1	3.0	19.9
Other service activities	23.3	2.3	9.8	13.7	1.1	7.8	15.0	2.5	16.6
Education	5.4	0.3	5.7	8.1	0.3	3.4	5.2	0.4	7.9
Mining and quarrying	5.1	1.7	33.7	5.8	3.6	62.5	4.7	3.7	79.1
Total loans (gross).....	4,612.9	556.5	12.1	4,468.3	673.3	15.1	4,204.5	933.7	22.2

6.4 Liquidity Risk

Nova KBM and each of its banking subsidiaries manages liquidity risk by regularly monitoring the following:

- liquidity ratios;
- maturity matching of assets and liabilities;
- net liquid assets;
- the performance of an individual group of loans and liabilities

Liquidity management is an integral part of the Nova KBM Group's prudential operating policies and procedures. The following table presents the contractual maturity of the principal components of the Nova KBM Group's balance sheet and liquidity position as at 31 December 2012:

	As at 31 December					Total
	up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	over 5 years	
	(in €m)					
Assets						
Cash and cash balances with central banks	223.9	0.0	0.0	0.0	0.0	223.9
Financial assets held for trading	1.6	0.0	0.0	0.0	0.0	1.6
Financial assets designated at fair value through profit or loss	34.0	0.0	0.5	0.0	0.0	34.6
Available-for sale financial assets	589.4	0.0	0.0	0.0	0.0	589.4
Loans and receivables.....	1,046.9	194.8	662.1	1,092.5	637.0	3,633.3
Held-to-maturity financial assets	23.6	2.0	210.5	231.6	32.4	500.1
Other assets.....	101.5	5.7	10.4	38.2	183.3	339.0
Total assets	2,020.9	202.5	883.5	1,362.2	852.6	5,321.8
Liabilities						
Financial liabilities to central banks.....	0.0	8.0	0.0	477.1	0.0	485.1
Financial liabilities held for trading	1.7	0.0	0.0	0.0	0.0	1.7
Financial liabilities measured at amortised cost	1,784.2	539.7	1,155.0	859.9	189.7	4,528.5
Financial liabilities associated to transferred assets	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities	9.1	7.0	14.5	18.9	257.0	306.5
Total liabilities	1,794.9	554.8	1,169.5	1,355.9	446.7	5,321.8
Net liquidity gap	226.0	(352.3)	(286.0)	6.4	405.9	0.0

Net liquid assets

Net liquid assets show the difference between the portion of assets that can be converted to liquid funds in a short period of time and unstable, being that portion of a bank's liabilities that the Bank considers may mature in the same short period. An internal limit defines the minimum positive value of net liquid assets with the objective of maintaining Nova KBM's operational and regulatory liquidity. For the year ended 31 December 2012, its net liquid assets moved in line with total assets. Nova KBM's net liquid assets totalled €411 million as at 31 December 2012.

Liquidity Ratio

The liquidity ratio is defined as the ratio between the sum of assets and the sum of liabilities with residual maturity from 0 to 30 days. As at 31 December 2012, Nova KBM's liquidity ratio was 1.292. The prescribed minimum liquidity ratio is 1.0.

Nova KBM uses a comprehensive internal econometric model for calculating the stability of total current/demand deposits. This model is based on regression analysis which is used to examine the movements in sight deposits over time. For using the model, the dependent variable and independent variables must be determined. The results derived from the model provide a basis for analyzing the predictive strength, and for carrying out backtesting. The assessment of the proportion of stable sight

deposits over 22 working days is carried out on a daily basis. For the period from 1 January to 31 December 2012, the results of this model gave a higher level of stable sight deposits than the one that was taken into account in the calculation of liquidity ratios according to the regulations. During the year ended 31 December 2012, the average stability of sight deposits was 83.96 per cent., compared to 83.75 per cent. in the period from 22 July 2011 to 31 December 2012.

Minimum reserves

Nova KBM is subject to the Eurosystem's minimum reserve system which applies to all credit institutions in the Euro area and primarily pursues the aims of stabilising money market interest rates and creating or enlarging a structural liquidity shortage. The reserve requirements of each institution are determined in relation to elements of its balance sheet. The basis for calculation of minimum reserves is 1 per cent. of the balance of deposits of clients other than banks and issued securities with maturity of up to two years, as on the last day of the current month. In order to pursue the aim of stabilising interest rates, the Eurosystem's minimum reserve system enables institutions to make use of averaging provisions. Compliance with the reserve requirements is determined on the basis of the institution's average daily reserve holdings over the maintenance period. Institutional holdings of required reserves are remunerated at the rate of the Eurosystem's main refinancing operations.

Concentration of Depositors

An important element of liquidity risk management is the diversification of deposits with regard to size and maturity. As part of its liquidity planning, Nova KBM monitors the concentration of depositors. The share of total deposits of the thirty largest depositors was 19.1 per cent. as at 31 December 2012, compared to 19.6 per cent. as at 31 December 2011.

6.5 Market Risk

Market risk represents Nova KBM's exposure resulting from changes to exchange rates, security prices and interest rates. Changes in interest rates are directly reflected in its operating results due to the active assumption of positions in specific financial instruments. Position, interest rate and currency risks are included in market risks.

Position Risk

Position risk is the risk of a loss arising due to a change in the price of a financial instrument that Nova KBM holds in its portfolio for the purpose of trading on its proprietary account.

The basis for establishing trading limits is the capital requirement set out in the financial plan. Nova KBM measures the market value of all trading items on a daily basis. The volume of transactions by specific type of financial instrument is defined in detail with a methodology of limits. The trading limit methodology is based on the value at risk ("VaR") method and is compliant with Basel requirements: a 99 per cent. uniform confidence interval, a 10-day retention period and the calculation of volatility based on 250 days of data.

The portfolio of equity securities is limited by the highest market value, the VaR method and stop-loss limit. The portfolio of debt securities is limited by the highest market value and stop-loss limit. The limits for specific types of transactions may be changed with a decision of the ALCO.

Position risk in foreign exchange trading is controlled by limits for trading on Nova KBM's account. Limits for foreign currency trading on its account are defined as the maximum allowable open position for each individual trader. The Trading Support Department monitors trading results daily and reports findings to senior management.

Interest Rate Risk

Interest rate risk management of trading book items is included in the trading limits methodology. Interest rate risk management of non-trading book items is carried out with the help of an interest rate matching methodology. Nova KBM monitors interest-bearing balance sheet items and off-balance sheet items with regard to the maturity of variable interest rate items, separated by the key currencies and reference interest rates in which it operates. Nova KBM monitors separately interest rate risk for Euros, U.S. dollars and Swiss francs which together cover 99.5 per cent. of the entire exposure to interest rate changes. It

calculates its exposure to interest rate changes as the change of the net current value of the difference between assets and liabilities subject to variable interest rates in a given period and the expected interest rate changes in the next three months. The expected interest rate changes are calculated as the difference between current and term interest rates, separated for each currency and maturity handled. An analysis of interest rate risk is included in a monthly report on liquidity and market risk and is subject to a monthly review by the ALCO. The interest rate policy takes into account the market interest rates and the desired interest rate spread by individual currencies and interest rate types.

The following table presents the Nova KBM Group's repricing gap as at 31 December 2012:

	TOTAL	Non- interest bearing	Interest bearing	Up to 1 month	1 to 3 months	3 to 12 months	1 year to 5 years	Over 5 years
	<i>(in €m)</i>							
Financial assets								
Cash and cash balances with central banks.....	223.9	70.7	153.2	153.2	0.0	0.0	0.0	0.0
Financial assets held for trading	1.6	1.6	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets designated at fair value through profit or loss	34.6	34.6	0.0	0.0	0.0	0.0	0.0	0.0
Available-for-sale financial assets	589.4	80.5	508.9	61.9	82.7	19.2	272.9	72.1
Loans and receivables.....	3,633.3	147.0	3,486.3	1,706.2	762.7	892.2	112.3	12.9
Held-to-maturity financial assets	500.1	2.1	498.0	23.0	0.6	207.5	235.4	31.6
Other assets.....	114.8	114.8	0.0	0.0	0.0	0.0	0.0	0.0
Total financial assets	5,097.6	451.2	4,646.3	1,944.3	846.0	1,118.9	620.6	116.6
Financial liabilities								
Financial liabilities to central banks.....	485.1	0.4	484.7	8.1	8.0	0.0	468.6	0.0
Financial liabilities held for trading	1.7	0.9	0.8	0.8	0.0	0.0	0.0	0.0
Financial liabilities measured at amortised cost.....	4,528.5	28.1	4,500.4	1,919.8	580.6	1,511.2	487.0	1.9
Financial liabilities associated to transferred assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities	6.7	6.7	0.0	0.0	0.0	0.0	0.0	0.0
Total financial liabilities	5,022.0	36.1	4,985.9	1,928.7	588.6	1,511.2	955.6	1.9
Net repricing gap	75.6	415.2	(339.6)	15.7	257.4	(392.3)	(335.1)	114.7

Currency Risk

Nova KBM maintains a daily aggregate closed foreign position. The aggregate open position for all individual currencies is limited by its impact on Nova KBM's capital adequacy ratio.

The methodology for monitoring and maintaining a balanced foreign currency position is based on the VaR method in compliance with Basel II requirements. The maximum allowable VaR is established at the individual currency level just as for the entire currency portfolio. The open foreign currency position is monitored daily by the Risk Management Department which, in addition to Nova KBM's open position, calculates the daily result due to discrepancies in the foreign currency position. The following table presents the Nova KBM Group's risk exposure for each currency as at 31 December 2012:

	Foreign currencies		Local currency	Total
	USD	Other currencies (in €m)	€	
Financial assets				
Cash and cash balances with central banks	0.6	17.8	205.4	223.9
Financial assets held for trading	0.0	0.1	1.4	1.6
Financial assets designated at fair value through profit or loss	0.0	0.0	34.6	34.6
Available-for sale financial assets	0.0	6.9	582.5	589.4
Loans and receivables.....	42.3	172.9	3,418.1	3,633.3
Held-to-maturity financial assets	0.0	3.6	496.5	500.1
Other assets.....	0.0	21.4	317.6	339.0
Total financial assets	42.9	222.7	5,056.2	5,321.8
Financial liabilities				
Financial liabilities to central banks.....	0.0	0.0	485.1	485.1
Financial liabilities held for trading	0.0	0.0	1.7	1.7
Financial liabilities measured at amortised cost.	42.8	75.9	4,409.8	4,528.5
Financial liabilities associated to transferred assets	0.0	0.0	0.0	0.0
Other liabilities	0.0	(10.4)	316.9	306.5
Total financial liabilities	42.8	65.5	5,213.5	5,321.8
	0.2	157.2	(157.4)	0.0

Operational Risk

Nova KBM annually revises risk profile of the group. For each group of risks a director is assigned and individually responsible for establishing and periodically reviewing policy of identifying, measuring and controlling of all aspects of the risk. Nova KBM considers risks as an identified threat evaluated through probability of occurrence and estimate of impact. A risk registry is established and all threats are annually evaluated. Risk profile of the Nova KBM group is annually presented to the management and supervisory board.

With the goal of making each employee aware of the importance of monitoring operational risk, a designated operational risk management analyst moderates a periodical self-analysis of risks within an organisational unit. Results in the form of identification and evaluation of threats are presented to the management board and are the basis for improving risk mitigation.

Nova KBM daily collects operational risk events which represent financial consequences for the bank. An operational risk management analyst reports to the risk management director on a monthly basis, to the executive director on a quarterly basis and semi-annually to the management board.

Nova KBM regularly examines its plan for resuming business after the catastrophe through business continuity function. For each process the coordinator for business continuity determines the longest possible failure of necessary assets or liabilities and the recovery plan. In line of the above the business continuity plans and anti-crisis plans are being prepared which cover all business units.

6.6 Internal Audit

In accordance with corporate governance, The Internal Audit Centre ("CNR") is organised in a way that the internal auditing of the Bank and of the Group companies is performed separately. CNR with 12 employees is responsible for coordination of actions taken by internal auditors within the Group companies and transferability of good practice. Internal auditors of the Group companies operate via the Committee of Internal Audit of the Nova KBM Group. The CNR assures organisational independence to the Supervisory Board, Audit Committee and the Management Board, which was not at risk during 2012. In addition, the contents of the Instruments of Incorporation on Performance of Internal Auditors in the Group companies is adequate, which provides for proper functioning of 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.

CNR acts with professional diligence and in line with professional rules (rules and standards of professional management of internal audit), code of professional ethics of internal auditors as well as in line with Charter of Internal Auditing. Internal auditors take into consideration the applicable regulation in the country and internal organisational rules. CNR prepares reports for the Management Board, Audit committee and Supervisory Board on a quarterly and an annual basis; periodically this report is also submitted to external supervisors.

Through reports of internal auditors the CNR gives independent and unbiased assurance to the Supervisory Board and the Management Board of Nova KBM on adequacy of internal controls system for managing risks while achieving goals and maintaining ethical business environment. Internal auditing in the Group therefore functions as independent, unbiased, and advisory body to managers at all hierarchical levels. Although the CNR performs auditing activities, this does not relieve competent managers of their responsibilities for implementation and functioning of secure, economical, efficient, and successful internal controlling system for efficient management of risks.

Annual plan for internal auditing of the Group 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 plans of work of the Group companies' internal auditors.

In 2012 a total of 23 auditors conducted internal audits of all key segments of operations of individual Group companies that were considered to be most at risk. Auditors from CNR took part in the audits of Credy banka and Poštna banka Slovenije. Internal information systems auditor performed audit of Moja naložba. A total of 99 audit reviews were carried out, based on which 268 recommendations were given on how to improve the operations and management of both individual Group companies and the Group as a whole. Forensic audit review of the Bank and its subsidiaries, which will be completed in 2013, was also included in the annual plan for internal auditing of Nova KBM for 2012.

Internal auditors also perform other important activities such as offer advice, coordinate external audit reviews and inspections conducted by the Bank of Slovenia, participate in due diligence reviews and other important projects, and monitor the implementation of given recommendations.

6.7 Capital Adequacy and Basel III

Nova KBM calculates capital requirements for credit risk using the standardised approach. Nova KBM is aligning its application system also with the IRB approach, ensuring that the necessary time series data for the IRB approach are captured. The Nova KBM Group has successfully implemented internal capital adequacy assessment process (ICAAP), which imposes on the banks to identify and determine the management of all risks to which they are exposed.

Nova KBM and the Nova KBM Group determine the allocation of capital according to the specific types of transactions performed by various Nova KBM Group companies. Nova KBM monitors its capital adequacy ratio monthly and reports to the Bank of Slovenia quarterly. Implementation of the capital adequacy plan

and deviations are discussed on a monthly basis at the ALCO meeting. The Nova KBM Group monitors its capital adequacy every three months.

On 16 December 2010, the Basel Committee published the Basel III rules in documents entitled "Basel III: A global regulatory framework for more resilient banks and banking systems" (containing the reforms relating to capital) and "Basel III: International framework for liquidity risk measurement, standards and monitoring" (containing the reforms relating to liquidity).

The Basel Committee's package of reforms includes the following major changes:

- increase of the minimum common equity requirement from 2 per cent. to 4.5 per cent. (after the application of stricter regulatory adjustments),
- increase of the total Tier 1 capital requirement, which includes common equity and other qualifying financial instruments, from 4 per cent. to 6 per cent. (the total capital requirement, comprising Tier 1 capital and Tier 2 capital, remains at 8 per cent.),
- introduction of a capital conservation buffer of 2.5 per cent. to withstand future periods of downturns to be maintained in the form of common equity (after the application of deductions),
- introduction of a countercyclical buffer within a range of 0 per cent. to 2.5 per cent. of common equity (or possibly other fully loss absorbing capital) as an extension of the conservation buffer if there is excess credit growth in any given country resulting in a system-wide build up of risk.

Two liquidity ratios will be introduced in the area of liquidity. The Liquidity Coverage Ratio – LCR – relates to the provision of short term liquidity needed for a bank's resilience under a stress scenario over a period of 30 days. The Net Stable Fund Ratio – NSFR – has the objective of ensuring the resilience of banking activities over a longer time horizon. LCR and NSFR will become effective in 2015 and 2018, respectively. The Leverage Ratio – LR – is also planned to be introduced in the future.

The validity of the new regulation is not known. The regulation (CRR, CRD IV) has not yet been adopted.

Nova KBM Group satisfies key Basel III requirements as follows:

- Core Tier 1 ratio was 5.26 per cent. as at 31 December 2012 and 7.57 per cent. according to EBA methodology,
- Tier 1 ratio was 8.17 per cent. as at 31 December 2012,
- Total capital ratio was 9.17 per cent. as at 31 December 2012.

From 2019 the minimum requirement will be 8 per cent. plus a capital conservation buffer of 2.5 per cent., meaning an effective minimum requirement of 10.50 per cent.

With the planned capital increase all ratios will fulfill the minimum capital requirements according to current Basel III proposal.

6.8 Anti-Money Laundering Compliance Procedures

Every individual entity within the Nova KBM Group must conduct its business in accordance with the Prevention of Money Laundering and Terrorist Financing Act. Nova KBM has established an anti-money laundering department, which reports directly to the Management Board. This department ensures that Nova KBM conducts its business in accordance with applicable legislation on money laundering, namely the Prevention of Money Laundering and Terrorist Financing Act which is fully compliant with EU directives concerning the prevention of money laundering and terrorist financing. In compliance with the law, it is also mandatory to consider the Directive 2005/60/ES of the European Parliament and the Council on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing and the Commission Directive 2006/70/ES implementing executive measures for Directive 2005/60/ES in regard to the definition of politically exposed person and technical measures for simplified due diligence procedures for the client's identification, as well as exceptions due to periodical or limited scope financial activity. Nova KBM also takes into consideration the United Nations Security Council Resolutions. All of its internal procedures are compliant with the Prevention of Money Laundering and

Terrorist Financing Act and it has developed written policies documenting the processes that it has in place to prevent, detect and report suspicious activities.

The central anti-money laundering regulatory body in Slovenia is the Office for Money Laundering Prevention, which is organized within the Ministry of Finance. Nova KBM must regularly report on all suspicious activities and all cash transactions (or series of transactions) exceeding €30,000, or non-cash transactions in the same amounts to accounts in countries where there is a high probability of money laundering and financing of terrorism, or clients with registered office and place of residence in those countries. Data regarding cash transactions are reported to the Office for Money Laundering Prevention on a daily basis, while the data regarding transactions and/or persons with the suspicion of money laundering is reported immediately after recognition of the stated to the in-house Anti Money Laundering Officer and also to the Office for Money Laundering Prevention.

In order to identify potentially suspicious transactions, the Bank has established a system for account monitoring (for both legal and private entities). In addition, it also uses a list of indicators for recognising potential money laundering transactions and transactions related to the financing of terrorism, issued by the Bank Association of Slovenia together with the Office for the Money Laundering Prevention and the Bank of Slovenia.

Following the guidelines of the Bank of Slovenia, the Bank applies its own risk methodology and risk assessment to each group or type of customer, business relationship, product or transaction to identify possible money laundering and terrorist financing.

Before the establishment of any business relationship bank must carry out prescribed "know your client" (KYC) procedures. This includes:

- identifying customers from credible, independent and objective sources (if such identification cannot be performed successfully, no account can be opened and no business relationship can be established);
- identifying the beneficial owners;
- obtain information on the purpose and intended nature of business relationships; and
- regular monitoring of customer activities in the Bank.

The same procedure is applied to a customer that does not maintain an account with Nova KBM, or performs a transaction without using its account, if the transaction amount is €15,000 or higher. If such verification cannot be made, the business relation is not concluded or the transaction is not performed.

Nova KBM does not conduct any business with shell banks. When doing business with a politically exposed person, the Bank carries out an in-depth review of such person before entering into a business relationship. The customer relationship officer must obtain written approval from his/her superior to enter into business with a politically exposed person. The Bank does not open or maintain anonymous accounts or other products that would, directly or indirectly, enable the concealment of a client's identity, and it does not carry out transactions in respect of such products before the prescribed identity check has been successfully completed.

To identify clients who may be suspected of financing terrorism, a consolidated list of the EU Banking Association is used. If any individual or legal entity from the list or their agents attempts to conduct business with Nova KBM, they are restricted from doing so and the relevant information is forwarded to the Ministry of Foreign Affairs of the Republic of Slovenia and the Office for Money Laundering Prevention.

Nova KBM encourages employees to attend training on the prevention of money laundering and financing of terrorism activities. These training sessions are mainly carried out internally for all employees, who are, directly or indirectly engaged in client operations. The Internal Manual for the prevention of money laundering and terrorist financing in Nova KBM, together with related executive regulations, are available to all employees on the Bank's website.

A compliance officer is responsible for monitoring new regulations. Compliance with the law is monitored by Nova KBM's internal auditors, external auditors and through Bank of Slovenia's on-site supervision.

7. INFORMATION CONCERNING THE SHARES TO BE ADMITTED TO TRADING

7.1 Description of the shares

As at the date of this Prospectus, share capital of Nova KBM was €140,814,313.08, consisting of 137,645,135 ordinary no par value registered shares with voting rights (with an accountable par value of €1.0230 each) ("existing and new shares"). The existing and new shares rank *pari passu* in all respects and are of the same class. Their trading symbol is KBMR, their ISIN code SI0021104052.

Before the increase in share capital in April 2013, share capital of Nova KBM was €40,814,313.08, consisting of 39,122,968 ordinary no par value registered shares with voting rights (with an accountable par value of €1.0432 each) ("existing shares").

Following the conversion of the principal of a hybrid loan obtained on 31 December 2012, and in accordance with the decisions of the Management Board of 18 March 2013 and 2 April 2013, with the consent of the Supervisory Board of 2 April 2013, the Bank issued 98,522,167 new ordinary no par value registered shares with voting rights (with an accountable par value of €1.0230 each) ("new shares").

7.2 Legislation under which the shares were issued

New shares were issued pursuant to Slovenian legislation. Any disputes relating to them shall be resolved by a competent court in Maribor.

7.3 Form of the shares

The shares are in a book-entry form, existing as a statement of Nova KBM entered in the shareholders' accounts kept by the Central Securities Clearing Corporation ("KDD"), in accordance with Slovenian legislation and KDD rules.

7.4 Currency of the shares

The shares are issued as no par value shares and do not bear a currency symbol.

The accountable par value of one KBMR ordinary no par value share is €1.0230.

7.5 Description of the rights attaching to the shares

New shares are part of a single class together with the existing shares of Nova KBM and rank *pari passu* in all respects with the existing shares of Nova KBM. The rights attaching to each ordinary share are as follows:

- one vote at the General Meeting;
- a proportionate share of profit (dividends); and
- a proportionate share of the remaining assets upon bankruptcy or liquidation.

7.6 A statement of the resolutions, authorisations and approvals by virtue of which the shares were issued

On 31 December 2012, Nova KBM d.d. entered into a Hybrid Loan Agreement in the amount of €100 million with the Republic of Slovenia. The loan was raised pursuant to the resolution of the General Meeting of 11 December 2012 authorising the Management Board to increase share capital, in the case of conversion of the hybrid instrument in the amount of €100 million, by issuing up to 200 million shares. Said conversion within the authorised capital institute is in accordance with the so-called CoCo recommendations issued by EBA.

In accordance with the Hybrid Loan Agreement and the obligation of conversion into new shares, the Management Board, on 18 March 2013, decided to increase share capital. The conversion rate was calculated in accordance with the agreement at €1.0150, which was the average share price on LJSE for the past 30 days before 18 March 2013, when said conversion was announced on Seonet. The average share price was then reduced by 25%.

The Management Board adopted a declaratory decision that the conversion condition under the Hybrid Loan Agreement in the amount of €100 million of 31 December 2012 was met on 8 March 2013, and, on 18 March 2013, decided to increase share capital, at that date at €40,814,313.08, by €100,000,000.00 by issuing 98,522,167 new shares. Share capital was to be increased with an in-kind contribution, i.e. by means of conversion of the hybrid loan's principal. The rights attaching to new shares are identical to the rights attaching to the existing ordinary registered shares of Nova KBM d.d.

With the consent of the Supervisory Board, the Management Board excluded the pre-emptive right of the existing shareholders to subscribe for new shares.

On 2 April 2013, the Supervisory Board gave consent to the decision of the Management Board of 18 March 2013.

On 2 April 2013, the Management Board accepted the subscription form submitted by the Republic of Slovenia on that date, and assigned all new shares to the Republic of Slovenia. New shares were paid by means of an in-kind contribution, i.e. by means of conversion of the hybrid loan's principal received by Nova KBM from the Republic of Slovenia under the Hybrid Loan Agreement of 31 December 2012.

On 2 April 2013, the Supervisory Board gave consent to the decision of the Management Board of 2 April 2013.

On 5 April 2013, a proposal was filed for the increase in share capital within the authorised capital institute to be entered in the court register. The competent court issued a decision on the entry of said increase in share capital on 18 April 2013.

The anticipated date of issue of the New Shares is end of April 2013.

7.7 Transferability of the shares

New shares are freely transferable.

7.8 Mandatory takeover bids and squeeze-out and sell-out rules in relation to the shares

Slovenian rules on mandatory takeover bids and squeeze-out and sell-out rules are included in the following laws and regulations:

- Companies Act – ZGD-1 (Official Gazette of the RS, nos. 42/06, 60/06, 10/08, 48/08, 42/09, 65/09 – official consolidated copy, 33/11, 91/11, 32/12 and 57/12) and implementing regulations issued on the basis of this Act;
- Market in Financial Instruments Act – ZTFI (Official Gazette of the RS, nos. 67/07, 69/08, 40/09, 88/10, 108/10 – official consolidated copy, 78/11 and 55/12) and implementing regulations issued on the basis of this Act;
- Book Entry Securities Act – ZNVP (Official Gazette of the RS, nos. 23/99, 114/06, 2/07 – UPB-1, 58/09 and 78/11) and implementing regulations issued on the basis of this Act;
- Takeover Act – ZPre-1 (Official Gazette of the RS, nos. 79/06, 1/08, 68/08, 35/11, 10/12 and 38/12) and implementing regulations issued on the basis of this Act;
- Obligations Code – OZ (Official Gazette of the RS, nos. 83/01, 32/04, 28/06, Odl. US: U-I-300/04-25, 29/07, Odl. US: U-I-267/06-41, 40/07, 97/07 – UPB-1, 30/10 – Odl. US-207/08-10);
- Banking Act – ZBan-1 (Official Gazette of the RS, nos. 131/06, 109/08, 19/09, 98/09, 79/10, 99/10 – official consolidated copy, 35/11, 59/11, 85/11, 48/12 and 105/12) and implementing regulations issued on the basis of this Act;
- KDD rules (Official Gazette of the RS, nos. 137/04, 115/07, 37/10 and 69/12).

The Slovenian Takeover Act provides that the shareholder (offeror) who achieves, alone or together with persons acting in concert with him, the takeover threshold, shall be required to make a takeover bid

(Article 12 of ZPre-1). The takeover threshold in the target company shall be one third of voting rights in such company (Article 7 of ZPre-1).

The offeror who, following a successful bid, has acquired 10% of voting rights ("the additional takeover threshold"), shall be required to renew his/her bid (Article 12 of ZPre-1). The obligation to renew the bid shall cease when the offeror, following a successful bid, has acquired at least 75% of all the target company's capital carrying voting rights ("the final takeover threshold"). Prior to the making of a takeover bid, the offeror shall notify ATVP, the target company's management and the authority responsible for the protection of competition of his/her intention ('the intention to take over'), and announce it on the same day.

Nova KBM will not monitor and will not notify its shareholders of the amount of their shares of voting rights, and can under no circumstances be responsible for any acts or omissions of its shareholders under the Takeover Act.

Pursuant to the Takeover Directive, the control over the takeover bid procedure is the responsibility of the authority in the member state where the issuer has its registered office, provided its securities are traded on a regulated market there. In accordance with this, it is the Slovenian law that regulates the takeover bids concerning the Bank's shares. However, the Takeover Directive allows that member states adopt, in addition to the regulations on mandatory takeover bids, additional regulations to protect the interests of minority shareholders, such as the mandatory partial takeover bid when the offeror does not take control over the target company. Poland adopted such additional regulations to protect minority shareholders.

The acts regulating takeover bids in Poland are the following:

- the Act on Public Offering; and
- the Regulation of the Ministry of Finance of 19 October 2005 (Journal of Laws of 2005 No. 207, item 1729) regarding forms of tender offers to subscribe for the sale or exchange of shares in a public company, the detailed procedure of announcing such tender offers as well as the terms and conditions of acquiring shares as a result of such tender offers.

In accordance with Article 72 of the Polish Act on Public Offering, any acquisition of a number of shares in a public company admitted to secondary trading which, within a period shorter than 60 days – in the case of a shareholder holding less than 33% of the total vote at the company, increases the shareholder's share in the total vote by more than 10%, may be effected only by way of a tender offer to acquire or exchange the shares.

The same rule applies also to any acquisition of a number of shares in a public company admitted to secondary trading which, within 12 months – in the case of a shareholder holding 33% or more of the total vote at the company, increases the shareholder's share in the total vote by more than 5%.

In addition, a shareholder may exceed 33% of the total vote in a public company only as a result of a tender offer to acquire or exchange shares in such company concerning a number of shares which confers the right to at least 66% of the total vote. If a shareholder exceeds the 33% threshold as a result of an acquisition of shares in a public offering, a non-cash contribution to the company, merger or demerger of the company, introduction of amendments to the company's articles of association, or otherwise as a result of other events, the shareholder shall, within three months from exceeding the 33% threshold, dispose of a sufficient number of shares as to hold shares conferring the right to not more than 33% of the total vote.

7.9 Takeover bids in the financial year

Up to the date of this Prospectus, no takeover bid had been announced in respect of the Nova KBM shares.

7.10 Information on taxes

Information on Slovenian taxes

The following summary is of a general nature and describes the material Slovenian income tax consequences of the acquisition, ownership and disposal of the offer shares. It does not purport to be a comprehensive description of all tax consequences of the acquisition, ownership and disposal of the offer

shares. This summary is not intended to be, nor should it be considered to be, legal or tax advice to any particular holder of the offer shares.

This summary is based on the Value Added Tax Act and the Corporate Income Tax Act (published in the Official Gazette of the RS, no. 117/2006), of which both have been subject to amendments, possibly with a retroactive effect.

Value Added Tax (VAT)

Pursuant to section 4.e of Article 44 of the Value Added Tax Act, the following financial services are exempted from VAT: “transactions, including brokerage services (excluding management, safekeeping, investment consulting and services in connection with takeovers), in shares, interests in companies or associations, bonds and other securities, excluding documents evidencing title to goods and the rights and interests”.

Taxation of income deriving from shares

Corporate holders of shares

In general, income derived from shares (dividends and capital gains) increases the tax basis of corporate shareholders considered taxpayers under the Corporate Income Tax Act. Pursuant to Article 8 of the Corporate Income Tax Act, these sources of income are generated in Slovenia and, therefore, represent taxable income of both resident and non-resident shareholders.

Taxation of dividends. Dividends, including income similar to dividends (and excluding certain hidden reserves) are excluded from the tax base of a corporate shareholder if the payer of dividends is:

1. a taxpayer under the Corporate Income Tax Act; or
2. in accordance with the law of a Member State considered to be resident in that State for tax purposes and, under the terms of a double taxation agreement concluded with a third State, is not considered to be resident for tax purposes outside the EU and, in addition, is subject to one of the taxes to which the common system of taxation, applicable in the case of parent companies and subsidiaries of different Members States, applies, and which are defined by the minister responsible for finance, and without the possibility of an option or of being exempt; or
3. a taxpayer subject to income tax and/or profit tax comparable to the tax under the Corporate Income Tax Act, and not a resident of the state (in the case of a business unit not located in the state) where the general and/or average nominal rate of taxation applicable to profits generated by companies is lower than 12.5% and the state is listed on a list published by the Slovenian Ministry of Finance and Tax Administration, however this rule does not apply to a payer who is a resident of another EU Member State pursuant to the previous article.

The above rules are applicable to non-resident recipients of dividends if their participation in the capital or management of the company paying the dividends is connected with the business activities pursued in or through a business unit in Slovenia.

The above-described exclusion from the tax base of a corporate shareholder is applicable if on this basis revenue was included in the tax base in the current or previous tax periods.

In accordance with Article 70 of the Corporate Income Tax Act, dividends represent income whose source is in Slovenia and for which the payer must, on payments of dividends, withhold and pay tax at the rate of 15%, unless the recipient is:

1. the Republic of Slovenia or a local authority in Slovenia,
2. the Bank of Slovenia,
3. a resident taxpayer who has notified the payer of his/her tax number, or
4. a non-resident taxpayer liable for the tax on income obtained by pursuing activities in or through a business unit in Slovenia and who has notified the payer of his/her tax number, provided the income was paid to that business unit.

Individual Holders of Offer Shares

Taxation of Dividends. Upon payment of dividends to individuals who are residents, the payer must, in accordance with Art. 132 of the Personal Income Tax Act, calculate and pay withholding tax at the rate of 25 per cent. The paid withholding tax represents the final tax.

Upon payment of dividends to individuals who are not residents, the payer must, in accordance with Art. 132 of the Personal Income Tax Act, calculate and pay withholding tax at the rate of 25 per cent. On the basis of a permission of the Tax Administration of the Republic of Slovenia the payer may calculate a lower withholding tax on the basis of a double taxation treaty.

Taxation of Capital Gains. Capital gains are taxed as the difference between the market value and the acquisition value of the Offer Shares. The tax rate amounts to 25 per cent. and is reduced every five years of the Offer Shares' ownership:

Number of years of the Offer Shares' ownership	Tax Rate
Up to 5 years	25 per cent.
From 5 up to 10 years.....	15 per cent.
From 10 up to 15 years.....	10 per cent.
From 15 up to 20 years.....	5 per cent.
Over 20 years	0 per cent.

The tax levied by the Tax Administration of the Republic of Slovenia on the basis of a special capital gains tax return filed by the individual taxpayer is final, which means that capital gains are not included in the annual tax return. An individual who is a resident shall file a tax return on or prior to February 28 of the current year for the previous year. An individual who is not a resident shall file a tax return within 15 days after disposing of the Offer Shares, unless he or she declares all disposals of securities or other interests in any capital for the previous year. In this case the non-resident individual may file a tax return by February 28 of the current year for the previous year.

Polish tax considerations

This section provides information regarding the taxation of income related to holding and trading in shares admitted to trading on the regulated market.

The information presented below is of a general nature and should not constitute the sole basis for evaluating the tax consequences of making any investment decisions. Potential investors are urged to consult their tax advisors.

Polish Corporate Investors

Taxation of Income Relating to Holding Shares

Dividends and other income (revenue) actually earned on holding shares (such as remuneration for compulsory redemption of shares, liquidation proceeds) by legal persons and capital companies in organisation, as well as other unincorporated entities (except civil, general, limited partnerships, professional partnerships, and limited joint-stock partnerships) with their registered office or place of management in Poland (the "Polish Corporate Shareholders"), shall be subject to taxation on the general rules under the Corporate Income Tax ("CIT") Act. They are taxed at the basic 19 per cent. rate.

Pursuant to Art. 20 section 3 of the CIT Act, an income tax exemption applies to dividends and other revenue earned on the holding of shares in companies whose seat or management office is outside Poland by Polish companies whose worldwide income is subject to CIT in Poland, regardless of where the source of income is located, if all of the following conditions are met:

1. the entity which distributes the dividends and other revenue earned on shares is a company whose worldwide income (regardless of where the source of income is located) is subject to

income tax in a European Union Member State other than Poland, or in a other Member State of the European Economic Area;

2. Polish company holds directly not less than 10 per cent. of shares in the capital of the company referred to in item (a) above for an uninterrupted period of at least 2 years; and
3. Polish company does not benefit from tax exemption with respect to its worldwide income.

CIT Act expressly provides that in order to benefit from the above exemption, the 2-year holding period requirement may be also met after the dividend is paid, provided that a given taxpayer would actually satisfy that requirement afterwards. Otherwise, a taxpayer who did not meet the 2-year holding period requirement would be obliged to pay the due income tax along with penalty interests.

The above exemption will not apply, however, if distributions are made upon liquidation of a company.

Moreover, dividends paid out by a Slovenian company to Polish Corporate Shareholders may be exempt from Slovenian withholding tax under Council Directive of 23 July 1990 on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States, provided that the conditions specified by Slovenian tax laws are satisfied.

The Double Tax Treaty concluded by the Republic of Poland and the Republic of Slovenia ("Double Tax Treaty") provides that dividends paid by a company with its registered office in Slovenia to Polish Corporate Shareholders may be taxed both in Poland and Slovenia, although such Slovenian tax cannot exceed 5 per cent. of the gross amount of the dividend if the recipient of the dividend is a company (other than a partnership) holding at least 25 per cent. of the capital of the Slovenian company distributing the dividend, or 15 per cent. of the gross amount of the dividend in all other situations.

It should be noted that in relation to the dividends which may be subject to taxation in Slovenia, pursuant to Art. 24 sec. 1(b) of the Double Tax Treaty, a tax credit applies in Poland.

Pursuant to the provisions of the Double Tax Treaty, if Polish Corporate Shareholder carries on business in Slovenia through a permanent establishment situated in Slovenia (i.e. a fixed place of business through which the business of an enterprise is wholly or partly carried on), and the shares in respect of which the dividends are paid are effectively connected with such permanent establishment, dividends will be taxed in Slovenia as business profits earned by that permanent establishment.

Taxation of Income from Disposal of Shares

Income earned by Polish Corporate Shareholders on disposal of shares of a Slovenian company is subject to corporate income tax in Poland in accordance with the general rules. This income is aggregated with the business incomes of the given fiscal year, and subject to the general 19 per cent. CIT rate.

The income is computed as the difference between the revenue (in principle, the price agreed for the shares) and tax deductible costs (in principle, the costs of acquisition of the shares and costs related to the sale).

However, it should be noted that if the value of shares expressed in the price specified in the agreement on the disposal of shares differs materially, without a legitimate reason, from the market value of the shares, such agreed price may be challenged by the tax authorities.

Polish Individual Investors

Taxation of Income Relating to Holding Shares

Income earned by an individual domiciled in Poland (the "Polish Individual Shareholders") on dividends from a Slovenian company is considered to be income from capital gains and it is not aggregated with incomes from other sources. Such income is subject to the 19 per cent. flat rate Personal Income Tax ("PIT"). The tax is settled on annual basis. Annual tax returns should be filed by 30 April of the calendar year following the year in which income was earned.

It is not absolutely clear whether the tax due on dividend income earned by a Polish Individual Investor from a Slovenian company shall be withheld by a Polish brokerage house assisting in the payment or not. On the one hand, there is a regulation (Art. 41 sec. 4 of the PIT Act) that clearly imposes on brokerage houses the obligation to withhold the tax. On the other hand, there is a regulation which provides that

amounts of tax due on dividends earned outside Poland and the amounts of tax paid outside Poland on such dividends should be reported by a taxpayer (i.e. Polish Individual Investor) in his annual tax return (Art. 30a sec. 11). Most tax advisers seem to regard the latter provision as overruling the first one, and are thus of the opinion that a Polish brokerage house should not withhold any tax. However, in case of any doubts tax adviser should be consulted by a taxpayer.

The Double Tax Treaty provides that dividends paid by a company with its registered office in Slovenia to Polish Individual Shareholders may be taxed both in Poland and Slovenia, but such Slovenian tax cannot exceed 15 cent. of the gross amount of the dividend.

It should be noted that in relation to the dividends which may be subject to taxation in Slovenia, pursuant to Art. 24 sec. 1(b) of the Double Tax Treaty, a tax credit applies in Poland.

Pursuant to the provisions of the Double Tax Treaty, if the Polish Individual Shareholder carries on business in Slovenia through a permanent establishment situated in Slovenia (i.e. a fixed place of business through which the business of an enterprise is wholly or partly carried on) or performs in Slovenia independent personal services from a fixed base situated in Slovenia, and the shares in respect of which the dividends are paid are effectively connected with such permanent establishment or fixed base, dividends will be taxed in Slovenia as business profits or as income from independent personal services earned by that permanent establishment or fixed base.

Taxation of Income from a Disposal of Shares

Income earned by a Polish Individual Shareholders on sale of shares should be classified as income from capital gains and as such it should not be combined with incomes from other sources but should be subject to the 19 per cent. flat PIT rate.

The income is computed as the difference between the revenue earned on disposal of shares (in principle, the price for the shares) and the related costs (in principle, the costs of acquisition of the shares and costs related to the sale). The tax is settled on annual basis. Annual tax returns should be filed by 30 April of the calendar year following the year in which income was earned (this also being the deadline for paying the tax). No obligation exists to pay tax advances during the tax year.

The above is not applicable if a Polish Individual Shareholder holds the shares within the scope of its business activity. If this is the case, the income should be classified as a business income. In such case, income tax shall be paid at the progressive tax rates, which varies from 18 per cent. to 32 per cent, or at the 19 per cent. flat rate (depending on the form of taxation chosen by the given individual).

It should be noted that if the value of shares expressed in the price specified in the agreement on the disposal of shares differs materially, without a legitimate reason, from the market value of the shares, this may be challenged by the tax authorities.

It should also be noted that pursuant to Art. 9 section 6 of the Polish PIT Act, losses incurred during a fiscal year on account of the disposal of shares may be deducted from the income received from that source over five consecutive fiscal years, provided that the amount of the deduction does not exceed 50 per cent. of the amount of the loss in any single fiscal year of the five-year period.

Foreign Investors

Individuals who do not have their place of residence in Poland and legal entities, companies in organization and other entities with no legal personality, if they are treated as tax residents under tax law of a given state, that have their registered office and place of management outside Poland are subject to PIT and CIT respectively, only with respect to the profits that are derive sources of income located on the territory of Poland.

Although this is not expressly provided for in Polish tax law, it should be noted that dividends from a Slovenian company should not be treated as income derived from Poland, even if the company is listed on the Warsaw Stock Exchange. Consequently, it should be noted that dividends paid by a Slovenian company to a foreign investor should not be subject to Polish income tax. However, as this issue is not expressly regulated in Polish tax law, a Foreign Investor may wish to seek an advise from its tax counsel with respect to this issue.

Polish tax law does not give clear direction on whether income from a sale of shares of a Slovenian company should be treated as income derived from Poland if the shares are traded on the Warsaw Stock Exchange. It seems that the prevailing approach of the tax authorities is that trades on the Warsaw Stock Exchange shall be treated as, Polish source income. Consequently, as a rule, such income would be subject to Polish income tax and settled on general rules. In practice, however, most of the tax treaties would exempt such income from taxation in Poland. This should be verified on a case-by-case basis.

Tax on Civil Law Transactions

The tax on civil law transactions ("TCLT") is levied on agreements providing for a sale or exchange of rights, provided that these rights are executed in Poland or, if executed abroad, that the purchaser is a Polish tax resident and the transaction is effected in Poland.

The tax rate on the sale of shares and the exchange of shares is 1 per cent. at their market value and should be paid within fourteen days of the date on which the tax obligation arose (that is, the date the share or exchange agreement was concluded), unless the sale of shares and the exchange of shares agreements are concluded in a form of a notary deed. In that case the due tax should be collected by the notary public acting as a tax remitter. The purchaser of shares is liable for paying the due tax on civil law transactions. In the case of an exchange of shares, the liability for paying the due tax is borne jointly and severally by the parties to the exchange of shares transaction.

Exemptions from the tax on civil law transactions apply, without limitation, to transactions concerning the sale of financial instruments (including shares) to investment companies or to foreign investment companies or, by their intermediation, the sale of such instruments within the boundaries of a regulated market, and the sale of such instruments made by investment companies or foreign investment companies outside the boundaries of a regulated market, provided that such instruments were acquired by those companies within the boundaries of a regulated market, as defined in the Polish Act on Trading in Financial Instruments.

Additionally, civil law transactions are not subject to TCLT if at least one party of a given transaction is subject to VAT or is exempted from VAT with respect to such transaction, however, with exception of sale of shares agreement.

8. ADMISSION TO TRADING AND DEALING ARRANGEMENTS

8.1 Admission to trading of new shares

New shares, the same as the existing shares of Nova KBM, will be admitted to trading on regulated markets, namely on the equities market of LJSE, its prime market segment, and on WSE, its main list equity market.

Shares should be admitted to trading on both regulated markets by the end of April 2013.

8.2 Regulated markets on which existing shares are already admitted to trading

As at the date of this Prospectus, the existing shares of Nova KBM are already admitted to trading on the prime equity markets of LJSE and WSE stocks exchanges.

The Issuer currently does not intend to apply for admission to trading on any other regulated market.

Its debt securities (bonds) are also admitted to trading on the LJSE, Irish and Luxembourg stock exchanges.

8.3. Stabilisation

There will be no price stabilisation activities in connection with new and existing shares.

8.4. Banks or brokers involved in the admission to trading

The Issuer has not invited any broker to participate in the admission to trading of new shares. The Issuer alone took care of all activities required for new shares to be admitted to trading on a regulated market.

9. SHAREHOLDERS OFFERING TO SELL THE SHARES

This Prospectus was prepared for the purpose of admission to trading on LJSE and WSE stock exchanges of new shares of Nova KBM. In connection with this Prospectus, no shareholder is offering to sell shares of Nova KBM.

10. EXPENSE OF THE ADMISSION TO TRADING

Nova KBM estimates the total expense related to the admission to trading on both regulated markets to be around €10,000.00.

11. INFORMATION ON THE ISSUER

11.1 History and development of the Issuer

11.1.1 Legal and commercial name of the Issuer

Company name: Nova Kreditna banka Maribor d.d.

Abbreviated company name: Nova KBM d.d.

11.1.2 Place of registration of the Issuer and its registration number

Registration no.: 5860580

Registration entry no.: 062/10924200

Registration place: Register kept by the Maribor District Court

Activity code: J/65.121 – banking activities

11.1.3 Date of incorporation of the Issuer

Incorporation date: 27 July 1994

Registration date: 27 July 1994

The length of life of the Issuer: indefinite

11.1.4 Domicile and legal form of the Issuer

Registered office: Maribor

Commercial address: Ulica Vita Kraigherja 4, SI - 2000 Maribor, Slovenia

Telephone no.: 00386-2-229-2290

Legal form: delniška družba (a public limited company)

Registration country: Slovenia

The legislation under which the issuer operates: Slovenian

11.1.5. Important events in the development of the Issuer's business

The history of the Nova KBM Group goes back to 1862, when Mestna hranilnica Maribor began its operations in Maribor as the first city savings bank in Slovenia. Komunalna banka Maribor began its operations in Maribor, north-eastern Slovenia, in 1955, changing its name to Okrajna banka within the same year. In 1962, the two banks merged and, in 1965, started pursuing commercial and brokerage activities under the name of Kreditna banka Maribor. In 1978, pursuant to the new banking legislation introduced in Slovenia, Kreditna banka Maribor merged with 22 other banks to create the Ljubljanska banka Group ("LB Group"). In 1990, following Slovenia's declaration of independence from Yugoslavia, Kreditna banka Maribor became a public limited liability company and a subsidiary ("daughter bank") within the LB Group. In 1991, LB – Kreditna banka Maribor d.d. acquired a 10% stake in Zavarovalnica Maribor, a property and life insurance undertaking. In 1996, the Nova KBM Group increased its stake to 25% and, in 2002, to the current 49.96%. In 1991, Kreditna banka Maribor d.d. established KBM Fineko d.o.o. to provide real estate, financial advisory and debt collection services. In 1993, Kreditna banka Maribor d.d. exited the LB Group and resumed operations as an independent public limited company under the name of Kreditna banka Maribor d.d. In 1993, it established KBM Infond, družba za upravljanje, d.o.o. ("KBM Infond d.o.o."), to provide investment fund management services.

Following the break-up of Yugoslavia and recession, which had a significant adverse effect on the quality of assets of Slovenia's largest banks, Kreditna banka Maribor d.d. was included in a rehabilitation programme managed by the Bank Rehabilitation Agency. Under this programme, the Bank transferred certain bad assets, including NPLs, foreign currency-denominated deposits placed with the National Bank of Yugoslavia and other related liabilities to the Agency, and obtained long-term bonds of the Republic of Slovenia in exchange.

In 1994, Nova Kreditna banka Maribor d.d., Maribor, Vita Kraigherja 4, was established by the Bank Rehabilitation Agency as a bank undergoing rehabilitation pursuant to Article 22 of the Constitutional Law for the Implementation of the Basic Constitutional Charter on the Independence and Sovereignty of the Republic of Slovenia. Nova KBM was entered into the register kept by the Maribor District Court on 27 July 1994. Kreditna banka Maribor d.d. transferred its business, property and assets other than certain liabilities incurred prior to the break-up of Yugoslavia to the newly established entity (Nova KBM), but continued existing as an independent entity having its seat in Ljubljana.

In 1994, Nova KBM acquired a leasing company (and renamed it KBM Leasing d.o.o.) to provide leasing services to its retail and corporate customers.

In 1995, Nova KBM took over Komercialna banka Nova Gorica, thus gaining a valuable presence in south-western Slovenia.

The Bank's rehabilitation, managed by the Bank Rehabilitation Agency, ended in 1997.

Operations normalised and Nova KBM started to expand through organic growth and acquisitions. In 1998, it launched internet banking (Bank@Net) for retail customers, followed, already in the next year, by Poslovni Bank@Net for corporate customers. In 1998, the Bank established KBM Invest d.o.o. to provide real estate development services, as well as real estate sales and brokerage services, and formed Gorica Leasing d.o.o., another leasing provider. In 2000, in cooperation with ZM and several other insurance and reinsurance undertakings, Nova KBM established Moja naložba pokojninska družba d.d. ("Moja naložba d.d."), a pension insurance company.

As part of its strategy to expand internationally, the Nova KBM Group acquired, in 2001, a 25.04% stake in Adria Bank AG, an Austrian bank operating in Slovenia, Croatia, Slovakia, the Czech Republic, Hungary, Serbia, Montenegro and the Former Yugoslav Republic of Macedonia. In April 2007, it increased the stake to 50.54%.

In September 2004, instead of a capital injection, the Republic of Slovenia transferred to Nova KBM a 55% stake in Poštna banka Slovenije d.d. ("PBS"). Nova KBM thus gained access to a widespread network of PBS consisting of over 550 post offices. Together with its own four branch offices, two commercial centres in Ljubljana and Maribor and 23 ATMs, the Bank thus enhanced accessibility of the Nova KBM Group's products and services. In addition, in 2004, it partnered with Mobitel d.d. to establish M-PAY, družba za mobilno plačevanje, storitve in trgovino, d.o.o. ("M-PAY d.o.o."), which helps processing payments within Moneta, a mobile payments system.

In 2005, Nova KBM merged its brokerage subsidiaries and took over MBH d.o.o. (Mariborska borznoposredniška hiša). In September 2005, three of its subsidiaries (KBM Fineko d.o.o., KBM Invest d.o.o. and KBM Leasing d.o.o.) acquired a 76% stake in Multiconsult d.o.o., a real estate and movable property leasing company based in Zagreb, Croatia, thereby increasing Nova KBM's ability to carry out business in Croatia. In September 2006, Multiconsult d.o.o. and KBM Leasing d.o.o. established Multiconsult Leasing d.o.o. as provider of real estate and moveable property leasing services.

When Slovenia adopted the euro on 1 January 2007, the Nova KBM Group smoothly switched to the new currency.

A partial privatisation of the Bank officially started in July 2007, when 48.1% of the Nova KBM ordinary shares owned by the Republic of Slovenia were offered to different investors in a public offering. This started on 19 November 2007 and upon its completion, the Republic of Slovenia, together with its two funds (KAD and SOD), remained with a 51.9% stake in the Bank. Shares of Nova KBM were admitted to trading on LJSE on 10 December 2007.

In 2008, Nova KBM and Pošta Slovenije d.o.o. acquired the remaining shares from the seventh issue of shares of Poštna banka Slovenije d.d. The Bank introduced the so-called Basel II standards, set up a platform for the single Euro payments area (SEPA), and started using a local credit bureau services (SISBON). Nova KBM injected additional capital into Moja naložba d.o.o. and, together with other partners, injected additional capital into Multiconsult d.o.o., Zagreb, thus acquiring a 69.19% stake in the Croatian company. In October 2008, Nova KBM successfully completed another public offering of ordinary shares, issued on the basis of an increase in the authorised capital. Nova KBM raised €53.1 million and allocated 2,723,995 shares to investors.

In 2009, the Nova KBM Group's leasing division was established with KBM Leasing d.o.o. as leading company. Nova KBM injected additional capital into KBM Leasing d.o.o., Gorica Leasing d.o.o., Multiconsult Leasing d.o.o., KBM Invest d.o.o. and ZM. The Bank also acquired a 90% stake in Multiconsult Leasing d.o.o. based on an agreement to transfer a business stake from Multiconsult d.o.o. to Nova KBM d.d. In June 2009, shares of Nova KBM d.d. were admitted to trading on the prime equity market of LJSE.

In March 2010, Nova KBM subscribed for new shares of Credy banka and became the holder of a 55.10% stake in the Kragujevac, Serbia, established bank ("Credy banka"). Nova KBM increased its capital by €10.0 million in November 2010 to hold a 72.38% stake. Within a name standardisation project, Multiconsult d.o.o. officially changed its name to KBM Projekt d.o.o in 2010. Nova KBM opened two new branches, one in Ljubljana and one in Maribor, in the last quarter of 2010. In September 2010, the Slovenian Insurance Supervision Agency granted approval to Nova KBM to increase its stake in Zavarovalnica Maribor d.d. ("ZM") to over 50%. On 13 January 2011, Nova KBM applied for a six-month extension of said approval.

In April 2011, Nova KBM increased its share capital by offering new shares to the public. It raised €104,327,912 and allocated 13,040,989 shares to investors. In May 2011, shares of Nova KBM were admitted to trading on the Warsaw Stock Exchange. Nova KBM became the first Slovenian company with parallel trading on a foreign stock exchange. In July 2011, Nova KBM increased its stake in Zavarovalnica Maribor to 51% within the insurer's recapitalisation. In the same month, the Bank injected €5 million into Credy banka, thus increasing its stake to the current 76.64%. In December 2011, the Bank injected €3 million and €1.997 million of capital into the subsidiaries KBM Leasing and KBM Leasing Hrvatska respectively, thus increasing its stake in the latter from 90% to 94.38%.

In October 2012, liquidation of KBM Projekt was initiated.

In accordance with the action plan aimed at improving the Bank's capital adequacy and a resolution adopted by the 21st General Meeting of 8 June 2012 tasking the Bank's bodies to sell non-core assets of the Nova KBM Group, the Bank started the sale of its 50.9963% stake in Zavarovalnica Maribor. The sale process was completed in December of the same year, when the Bank signed a sales agreement with Pozavarovalnica Sava and Slovenska odškodninska družba. In accordance with said agreement, the Bank received a portion of the purchase price in December 2012 and expects to receive the remaining portion in April 2013, as in March 2013, the Insurance Supervision Agency allowed the buyers to acquire a majority stake in the insurer.

11.2 Investments

11.2.1 Description of the principal investments made in the last three years

Nova KBM invests in information technology support, buildings, mechanographic and other equipment. In the period 2010-2012, its total investments amounted to €33,008 thousand.

Investments in information technology support were related to the upgrading of processes, software and hardware, and system infrastructure, and allowed the Bank to pursue its business objectives. The Bank's computer systems are currently located in the Tezno technology centre and at the Bank's headquarters. In the period 2010-2012, total investments in information technology support amounted to €26,585 thousand.

In 2010 and 2011, investments in IT support (software, hardware, ATM and POS networks) amounted to €9,316 thousand and €9,776 thousand respectively.

Investments in buildings, mechanographic and other equipment made in the same period amounted to €5,906 thousand and €2,384 thousand respectively.

Investments in IT support (software, hardware, ATM and POS networks) in 2012 amounted to €4,495 thousand, while a further €1,799 thousand was spent for system infrastructure, which includes server, disk and communication infrastructure, as well as various furniture and fixtures. Nova KBM regularly upgrades its ATM and POS networks, in which it invested €241 thousand in 2012 alone. Investments in software amounted to €2,455 thousand in 2012.

A further €1,131 thousand were spent for buildings and mechanographic and other equipment, in accordance with the business network development plan and the relevant investments plan.

Nova KBM pursued its development and investment objectives in 2012. In April 2012, it completed modernisation of its central IT infrastructure and successfully implemented a new disk infrastructure. The project of server replacement, which started at the end of 2012, should be completed in March 2013. The new hardware ensures a higher level of flexibility, availability, scalability and data security.

The Bank also upgraded its business software. It offered new services to the customers, upgraded its customer management system, complied with the statutory and other requirements, and optimised its internal processes.

11.2.2 Description of the principal investments in progress

The Bank plans to invest €8,278 thousand in property, plant and equipment assets and in intangible assets in 2013.

Investments in computer equipment are planned at €5,860 thousand. As mentioned in the previous section, the Bank will also complete the project of server replacement, as well as select a provider to replace its central transaction processing system. The Bank will also launch several new products through various sales channels (business network, electronic and mobile banking, ATM network). Software will be upgraded in accordance with the internal objectives and external requirements also in the areas of reporting, data storage and other systems.

As regards buildings, mechanographic and other equipment, the Bank plans to invest in the urgent renovation of branches, security systems and other equipment.

The Bank finances the investments with own funds.

These activities should increase the quality of its operations and services, at the same time ensuring both functionality and cost efficiency.

11.2.3 Information concerning the principal future investments

In the next three-year period, the Bank will direct its resources to the replacement of its central transaction processing system. At the same time, it will continue upgrading its other software (reporting, data storage, CRM) and hardware. The Bank will also upgrade its ATM network and POS network, also by introducing new services sold through these channels. It will also invest in its business network (branch network) and the required mechanographic and other equipment.

12. OVERVIEW OF OPERATIONS

12.1 Principal Markets and Competitive Position

The information in this section is included for information purposes only. The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials issued by the Bank of Slovenia, and has not been prepared or verified independently by the Managers or Nova KBM, or any of their respective affiliates or advisers. None of the Managers or Nova KBM takes any responsibility for the accuracy of such sources. Such information may be approximations or use rounded numbers. Unless otherwise disclosed, information in this section is based on data included in the Bank of Slovenia Annual Report published by the Bank of Slovenia and/or the October 2012 Bank of Slovenia Financial Stability Review and the February 2013 Bulletin published by the Bank of Slovenia.

Overview of the Slovenian Economy

Slovenia is a member of both the EU and the Eurozone and had a population exceeding 2 million as at 31 December 2012. Slovenia is the most economically developed country in Central Europe, with a per capita for the year ended 31 December 2011, outranking Poland, Hungary, the Czech Republic, Slovakia, Romania and Bulgaria, according to Eurostat. Per capita GDP for the year ended 31 December 2012 amounted at €17,244 in Slovenia.

Decrease in economic activity in 2012 in the EU zone and weak prospects for the next year have stopped the growth of Slovene exports. From the second half of 2011 onwards the country gradually loses credibility on the international financial markets, due to which it is difficult to obtain funds from abroad. In second quarter of 2012 the economic situation in Slovenia heavily worsened. Household consumption decreased in 2012 due to fast decrease in real mass for wages and social transfers and distrust at the announcement of fiscal consolidation, which had an impact also on the decrease of government consumption. In the environment of weak demand and difficult access to funding the investments in intangible assets and stocks are decreasing further. Ratios of value added show extension of adverse movements to all private sector activities, the slight quarterly increase in the industry sector was retained. Economic situation accelerated the increase in employment rate and the decrease in number of free workplaces. Registered unemployment rate reached 13 per cent. at the end of 2012. The real wages in private sector are decreasing due to unfavourable conditions on the labour market.

The following table shows changes in Slovenia's real GDP for the periods indicated:

	2009/ 2008	2010/ 2009	2011/ 2010	Q1 2012/ Q1 2011	Q2 2012/ Q2 2011	Q3 2012/ Q3 2011	Q4 2012/ Q4 2011
	<i>(in percentages)</i>						
Change in real GDP	(7.8)	1.2	0.6	0.0	(3.2)	(3.1)	(3.0)

Source: SURS.

The Slovenian economy is closely tied to the economies of other countries in Europe and, in particular, its main trading partner, Germany. Accordingly, economic trends in other European countries, have an impact on the Slovenian economy.

The following table shows export and import values in Slovenia for the periods indicated:

	2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012
	<i>(in €bn)</i>				
Import	20.814	5.190	5.343	5.108	5.243
Export	22.452	5.613	5.556	5.322	5.560

Source: SURS.

In 2012 the consumer price indices were influenced by weak economic activity in domestic and international environment, which reflected in a modest movement of inflation. The increase in prices was influenced by single factors like the increase in food prices, services and energy products and some excise duties. The annual price growth was 2.7 per cent (a year before 2.0 per cent) and the average

annual price growth was 2.6 per cent. (a year before 1.8 per cent.).

In 2012, prices increased the most in the group alcoholic beverages and tobacco (by 9.4 per cent.), followed by restaurants and hotels (by 9.3 per cent.), food and non-alcoholic beverages, and education (each by 4.7 per cent.), transport (by 3.4 per cent.), miscellaneous goods and services (by 2.4 per cent.), housing, water, electricity, gas and other (by 1.3 per cent.), clothing and footwear (by 0.8 per cent.), and health, and recreation and culture (each by 0.2 per cent.). On the other hand, lower prices were recorded in the groups communication, and furnishing, household equipment and maintenance (by 1.1 per cent and 0.7 per cent, respectively).

Institute of Macroeconomic Analyses and Development (IMAD) in its spring forecast (March 2013) of economic growth predicts further drop in GDP in 2013 by approximately 1.9 per cent., while recovery is foreseen for 2014. Due to continuation of unfavourable developments in the euro area and more moderate growth in exports to non-EU markets, total exports are expected to recover only modestly (by 1.2 per cent). After declining substantially for four years, investments will drop less this (by -0.5 per cent.), largely due to government investment in infrastructure, which is related to the anticipated faster drawing on EU funds and the construction of a major energy facility. In contrast, in view of the large stock of unsold housing, residential construction is not yet expected to recover, while the prospects for investments in machinery and equipment remain poor due to the adverse financial conditions and the need for deleveraging. This year's decline in economic activity will thus mainly reflect the substantial contraction in final consumption. The drop in private consumption (-0.4 per cent.) will track the fall in disposable income caused by a renewed decline in compensation of employees and social transfers. Further austerity measures in the general government sector will also deepen this year's fall in government consumption (-2.9 per cent.).

Overview of Slovenia's Banking Sector

As at 31 December 2012 the number of credit institutions was the same as in 2011: in total 25, of which 19 commercial banks, 3 savings banks and 3 subsidiaries of foreign banks. The banks are the most important financial intermediaries measured by total assets, the share of savings banks stands at 1 per cent. of the banking system's total assets. As at 31 December 2012 the banking system's total assets were €46.7 billion, which is 131.7 per cent of GDP.

The process of reducing the total assets continued in 2012. The total assets of banks decreased by €3.1 billion in 2012, which is twice as much as in 2011. The main reason for this fall in total assets was that the banks repaid their debts to the international wholesale financial market participants, with a total of €3.6 billion or 10 per cent. of GDP, being discharged by the banks last year. The refinancing of the banks' liabilities saw a substantial reduction, which was due to uncertain economic and political environment, causing the international financial markets to start losing confidence in Slovenia's long-term public debt and, consequently, in the financing of Slovene banks.

In 2012 the banking system's high income risk reflected in lower net interest income and higher net expenses for impairments and provisions, which were, according to unaudited data, higher by 31.9 per cent. and exceeded €1.6 billion. Total loss of the banking sector before tax, according to unaudited and unconsolidated data, was €769 million (by 43.3 per cent higher than in 2011). In last months of 2012 the banks observably accelerated the write-offs of NPLs.

The market share of the two largest banks (Nova LB and Nova KBM) accounted for 35.4 per cent. of total banking assets as at 31 December 2012. Total assets of Nova KBM and Poštna banka Slovenije d.d., on an unconsolidated basis, accounted for 11.5 per cent. as at 31 December 2012.

Ownership Structure

As at the end of 2012 eight subsidiaries and three branches of foreign banks operated in Slovenia, one bank was fully owned by private local capital, taking into consideration state ownership, three banks were fully owned by local capital. Taking into account majority local ownership – both private and state – there were 11 local majority local-owned banks operating in Slovenia at the end of 2012.

The table below shows the ownership structure of total equity capital of the Slovenian banking sector (in per cent.):

	31 December 2009	31 December 2010	31 December 2011
Non-residents (with more than 50 per cent. shareholding)	26.8	27.9	29.8
Non-residents (with less than 50 per cent. shareholding)	9.8	9.2	9.3
Central government	20.5	20.1	22.7
Other domestic entities	43.0	42.9	38.2

Source: The Bank of Slovenia, Financial Stability Review, May 2012.

Market shares of the top Slovenian banks as at 30 June 2012

The table below shows the market share of the top four Slovenian banks as at 30 June 2012 in terms of loans, deposits and assets:

Name of the bank	Market share in per cent. by:		
	loans ⁽¹⁾	deposits ⁽¹⁾	assets
Nova Ljubljanska banka d.d. ⁽²⁾	25.2	30.3	27.0
Nova KBM d.d. and Poštna banka Slovenije d.d.	11.4	14.9	11.5
Abanka Vipra d.d.	8.8	10.0	8.7
Unicredit Banka d.d.	7.7	4.6	6.3

Source: Nova KBM calculation based on The Bank Association of Slovenia monthly report, June 2012.

- (1) Loans and deposits are for the non-banking sector.
- (2) On a stand alone basis.

Deposits from the non-banking sector declined year on year by 2.9 per cent, or €0.7 billion, with government deposits, which acted as an important buffer against the loss of foreign funding, registering the largest drop. In the first quarter of the year, the banks were able to substitute the lack of other funding with low-cost-three-year financing provided by the Eurosystem, while in the second half of the year, due to the long-term sovereign rating downgrade, the banks were not able to refinance their existing debt to foreign investors and therefore had to reduce their lending activities and investments in securities. A total of 60.7 per cent. of the decrease in deposits from the non-banking sector was attributable to government deposits, followed by deposits from non-financial companies, which accounted for 24.4 per cent. of the year-to-year decrease. Household deposits went down by €33.7 million or 0.2 per cent., relative to 2011.

Net loans given to the non-banking sector saw a notable contraction, falling by over €2.2 billion, or 6.6 percent. relative to 2011, due to additional impairment losses recorded by the banks. Net loans given to households declined by 2.4 per cent. (€0.2 billion), while net loans given to non-financial companies saw a decrease of 10.3 per cent. (€1.9 billion). The persistence of the economic crisis was reflected in weaker local and foreign demand, with the result that creditworthy companies became reluctant to take new loans to finance their business. Also, the rising unemployment, combined with shaky conditions in the real estate market, has limited the possibilities of households to raise loans. Both reduced demand for loans and increased risk aversion of banks were reflected in a sharp decline in the volume of loans given to non-financial companies. This volume decreased by slightly over one-tenth last year, with loans to households also registering a negative dynamic since the middle of 2012.

12.2 Principal activities

The Nova KBM Group offers a comprehensive range of retail and corporate banking services, as well as certain complementary financial services, including leasing, mutual and pension fund management and brokerage services

The Group is structured into four principal divisions: (i) banking, (ii) leasing, (iii) fund management and (iv) real estate operations. Banking operations are carried out by Nova KBM and its banking subsidiaries, PBS, Adria Bank and Credi Banka. Leasing is primarily carried out through Gorica leasing, KBM leasing and KBM Leasing Hrvatska. Fund management is exclusively carried out by KBM Infond. Real estate operations (including property development in Croatia) are carried out by KBM Fineko and KBM Invest. Other activities are carried out by M-Pay which acts, in accordance with the strategy of the owners, as a coordinator of the Moneta system development.

The business operations carried out by Nova KBM's subsidiaries and associates are described in section 13.

12.2.1 Overview of the Group

The Nova KBM Group is the second largest banking group operating in Slovenia, as measured by total assets, loans and deposits according to the Bank of Slovenia as at 31 December 2012. The Nova KBM Group offers a comprehensive range of retail and corporate banking services, as well as certain complementary financial services, including leasing, mutual and pension fund management and brokerage services.

The Nova KBM Group operates through one of the largest distribution networks in Slovenia that, as at 31 December 2012, comprised 99 branch offices (including 6 PBS branches), 288 ATMs and 4,117 POS terminals. Its distribution network is enhanced by customer access to 525 post office locations through its 55 per cent. owned subsidiary, PBS. The Group has access to targeted international markets through its banking subsidiaries, Adria Bank, based in Vienna, and Credi Banka, with 53 branch offices in Serbia.

The Nova KBM Group has three principal areas of business:

Retail Banking, including current/demand accounts, short-term and long-term savings accounts, lending and certain ancillary services, including debit and charge cards, for individuals and sole proprietors;

Corporate Banking, comprising a broad range of products and services, such as loans, deposits, guarantees, factoring and payment instruments (such as debit and charge cards), as well as financial advisory services for SMEs and corporations; and

Financial Markets, which is primarily comprised of its treasury operations, its financial institutions department and its brokerage services.

The Group had consolidated loss before tax of €239.6 million for the year ended 31 December 2012 as compared to €107.9 million loss for the year ended 31 December 2011. As at 31 December 2012, it had total assets of €5,321.8 million, total deposits (including interbank deposits) of €3,719.3 million, total net loans (including interbank loans) of €3,560.3 million and 2,027 employees.

Since 1996, Nova KBM's operations have been monitored by international credit rating agencies. It is currently rated by Moody's Investors Service and Fitch Ratings. Nova KBM's current credit rating with each of Moody's and Fitch Ratings is as follows:

	Moody's	Fitch Ratings
Long-term	Caa2	BB-
Short-term.....	Non-Prime	B

12.2.2 Competitive Strengths

The Nova KBM Group believes its competitive strengths are its:

- Leading market position in Slovenia;
- Extensive national distribution network;
- Stable, low cost funding structure;
- Large retail client deposit base providing significant cross-selling potential;
- Strong corporate and SME banking franchise;
- Comprehensive and innovative product range;
- International presence;
- Substantial State ownership; and

Leading market position in Slovenia

The Nova KBM Group is the second largest banking group in Slovenia, based on Nova KBM and PBS results. Its market shares, according to the Bank of Slovenia, are 11.1 per cent. for total assets, 10.7 per cent. for client loans and 14.9 per cent. for client deposits as at 31 December 2012. It has held these positions for more than ten years. The Nova KBM Group decreased the size of its net loans and client deposit portfolios by 11.6 per cent. and 3.9 per cent., respectively, for the year ended 31 December 2012.

It believes that its position in the market reflects the loyalty of the Nova KBM Group's clients and the strength of the Nova KBM and PBS brand names.

Extensive national distribution network

The Nova KBM Group considers the size and extent of its distribution network to be a key competitive advantage. As at 31 December 2012, the Nova KBM Group had 99 branch offices (including 6 PBS branches), 288 ATMs (including 23 PBS branded ATMs), 4,117 POS terminals (including 639 PBS branded POS terminals) and offered Internet banking for Nova KBM clients. In addition, through PBS, it is the only banking group in Slovenia that is able to deliver a range of retail and corporate banking products and services through the Slovenian post office's network of over 525 outlets. As a result, the Nova KBM Group's combined network together with PBS is the most extensive physical distribution network of any banking group in Slovenia, with a presence in all cities and towns, as well as most large villages. Nova KBM Group benefits from a strong regional franchise and it believes that its knowledge of the SME sector and its strong position in the retail sector are competitive strengths in the market.

Stable, low cost funding structure

Client deposits are the Nova KBM Group's most important source of funding and represented 71.3 per cent. of its financial liabilities as at 31 December 2012. Approximately 49.6 per cent. of its financial liabilities were retail deposits, of which less than 40.4 per cent. were non-current deposits, as at the same date. As the interest rates payable on current/demand accounts are usually lower than those for other types of deposit accounts and, as many of the Nova KBM Group's retail depositors have been clients of the Nova KBM Group for many years, it believes that these deposits represent a low-cost and stable funding base.

Large retail client deposit base providing significant cross-selling potential

As at 31 December 2012, Nova KBM and PBS had more than 353,687 and 208,381 retail deposit clients, respectively, each of whom are potential customers for the Nova KBM Group's other products and services. The number of product per client in the Nova KBM Group is 2.7. As the Slovenian economy matures, the Nova KBM Group believes that there will be increasing demand for both banking and non-banking financial products from retail customers. It therefore believes that there is significant potential for it to increase cross-selling of both banking and non-banking financial products and services to its retail depositors.

Strong corporate and SME banking franchise

As at 31 December 2012, the Nova KBM Group was the second largest banking group in the Slovenian corporate banking market based on market shares of 10.1 per cent. and 11.4 per cent. in corporate loans and corporate deposits, respectively, according to the Bank of Slovenia. It has relationships with many of the leading Slovenian companies. The Nova KBM Group also believes that it has a particular expertise in servicing the needs of SMEs, a segment of the market that is characterised by higher levels of lending growth and margins relative to the overall corporate banking market.

Comprehensive and innovative product range

The Nova KBM Group provides what it believes to be one of the most comprehensive ranges of banking and non-banking financial products available in Slovenia. It also believes that it has a successful track record of introducing new products to the Slovenian banking market. By way of example, it was the first bank in Slovenia to offer Internet banking services to retail clients and the first bank to introduce enhanced software (in 2010) allowing Internet banking customers to track their household expenses. It is, at present, the only bank in Slovenia that allows customers to pay for goods and services securely via mobile phone (see “— *Moneta – Mobile Payments Services*”). It was also the first bank in Slovenia to offer retail clients bill payments through ATMs with on-line current account connection.

International presence

In addition to its well established position in the Slovenian financial services sector, the Nova KBM Group is present in other countries that formed part of the former Yugoslavia (both directly and through its subsidiary banks Adria Bank and Credi Banka), with a primary focus on Serbia and Croatia and it is well positioned to benefit from the growth of the financial services sectors in these countries, given Slovenia's historic and cultural links as well as growing trade links with them. The Nova KBM Group has been active in these markets for many years, providing banking services to many of its corporate banking clients who are also present in these markets.

Substantial State ownership

Nova KBM is one of only two banks in Slovenia in which the Republic of Slovenia has a direct shareholding. The Republic of Slovenia has been its largest shareholder since it was separated from the LB Group in 1993 and has historically provided Nova KBM with support through deposits (as was the case with other state-owned banks). Long-term strategy of the Republic of Slovenia is to retain 25 per cent. + 1 share in the bank.

12.2.3 Strategy

Considering the current business environment, the ongoing economic and financial crises, and forecasts of slow economic recovery, and taking into account the requirements and expectations of its stakeholders, the development of a new strategy of both the Bank and the Group was started in the second half of 2012, with focus on the formulation of the key strategic directions and financial performance targets.

Key Strategic Directions

The Nova KBM Group conducts its business in the territories of Slovenia, Austria, Croatia, and Serbia. The key criteria according to which it will assess the importance of being present in each of these countries are as follows: return and cost-efficiency achieved; ability to attract and collect customer deposits; and the presence of Slovene companies in the respective market (the latter being applied to Serbia and Austria).

The Group pursues the strategic objective of retaining its market share in the area of universal banking products, while an increased market share is targeted in segments in which synergy effects could be created through partnership between the Bank and other Group companies (e.g. PBS, KBM Infond) in the development of new products. Nova KBM will discontinue providing non-strategic services, allowing it to focus even more strongly on universal banking products and services.

The basic guidelines which are taken into consideration in developing the new strategy are as follows:

- focus on customers

- European orientation and consistent compliance with banking industry commitments
- safety and stability of operations and deposits
- process organisation
- continuous development and introduction of new and upgraded banking and other financial services
- application of advanced business models
- modern and uniform information technology architecture
- efficiency and profitability of operations
- development of the Group
- social responsibility.

Key financial performance targets

At the first strategic consultation held in October 2012, the following strategic objectives were presented and confirmed as being the most important ones:

- Active management of the loan portfolio in order to promptly identify and address any increase in risk and adopt measures to reduce the volume of bad loans.
- Maintenance of adequate capital levels and compliance with capital requirements.
- Cost reduction and improvement of cost efficiency by operational streamlining to start in 2013, with the aim of eventually attaining a cost-to-income ratio not exceeding 60 per cent.
- Active management of funding and loans to bring the loan-to-deposit ratio to 110 per cent.
- Return on average equity after tax to reach at least 12 per cent. by 2016.

Complete strategy overhaul

The Bank plans to completely overhaul its strategy and the strategy of the Nova KBM Group, which will include a redefinition of their vision, mission and values. The requirements set out in the restructuring programme will be taken into consideration in drafting the new strategy for the period 2013 to 2016. The principal guidelines that the Bank pursues in redefining the strategy are to improve its performance and strengthen its reputation.

Strategy management

Nova KBM drew up the Strategy Management Policy of the Nova KBM Group, which is part of its structured corporate governance. The Policy includes concepts for defining the vision and mission of the Group, and sets out the method for drafting, amending and regularly revising the strategy, as well as the method for planning, implementing and controlling strategic programmes, projects and other activities arising from the strategy.

Strategy management will be a continuing process that will allow the Group to monitor the accomplishment of strategic objectives and the management of strategic risks. It will improve the responsiveness of the Group to changes in the environment, making it easier for the Group to incorporate new initiatives into its operations if fresh business opportunities are identified. Implementation of the new strategy will be controlled by Nova KBM through financial performance indicators and by measuring the accomplishment of strategic objectives.

12.3 Nova KBM Banking Operations

Nova KBM operates primarily through two main business segments: retail banking and corporate banking. In addition, Nova KBM also offers brokerage services and conducts its treasury operations through its financial markets segment.

12.3.1 Retail Banking (individuals and sole proprietors)

Nova KBM is a full-service retail bank, providing products and services through its wide branch network across Slovenia to individuals and sole proprietors (defined as individuals operating businesses that are registered with the Business Register of Slovenia as sole proprietors). Nova KBM also uses its retail banking facilities to cross-sell other Nova KBM Group products, such as KBM Infond mutual funds, Moja naložba d.d. pension funds and ZM insurance products, to its retail customer base.

12.3.1.1 Deposits

Nova KBM provides a range of savings products, and regularly introduces new products designed to attract existing and new clients. As at 31 December 2012, Nova KBM had 573,410 active deposit accounts of households (transaction accounts, deposits and savings) of 341,503 total retail clients, with a total of €1,981.2 million on deposit as at that date. Share in retail deposits is 13.5 per cent.

The following table presents the total value of Nova KBM's retail deposit accounts (on a stand-alone basis) as at the dates indicated:

(in €m)	As at 31 December		
	2010	2011	2012
Current/demand deposits	749.3	778.7	783.9
Short-term deposits.....	504.5	424.8	394.0
Savings with notice of withdrawal.....	120.9	90.2	64.3
Long-term deposits.....	607.4	718.1	710.3
Other savings	38.9	31.6	28.7
Total.....	2,021.0	2,043.4	1,981.2

As at 31 December 2012, current/demand deposit accounts, on demand accounts and a low annual fixed interest rate that was fixed at 0.1 per cent. as at 31 December 2012, accounted for €783.9 million, or 39.6 per cent., of Nova KBM's total retail deposits. As at 31 December 2012, Nova KBM had a total of 402,709 retail current/demand accounts, comprised of 389,584 individuals and 13,125 sole proprietors. Short-term deposits (up to one year) accounted for €394.0 million, or 19.9 per cent., savings accounts (with notice of withdrawal) accounted for €64.3 million, or 3.2 per cent., long-term deposits (more than one year) accounted for €710.3 million, or 35.9 per cent., and other savings products accounted for the remaining €28.7 million, or 1.4 per cent.

Short-term deposits

Nova KBM offers a number of short-term deposit accounts, with maturity ranges of 8 to 14 days, 15 to 30 days, 31 to 90 days, 91 to 180 days, 181 days to 365 days. The interest rate for each deposit account varies based on the amount deposited and duration until maturity, with higher interest rates for larger deposit amounts and longer durations until maturity. As at 31 December 2012, Nova KBM had 23,581 short-term deposit accounts, totalling €394.0 million.

Savings Book Accounts with notice of withdrawal

Savings book accounts (with notice of withdrawal) are flexible savings accounts that allow clients to make unlimited deposits with a one-, three-, six- or twelve-month notice period required for withdrawals. No commission is charged. Each deposit must remain in the savings account for one, three, six or twelve months, as the term of the account dictates. In the case of early withdrawal, the client is granted a bridge loan with a rate of 1 per cent. over the deposit rate. As at 31 December 2012, Nova KBM had 78,099 such accounts, totalling €64.3 million.

Long-term deposits

Nova KBM offers its clients long-term Euro and foreign currency deposits with maturities ranging from one to over five years, or more if so agreed with a client. The interest rate for each deposit varies based on the amount deposited and duration until maturity, with higher interest rates for larger deposits and longer durations until maturity. As at 31 December 2012, Nova KBM had 43,735 long-term deposit accounts, totalling €710.3 million.

Other Savings Products

ZA-TO! Savings, which Nova KBM introduced at the end of 2009, allows clients to choose different saving periods (between six and twelve months). The minimum amount of monthly savings is fixed. After the expiry of the saving period, the saved amount is available to the client.

Pension Savings. Pension savings accounts have minimum savings terms of three years, up to a maximum term of thirty years. After the expiry of the savings period, there is a suspension period of one month, after which the client begins to receive payments from the pension savings account. The client may choose whether the amount is to be paid out to the beneficiary as a lump sum or in monthly instalments. As at 31 December 2012, the number of such savings accounts was 19,081 with a total amount of €19.3 million.

Housing-savings accounts. Housing-savings accounts are long-term savings accounts with a savings period of up to 10 years with the aim of receiving a housing loan under more favourable conditions upon the conclusion of the saving period. A client may choose different saving periods and the amount of monthly savings. The lowest amount of saving is determined. After the expiry of the saving period, the saved amount is available to the client. Within one year from the conclusion of the saving, the Bank guarantees to the client a lower interest rate for the housing loan than the regular one.

Nalozbeni duet - the combined deposit and investment account is a combination of a deposit and an investment into KBM Infond mutual funds. It combines the security of a bank deposit with potentially higher income. The proportion between the payments to deposit or mutual fund as well as the minimal amount is determined. The interest rate for deposits is higher than the interest rate on valid offer with fixed interest rate.

12.3.1.2 Loans

Nova KBM provides a variety of short- and long-term loan products to its retail customers with maturities of up to 25 years for loans to individuals and up to 10 years for loans to sole proprietors. Nova KBM's stand-alone lending market share in Slovenia was 10.8 per cent. for loans to individuals and 14.1 per cent. for loans to sole proprietors as at 31 December 2012, according to the Bank of Slovenia, making Nova KBM the second largest bank in Slovenia in terms of size of the retail loan book.

The following table presents, as at the dates indicated, on a stand-alone basis, the categories of loans offered and the value of such loans (net of loan loss provisions), including overdrafts.

(in €m)	As at 31 December		
	2010	2011	2012
Individual consumer loans.....	351.0	335.9	300.3
Housing loans	586.9	593.4	572.8
Loans to sole proprietors.....	129.3	122.5	104.9
Total.....	1,067.2	1,051.8	978.0

As at 31 December 2012, Nova KBM had 72,936 retail loans outstanding with an additional 89,816 authorised overdrafts on personal accounts. Of the total amount of retail loans outstanding, 30.7 per cent. were individual consumer loans, 58.6 per cent. were housing loans and 10.7 per cent. were loans to sole proprietors. As at 31 December 2012, net retail loans (i.e., net of loan loss provisions) totalled €978.0 million, a decrease of 7.0 per cent. from 31 December 2011. Retail loans are generally secured by real estate, money, securities or sureties. Nova KBM charges its customers an arrangement fee when each loan is initially issued.

Consumer Loans

As at 31 December 2012, the number of individual consumer loans and authorised overdrafts was 47,890 and amounted to €212.9 million. The average amount of consumer loan is €4,446. Long-term individual consumer loans (up to 8 years) accounted for 94.5 per cent., only a small portion of individual consumer loans are short-term in nature (up to one year). 88,319 overdrafts were approved on the transaction account, of which 44,477 were utilised (€72.1 million). Claims related to card and ATM business amounted to €15.3 million.

General use loans. The vast majority of individual consumer loans issued are general use loans.

Instant Loan. The Instant Loan, which is Nova KBM's most popular general loan, is a short- or long-term loan with a maximum maturity of five years and with a principal amount of up to €21,000 that can be used for any purpose. Instant Loans are only made available to Nova KBM customers who have had current/demand accounts with Nova KBM with salary inflows for at least three months, and are granted with a minimum approval fee quickly and simply through a scoring process, with loans being granted in as little as 30 minutes. When issued, an Instant Loan cash payment is made directly into the customer's personal account.

Nova KBM offers non-account holders loans with a nominal fixed interest rate of up to five years, and loans of up to eight years with the interest rate tied to the EURIBOR reference interest rate.

Other Individual Consumer Loans. Nova KBM also offers bridge loans, Mini loans, car loans and student loans. Bridge loans are offered at an interest rate of between 1.0 (for short term bridge loans) and 1.5 per cent. (for long term bridge loans) above the deposit rate. These loans are secured by the borrower's assets held on deposit with Nova KBM. As at 31 December 2012, Nova KBM had 1,788 bridge loans outstanding, with an average size of €6,361. Auto loans are available with maturities of up to seven years. Student loans are offered up to a maximum loan amount of €6,300 with maturities of up to three years; the borrower must obtain a creditworthy surety for the loan.

Tha Bank also offers Eco personal loan and Eco car loan with lower cost for approval and interest rate below the regular offer by 0.5 per cent.

Housing loans

Retail customers can apply for housing loans for the purchase of residential property, as well as the construction of houses, home renovations and the acquisition of building plots. Nova KBM provides housing loans with maturities of up to 25 years. The Bank also offers housing loans with deferred payment up to 6 months and housing loans on the basis of savings (National housing saving scheme or Housing savings account). Approximately 56.6 per cent. of home loans are secured by a lien on the borrowers' property, with the remaining 43.4 per cent. secured by other collateral (principally suretyship or charges over amounts on deposit). As at 31 December 2012, Nova KBM had 22,845 home loans outstanding totalling €572.8 million, with an average size of €25,076. Loan to value for home loans as at 31 December 2012 for Nova KBM is 57.1 per cent.

The Bank also offers Eco home loans with lower cost of approval and interest rate below the regular offer by 0.5 per cent.

Loans to Sole Proprietors

Sole proprietors are offered various types of short-term loans, bridge loans and long-term loans with maturities of up to 10 years for investment funding. In addition, Nova KBM works with each sole proprietor individually to tailor loan products to meet their specific needs, such as financing arrangements with customized repayment schedules. As at 31 December 2012, Nova KBM had 2,201 loans outstanding to sole proprietors with an additional 1,497 overdrafts on accounts (1,002 overdrafts were utilized), totalling €104.9 million, of which €82.2 million were long-term loans, secured almost without exception by a pledge of property. In addition, the average size of a loan granted to sole proprietors was €43,749 and the average size of an utilized overdraft was €7,896, each as at 31 December 2012.

12.3.1.3 Payment Cards

Nova KBM offers its retail and corporate customers debit cards, with payment amounts deducted directly from the holder's deposit account, charge cards which provide a one-month line of credit and must be repaid in full at one chosen date out of three possible dates each month and credit cards. Its debit cards are Maestro™ and VISA Business Electron™ branded cards. Charge cards include Activa™ and Karanta™, Slovenia-based charge cards, dual-branded Activa™/Maestro™ cards for use inside Slovenia and abroad, as well as MasterCard™ and VISA™ branded cards and Karanta™ credit cards. Nova KBM principal member of VISA and affiliated member of MasterCard. According to the Bank of Slovenia, as at 31 December 2012, Nova KBM's market share in Slovenia with respect to debit and charge cards (including credit cards) issued was 12.6 per cent. and 11.7 per cent., respectively.

Nova KBM has had a relatively stable number of cards in issue over the last three years. As at 31 December 2012, it had 319,062 active debit cards outstanding to retail and corporate customers and 80,074 active charge and credit cards outstanding to retail and corporate customers, representing a decrease of 1 per cent. and an increase of 4.6 per cent., respectively, from 31 December 2010.

As at 31 December 2012, there were 377,586 active charge and credit cards outstanding to retail customers and 21,550 outstanding to corporate customers. See “—Corporate banking—Payment Cards” for a discussion of cards issued to sole proprietors”. Payments by debit card increase from 7.3 million transactions at 2010 year-end to 7.7 million at 2011 year-end and to 8.3 million at 2012 year-end, an increase of 13.7 per cent. and 7.8 per cent., respectively. Charge and credit card payment transactions increased from 12.9 million for the year ended 31 December 2010, to 13.8 million in 2011 and to 14.0 million in 2012, which is an increase of 8.5 per cent and 1.4 per cent., respectively.

The value of debit and charge card payments has also increased. For the year ended 31 December 2010, the value of debit and charge (including credit) card transactions was €461.9 million, in 2011 €501.5 million and in 2012 €508 million, an increase of 10 per cent. and 1.3 per cent., respectively. As of 2012 the value of transactions in debit cards and charge and credit cards was €261.4 million and €246.6 million, respectively.

Nova KBM intends to launch additional marketing campaigns to bolster the use of payment cards, and it plans to introduce pre-paid cards in the beginning of 2013.

12.3.1.4 Moneta – Mobile Payments Services

Moneta is an open mobile payment system in which are participating three mobile operators (Telekom Slovenije (Mobitel), Simobil, Debitel; together more than 90 per cent. of all users of mobile phones in Slovenia) and two banks (Nova KBM in PBS). All participants are issuers of Moneta, which means that they enable the users of their services (mobile operators to their subscribers and the banks to their clients) to make payments through mobile phones at more than 10,000 selling points (stores, vending machines, internet) among which are also two of the four biggest retailers and the leading oil derivatives trader.

Moneta System is jointly owned by Telekom Slovenije and Nova KBM, which also act as acquirers, i.e. conclude contracts with the service providers or retailers.

Annual volume of payments made through Moneta increased by almost 40 per cent. in 2012. Total payments were worth more than €25 million.

Moneta therefore remains the leading mobile payment service provider in the country. Future objective is to attract other potential issuers (mainly banks) and acquire even more providers to sign up for the Moneta service thus expanding the network of payment posts.

12.3.1.5 Offer for youth

Nova KBM has a special offer for young people, which are treated as a strategically important business segment. Special savings are offered to the youngest clients (including savings for the newly born), school children, students and young employees (Skul paket, Indeks paket, Kariera paket).

Since 2010 these offers are marketed under a special brand for young clients - Sveta vladar. The share of young clients increased in this period by approximately 16 per cent. from 25.8 per cent. to 30 per cent. The recognisability of the Bank increased as well.

12.3.2 Corporate Banking

Nova KBM is the second largest corporate bank in Slovenia, with a 9.5 per cent. market share on a stand-alone basis in terms of corporate loans and a 6.9 per cent. market share in terms of corporate deposits, as at 31 December 2012, according to the Bank of Slovenia. It services more than 12,185 corporate clients, providing a broad range of commercial banking products and services, of which the most important are deposits, loans and guarantees. Nova KBM also offers domestic, cross-border and international payments for Slovenian and international clients. It provides transaction accounts (which are current/demand accounts) for its corporate clients in both domestic and foreign currencies, and offers a variety of payment instruments such as debit and charge cards as well as documentary operations, such as guarantees and letters of credit.

Nova KBM's corporate clients include SMEs and corporations, both of which are classified in accordance with the Slovenian Companies Act. SMEs are non-banking companies that meet at least two of the following criteria: (i) fewer than 250 employees; (ii) net sales revenues of less than €35.0 million; and (iii) a year-end asset value of less than €17.5 million. Corporations are classified as such if they exceed at least two out of the three thresholds listed for SMEs. Micro clients are non-banking companies that meet at least two of the following criteria: (i) fewer than 10 employees; (ii) net sales revenues of less than €2 million; and (iii) a year-end asset value of less than €2 million. As at 31 December 2012, Nova KBM had 6,599 micro and SME clients, 287 large corporate customers and 4,944 other corporate customers (including the state, other financial organisations, foreign customers and customers not classified by market segment).

Nova KBM provides a tailored customer service to each of its corporate clients. Every SME and corporation is assigned an individual customer relationship officer who monitors the operations of the relevant customer and provides the client with access to all of Nova KBM's products and services. Corporate clients are assigned to the customer relationship officer on the basis of their size and the scope of their business with Nova KBM. In the case of larger and/or strategic corporate customers, members of Nova KBM's Management Board and its senior management team also serve as customer relationship officers.

12.3.2.1 Deposits

Nova KBM offers its corporate clients short-term and long-term deposit accounts, predominantly denominated in Euro, with a limited number of accounts denominated in other currencies. Its market share in the Slovenian corporate deposit market was 6.9 per cent., as at 31 December 2012, according to the Bank of Slovenia.

The following table presents the total value of all corporate deposit accounts, as at the dates indicated on a stand-alone basis:

(in €m)	As at 31 December		
	2010	2011	2012
Current/demand deposits	188.0	186.9	187.7
Short-term deposits	216.2	197.5	154.5
Long-term deposits	599.7	634.0	594.0
Total	1,003.9	1,018.4	936.2

Current/demand deposits, demand accounts and low annual fixed interest rate deposits, accounted for €187.7 million, or 20.0 per cent. of total deposits. Short-term deposits accounted for €154.5 million, or 16.5 per cent., and long-term deposits accounted €594.0 million, or 63.5 per cent.

Short-term deposits

Short-term deposits include overnight deposits, deposits of up to 30 days, and deposits with maturities between one month and twelve months. Nova KBM also offers deposits in a limited number of foreign currencies with the same maturities. Interest rates on short-term deposits are predominantly fixed rate, though short-term deposit accounts are available at variable interest rates as well.

Long-term deposits

Long-term deposits may be made in Euros, as well as in a limited number of foreign currencies with maturities of between one and five years. In addition to traditional deposits, Nova KBM also offers its corporate clients certificates of deposit, which are savings certificates that bear a maturity date and a specified interest rate.

12.3.2.2 Loans

Nova KBM provides a range of short-term and long-term corporate loan products to its corporate clients, principally in Euros, and also in a limited number of foreign currencies. The following table presents corporate loans outstanding (net of loan loss provisions) as at the dates indicated on a stand-alone basis:

(in €m)	As at 31 December		
	2010	2011	2012
Short-term loans.....	677.4	524.2	346.7
Long-term loans	1,761.3	1,766.1	1,566.4
Total.....	2,438.7	2,290.3	1,913.1

As at 31 December 2012, Nova KBM's corporate loan portfolio comprised 18.1 per cent. short-term loans and 81.9 per cent. long-term loans to 2,648 corporate loan clients. Of all corporate loans outstanding as at that date 81.5 per cent., were to non-financial companies. As at 31 December 2012, the volume of all corporate loans outstanding, amounted to €1,913.1 million. As at 31 December 2012, loans to non-financial companies totalled €1,559.8 million. As at 31 December 2012, the total value of loans outstanding to SMEs accounted for 48.8 per cent. and corporations accounted for 45.3 per cent. of total corporate loans outstanding, the remaining 5.9 per cent. are customers not classified by market segment. However, 79.0 per cent. of all corporate loan clients are SMEs and Micro-clients, 9.5 per cent. of corporate loan clients are corporations, while the remaining 11.5 per cent. of corporate loan clients are customers not classified by market segment.

The following table presents the percentage share of Nova KBM's corporate loans by industry:

Industry	As at 31 December 2012
	(%)
Manufacturing	26.1
Finance.....	17.2
Construction	13.4
Trade.....	12.6
Real estate	6.8
Scientific and technical activities	5.5
Accommodation and food service	4.9
Other	13.5

Corporate borrowers operating in the real estate and construction sectors together represented 20.2 per cent. of the total loan portfolio as at 31 December 2012. See "Risk Factors – Risks Relating to the Nova KBM Group's Business." The Nova KBM Group is exposed to credit risk in respect of various industry sectors. Deterioration in the performance of any industry sectors in respect of which it has significant credit exposure may adversely impact its business.

All loans in Nova KBM's corporate loan portfolio are either secured by assets of the borrower, or a third party, or benefit from some form of credit enhancement. The most common security instruments are deposits, pledges of equipment and inventory, mortgages, pledges of securities and receivables, sureties of legal entities and private persons, warranties – bank guarantees, pledges of insurance policies and business shares. The Bank also uses contractual provisions which restrict the ability of the borrower to

take on further debt or grant security over or otherwise encumber its assets (other than the ability of the borrower to grant further mortgages in the case of mortgages).

Short-term loans

Nova KBM offers short-term loans with maturities of up to twelve months, although the majority of its loans granted have a six-month maturity ("bullet loans"). It also offers credit line facilities with maturities of up to one year and overdraft facilities with no fixed maturity. The total number of short-term loans outstanding as at 31 December 2012 was 1,750 with an average size of €198,097.

Long-term loans

Nova KBM offers long-term loans to corporate clients to finance investments in infrastructure and fixed assets such as equipment and buildings. The total number of long-term corporate loans outstanding as at 31 December 2012 was 2,585 with an average size of €605,970.

Ancillary Lending Services

Nova KBM also assists its clients in obtaining various special purpose loans as well as EU funds. Nova KBM has a partnership with the Slovenian Entrepreneurship Fund, which assists SMEs with funding to finance investments and other development projects. In partnership with the Fund, Nova KBM offers loans under more favourable conditions, guarantees, subsidies, and co-financing and assists its customers in the application process. Nova KBM's most recent products are start-up business loans.

12.3.2.3 Non-funded Products

Nova KBM's non-funded products (primarily guarantees and assumed liabilities) are generally provided for trade finance purposes. These are standardised products which can be tailored to match the specific needs of corporate clients if required.

The following table presents the value of guarantees, assumed liabilities and "non covered" letters of credit as at the dates indicated:

	As at 31 December		
	2010	2011	2012
	<i>(in €m)</i>		
Guarantees	357.9	309.4	256.6
Assumed liabilities.....	374.7	318.6	252.0
» Non covered«		0.5	0.2
letters of credit.....	0.4		
Total.....	733.0	628.5	508.8

Nova KBM issues guarantees in domestic as well as in foreign currencies for both residents and non-residents. It also provides documentary letters of credit, especially in connection with a client's foreign operations.

Nova KBM also provides cash management service to corporate customers.

As at 31 December 2012, financial (payment) guarantees represented €81.1 million, or 31.6 per cent., of all guarantees outstanding, while the remainder included service guarantees, including bid bonds, performance bonds and guarantees for warranty obligations.

As at 31 December 2012, assumed liabilities in the amount of €252.0 million related to approved but unutilised loans and credit lines.

12.3.2.4 Payment Cards

Nova KBM offers its corporate clients Activa™, MasterCard™ and VISA™ branded charge cards. (See "— Retail Banking (individuals and sole proprietors) — Payment Cards"). As at 31 December 2010, 2011 and 2012 Nova KBM had 2,755, 2,827 and 2,764 charge cards outstanding to corporate customers. As at 31 December 2010, 2011 and 2012 Nova KBM had 19,731, 18,303 and 18,786 VISA Business Electron cards, which operates as both a debit and charge card, for sole proprietors and small businesses.

12.3.3 Financial Markets

Nova KBM's Financial Markets segment consists of three departments: (i) the Treasury Department, (ii) the Financial Institutions Department, and (iii) the Investment Banking Department.

12.3.3.1 Treasury

Nova KBM's Treasury Department manages the Bank's liquidity in accordance with the Policy of managing liquidity risk in the Nova KBM Group. Liquidity stands for disposing of sufficient volume of funds and ensuring funds for settlement of the Bank's balance sheet and off-balance sheet as they fall due.

The Bank manages its liquidity at both the operational and the structural level. Operational liquidity focuses on short-term period and is managed by the Treasury Department whereas structural liquidity focuses on longer periods and is managed by the Risk Management Department.

At assessing its liquidity position the Nova KBM measures the liquidity position of the Bank by comparing actual as well as potential spending of liquid assets. Liquidity position is measured on a daily, monthly and on an annual basis. According to the liquidity plan the bank raises or places funds of corresponding maturities in line with authorisations, rules and directives, all in line with the set limits.

The Bank has to fulfil the minimum requirements to ensure adequate liquidity position and minimum reserves. The basis for the calculation of the liquidity ratio is the "Regulation on the Minimum Requirements for Ensuring an Adequate Liquidity Position of Banks and Savings Banks". The prescribed category one ratio is 1.0, whereas the category two ratio is for information purposes only. Obligatory reserves are funds, that the Bank has to maintain in the prescribed period on the accounts with the Bank of Slovenia.

Operational liquidity is managed through unsecured deposits on the domestic as well as international money market, secured deposits (repos), swaps, auctions of the Ministry of Finance (loans, deposits), operations of monetary policy of the Eurosystem, deposits of the non-banking customers, issue of long-term securities, sale/purchase of securities and introduction of new products.

The Treasury Department reports to the Liquidity Committee on a daily basis in accordance with the Rules of Procedure of the Liquidity Committee in respect of realisation of liquidity position plan of the previous day, of possible deviations of individual items, and supplies for adoption the liquidity plan for the current day. On the extended liquidity committee meeting the monthly plan of the liquidity position for the next month and the simulation of the category one liquidity ratio for the next two months are presented.

Management of structural liquidity risk comprises calculations of liquidity ratios, liquidity gap, net liquid assets as well as the average residual maturity of assets and liabilities. The Bank carries out stress tests of various scenarios with the aim to ascertain the effects of negative potentially dangerous events on the liquidity position and to provide measures for the reduction of negative effects. The Bank carries out the so called "what if" analysis of the scenarios. The stress tests analyze the size of the crisis and the most appropriate Bank's response as to the type and size of the crisis. Stress tests are carried out on a monthly basis in accordance with the Methodology for conducting stress test scenarios of liquidity risk in the Nova KBM Group.

In crisis situations the Bank must carry out the measures in an organized, creditworthy and effective way. The critical values of individual liquidity ratios and indicators and suitable measures for early crisis detection, for the prevention or elimination of reasons for the liquidity crisis and restoring of normal liquidity position are determined in the document "Crisis Plan for the Liquidity Risk Management in Nova KBM".

In managing the liquidity the Bank also provides for the secondary liquidity with ECB eligible securities in accordance with the "Policy of Managing Nova KBM's Banking Book Debt Securities Portfolio.". Primary source for investments into debt securities are original own funds and funds derived from liquidity surpluses. Nova KBM's securities portfolio is comprised primarily of government securities as well as securities of banks (bonds) above investment grade as evaluated by Fitch, Moody's and Standard & Poor's, which comprised approximately 92.4 per cent. of its portfolio as at 31 December 2012.

Treasury Department and Risk Management Department report on structural liquidity on a monthly basis to the ALCO in accordance with the Rules of procedure of ALCO.

12.3.3.2 *Financial Institutions*

The main activities of the Financial Institutions Department are maintaining correspondent banking relationships and arranging international long-term funding.

Nova KBM relies on a variety of sources in addition to customer deposits for its longer term funding requirements, including bank-to-bank loan facilities, syndicated loan arrangements and subordinated loan arrangements. The primary purpose of these subordinated instruments is to strengthen Nova KBM's capital position, with increased liquidity being an ancillary benefit.

The Financial Institutions Department is also responsible for arranging credit lines. Nova KBM also functions as a long-term lender to the Nova KBM Group's subsidiary banks. As at 31 December 2012, Nova KBM had long-term loans, credit lines and hybrid instruments (for improving PBS' capital adequacy) outstanding to PBS totalling €19.2 million, to Adria Bank totalling €20.0 million and to Credi banka totalling €5 million.

As at 31 December 2012 Nova KBM had €639.7 million outstanding long-term borrowings from banks and €64.2 million long-term loans to banks.

12.3.3.3 *Investment Banking*

As the Slovenian securities market does not currently offer a significant opportunity for complex investment banking transactions, the Nova KBM Investment Banking Department is focused on brokerage and active portfolio management for Nova KBM's clients as well as the management of its proprietary equity trading portfolio. Nova KBM's brokerage clients include both individuals and corporations. While individuals are normally more active in trading equity, corporate clients rely on Nova KBM's brokerage services in connection with their bond-trading activities. In addition, under Slovenian law, all mergers and acquisitions advisory work must be carried out by a licensed bank or broker. Nova KBM intends to further develop its portfolio management service business and introduce new brokerage products bundled with other Nova KBM Group products.

12.3.4 Distribution Network

The Nova KBM Group's large distribution network enables customers to perform their business with the Nova KBM Group in a number of ways:

- at the counters of its various branches, offices and post office locations during working hours;
- through ATMs;
- using cards at POS terminals; and
- using Internet banking systems: Bank@Net (for retail customers) and Poslovni Bank@Net (for corporate clients).

12.3.4.1 *Branches*

As at 31 December 2012, Nova KBM Group had a total of 93 branch offices, comprised of 14 full-service branches, and 79 branches which provide a more limited selection of products and services to its customers as well as 6 PBS branches (2 of which are PBS commercial centres). Certain banking services may also be conducted at over 525 Slovenian post office locations.

12.3.4.2 *ATMs*

The ATM services that Nova KBM provides to its customers include cash withdrawals, transaction account balance enquiries, and mobile telephone top-up services. Additionally, certain ATMs are also equipped to allow bill payments and deposits to current/demand accounts. As at 31 December 2012, Nova KBM had 265 ATMs, giving Nova KBM a market share of 14.8 per cent. in the Slovenian ATM market according to

the Bank of Slovenia. All ATM have been upgraded to the EMV standard required for EuroCard, MasterCard™, VISA™ and other chip cards.

12.3.4.3 POS terminals

As at 31 December 2012, Nova KBM had 3,478 static and mobile POS terminals in operation. As at 31 December 2012, Nova KBM's POS terminals market share was 9.0 per cent. The number of transactions at POS terminals was 5.07 million as at 31 December 2012. The number of POS contracts for accepting Activa, Maestro™, MasterCard™ and VISA™ and Karanta was 19,302 as at 31 December 2012.

12.3.5 Marketing and communication

The Bank has an integrated marketing approach including sales promotions, direct mail, telephone marketing, services promotions, personal selling, advertising, public relations, utilizing alternative distribution channels, such as mobile phones, electronic mail and web-portals.

Nova KBM distributes sponsorships and grants in a responsible manner and on the basis of adopted policy, annual plan and interim initiatives and opportunities. The budget is set annually according to specific business and marketing plans. In last four years the Bank supported app. 500 individuals and organisations annually, thus contributing to the promotion of their positive achievements and to the strengthening of positive values and quality of life as well as achieving specific business and communication goals of the Bank. Systematic additional support is provided to local communities in which the Bank opens new branch offices.

Nova KBM also takes care for the brand recognition and brand management and regularly follows its image quality level. In 2012 the Bank tried to retain its reputation despite the general economic and financial crisis, unfavourable public opinion as regards banking and other negative circumstances. On the basis of research of Slovenian banks (Bank tracking, RMplus, May 2012) the respondents have mentioned the following characteristics relating to Nova KBM: the bank with kind, professional and informative personnel, with good name and tradition, with good and differentiated offer. At the same time the Bank positioned itself as the second best bank in Slovenia.

12.4 Research and Development, Patents and Licences

Nova KBM systematically follows satisfaction, preferences and purchase decisions of clients, efficiency of marketing and communication activities and activities of competitors by conducting different researches and analyses. The results of the same are an important basis for adjustments of the offer and marketing actions in line with the clients' preferences, in order to increase their satisfaction. Since 2007 the Bank has performed several mystery shopping researches in its branches and several researches related to measurement of efficiency of market actions.

Nova KBM regularly co-operates in all-Slovenian banking researches, which measure the bank's image, satisfaction of clients, quality of services and market position.

The Bank registered the name and logo »Nova KBM« and brands of several banking products.

In addition, the Bank is the owner of two internationally recognized brand, i.e. the name "Nova KBM" and its logo, which are protected in the EU, Croatia, Serbia, Macedonia and Bosnia and Herzegovina.

13. ORGANISATIONAL STRUCTURE

13.1 The issuer's position within the Nova KBM Group

As at 31 December 2012, the Nova KBM Group included, in addition to Nova KBM as controlling company, also the following companies: KBM Fineko d.o.o., KBM Invest d.o.o., KBM Leasing d.o.o., Gorica Leasing d.o.o., KBM Infond d.o.o., PBS d.d., Adria Bank AG, M-Pay d.o.o., Credi banka AD, KBM Leasing Hrvatska d.o.o., Moja naložba d.d. and Maribor Finance B.V.

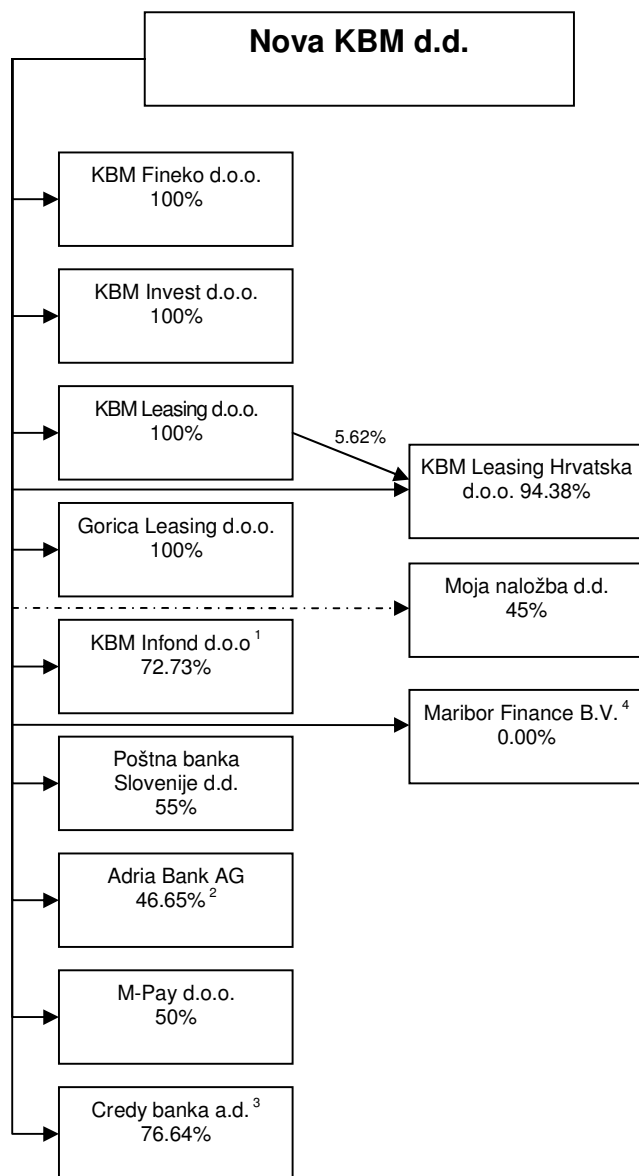
The table below shows the results of operations of various segments within the Nova KBM Group in 2012. Banking, leasing and real estate activities posted a net loss, while fund management and other activities posted a net profit.

	Company	Employees as at 31 Dec 2012	Net profit/loss (€'000)	Total assets (€'000)	Total shareholders' equity (€'000)	ROAE before tax	ROAA before tax
Banking	Nova KBM	1,280	(203,255)	4,338,568	192,569	(65.54)	(4.60)
	PBS	236	332	799,519	47,441	0.84	0.05
	Adria Bank	31	(5,444)	180,693	29,989	(20.32)	(3.35)
	Credi banka	380	100	139,253	23,893	(0.05)	(0.01)
Fund management	KBM Infond	37	1,241	16,781	13,260	8.97	7.16
	Moja naložba	14	320	136,496	6,867	4.72	0.23
Leasing	KBM Leasing	10	(22,310)	111,515	(22,041)	*	(15.80)
	Gorica Leasing	12	(20,905)	65,767	(18,091)	*	(23.17)
	KBM Leasing Hrvatska	8	(3,962)	39,210	(3,462)	*	(8.95)
Real estate	KBM Fineko	11	634	30,041	2,985	30.56	12.62
	KBM Invest	9	(21,806)	36,249	(17,863)	*	(43.24)
Other	M-PAY	0	13	198	197	8.42	8.39

*Indicator was not calculated due to the negative average equity or negative equity for the period.

Since 30 October 2012, KBM Projekt d.o.o. has been in liquidation within a loss management programme. The company is no longer a subsidiary of Nova KBM. As at 31 December 2012, Zavarovalnica Maribor ceased to be an affiliate (was sold).

The figure below presents Nova KBM and its direct and indirect subsidiaries and the affiliate:



¹ The Group holds 72.00% of share capital and 72.73% of equity and voting rights in KBM Infond d.o.o. (the company holds a certain amount of its treasury shares).

² The Group holds 50.54% of share capital and voting rights in Adria Bank AG, while its share of the company's paid capital is 46.65%. Paid capital consists of share capital and participating interests without voting rights held by minority owners.

³ A shareholders' agreement between the Bank and the Republic of Serbia includes a provision under which a 12.89% stake of the Republic of Serbia in Credy banka a.d. is subject to a put / call option. If the option is exercised, the stake held by the Bank will increase to 89.53% and the stake held by the Republic of Serbia will decrease to 0%. The option is included in other liabilities at €5,636 thousand.

⁴ Maribor Finance B.V. represents a special purpose vehicle controlled by Nova KBM.

13.2 Subsidiaries and affiliates of Nova KBM

13.2.1 Poštna banka Slovenije d.d. – bančna skupina Nove KBM d.d. (PBS)

PBS was established in 1991. Nova KBM acquired PBS shares in 2004 under a share transfer agreement with the Republic of Slovenia. PBS is an independent bank operating principally through post offices across Slovenia. PBS offers its customers a variety of products and services, including deposit accounts, retail and corporate loans, payment instruments such as debit cards, charge cards and travellers' cheques, domestic and international payments and foreign exchange transactions. PBS products and services are available at over 525 post offices.

13.2.2 Adria Bank AG, Vienna

Adria Bank is a fully licensed Austrian bank which focuses exclusively on corporate banking. The bank was founded in 1980 in Vienna as a consortium bank at the initiative of the LB Group and Zentralsparkasse und Kommerzbank, Vienna.

In April 2007, Nova KBM injected additional capital into Adria Bank, thus increasing its stake to 50.54% and becoming the largest owner, followed by NLB (28.64%) and Beogradska banka AD (21%).

The bank specialises in the financing of imports and exports in the markets of Middle and South Europe, in particular in the countries of the former Yugoslavia.

13.2.3 Credi banka a.d., Kragujevac

Credi banka is a fully licensed Serbian bank. It was established in its current form in 1991. The bank's predecessor was Komunalna banka, which was established in 1955 and was renamed Kreditna banka Kragujevac in 1966. In 1970, Kreditna banka Kragujevac joined the Jugobanka system under the name of Jugobanka, Kragujevac. In 2000 and 2004, Credi banka merged with two smaller banks, Šumadija banka and Srpska regionalna banka respectively, and expanded its business network.

In March 2010, Nova KBM subscribed for new shares of Credi banka and became its 55.10% owner. In November 2010, it injected additional capital of €10.0 million in the Serbian bank, increasing its stake to 72.38%. Another capital injection of €5 million followed in 2011, so that Nova KBM now holds a 76.64% stake.

Under the above-mentioned shareholder's agreement, the Serbian government has a put option to sell its stake at the price originally paid by Nova KBM, increased by 10% annually ("increased price"), or at the current market price if higher than the increased price (but not higher than 20%). Said put option is exercisable after three years of the acquisition of 55.1% by Nova KBM.

The central Serbia being its main market, Credi banka focuses on loans to corporate clients. Among its sources of finance are also deposits by households.

13.2.4 Leasing subsidiaries

The Nova KBM Group conducts leasing operations in Slovenia and Croatia through a number of subsidiaries: in Slovenia through KBM LEASING d.o.o. – Skupina Nove KBM and GORICA LEASING d.o.o. – Skupina Nove KBM. The two companies provide finance and operating leasing, as well as sale-and-lease-back of real estate, passenger and commercial vehicles and equipment. In Croatia, the Group started with leasing in 2006 through KBM Projekt d.o.o., which is involved in the purchase and sale of real estate, real estate brokerage services, property development, project financing with loans from Nova KBM and supervision of large investment projects in Croatia; and through KBM LEASING HRVATSKA d.o.o., which the Bank established together with KBM – LEASING d.o.o. – Skupina Nove KBM and which provides real estate and movable property leasing services.

13.2.5 Fund management subsidiary

KBM Infond d.o.o. was established in 1993 for the management of mutual funds. KBM Infond, družba za upravljanje d.o.o., is 72% owned by Nova KBM d.d., and manages 18 investment funds. It provides management of all investment products that allow the customers to invest their assets in a profitable, liquid and safe manner.

13.2.6 Real estate subsidiaries

The Nova KBM Group's property development and related operations in Slovenia are conducted through its subsidiaries KBM FINEKO d.o.o. – Skupina Nove KBM and KBM INVEST d.o.o. – Skupina Nove KBM. KBM FINEKO provides real estate services including real estate purchase, sale and management, consulting activities and capital investment management. KBM INVEST provides property development and investment services for the Nova KBM Group's larger investments within the scope of its annual capital investments plan, particularly investments and investment maintenance in the area of construction and renovation of office buildings and premises, construction and sale of real estate, and real estate brokerage services. The Group intends to reduce its exposure to the real estate sector and sell the real estate operations in the long term.

13.2.7 M-Pay d.o.o.

M-Pay d.o.o. was established in 2004 as a joint venture between Nova KBM and Mobitel d.d. to implement their strategic alliance in the area of mobile payments. The partners developed Slovenia's leading mobile payments system, which brings together three major national mobile operators (with more than 90% of mobile customers) and aims at attracting other banks to offer mobile payments to their customers within this system.

M-Pay d.o.o. serves as the main driver in the further development and design of the mobile payments system. Although it has no full-time employees and a limited level of day-to-day operations, M-Pay acts as a forum for the co-ordination of the Moneta payment system in terms of content and technology, promotion aimed at other banks and further development of mobile payments.

13.2.8 Moja naložba d.d. affiliate

Moja naložba d.d. is one of 11 pension insurance companies operating in Slovenia. It collects premiums for voluntary supplementary pension insurance and manages personal accounts, pays annuities and manages closed- and open-end mutual pension funds.

Nova KBM established Moja naložba pokojninska družba d.d. ("Moja naložba d.d.") in 2000 together with ZM and several other insurance and reinsurance undertakings.

14. PROPERTY, PLANT AND EQUIPMENT

14.1 Property

Nova KBM possesses as owner the majority of its property. As at 31 December 2012, Nova KBM possessed as owner 42,668 m² and leased 6,360 m² of space, representing a total of 94 buildings or building space, 34 of which were leased out. As at 31 December 2012, the net book value of Nova KBM's land and buildings was €48,787 million. Nova KBM has not pledged as collateral any of its property. The value of property, plant and equipment assets decreased in 2011 by 1.37 per cent. to €64.8 million, and in 2012 by a further 4.4 per cent. to €62.0 million.

Nova KBM has been developing its network of branches and ATM and POS networks in view of its business objectives. In 2012, it invested €241 thousand in their upgrading. It invested a further €1,799 thousand in IT hardware.

14.2 Environment

There are no specific environmental issues that may affect the Issuer's utilisation of the tangible fixed assets.

14.3 Insurance

Each company within the Nova KBM Group maintains its own insurance policies and coverage that it deems appropriate. As is customary in Slovenia's banking sector, Nova KBM insures all of its buildings, vehicles, furniture and fixtures. It also insures against the risks related to cash held in safes, in ATMs, at the counters and in transit, as well as to counterfeiting. Nova KBM is not insured against employee misconduct, except for the so-called D&O liability insurance. It is also not insured against the impact the loss of a key person could have on its business. However, Nova KBM does include a non-compete provisions in its employment contracts.

15. OPERATING AND FINANCIAL REVIEW

The following analysis of the Nova KBM Group's financial position is based on the audited financial statements. It should be read together with the section "[Selected consolidated financial information](#)". The audited financial statements for the years ended 31 December 2010, 2011 and 2012 were prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as adopted by the European Union ("IFRS").

This analysis contains forward-looking statements and reflects the Nova KBM Group's current views with respect to future events and its financial position. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those discussed under "Risk Factors" and elsewhere in this Prospectus.

Some figures in this section were rounded and accordingly (i) there may be minor discrepancies between figures for the same items in different tables; and (ii) figures shown as totals in certain tables may not sum up to the figures preceding them.

15.1 Financial position

The Group's total assets as at 31 December 2012 stood at €5,321,810 thousand, down by €491,261 thousand or 8.5 per cent. from a year ago.

Deposits from non-bank customers stood at €3,618,678 thousand, down by 3.8 per cent. from a year ago. Deposits decreased the most in Nova KBM, mainly those placed by the state and households. Deposits decreased also in Credi banka, which reclassified the deposits of banks in bankruptcy from deposits from non-bank customers to deposits from banks. PBS increased deposits from non-bank customers.

Loans from banks stood at €576,004 thousand as at year-end 2012. They decreased mainly due to early repayment of the remaining portion of a syndicated loan by Nova KBM. Loans from banks decreased also in PBS, in all leasing companies and in KBM Infond.

Debt securities stood at €88,592 thousand, up by €39,619 thousand from a year ago. The increase is attributable to Nova KBM, which issued new certificates of deposit in March 2012 and KBM 10 bonds in December 2012. This increase was partly compensated by the decrease in PBS due to maturity of PBS 7 bonds and certificates of deposit.

Subordinated liabilities stood at €98,069 thousand and decreased mainly in Nova KBM due to early buyback of hybrid instruments.

Loans to non-bank customers stood at €3,397,900 thousand, down by 11.6 per cent. from a year ago. Net loans to non-bank customers decreased in Nova KBM, PBS and Adria Bank, and in all leasing companies. They decreased the most in Nova KBM due to the decrease in gross loans to non-bank customers and further impairments. Gross loans to households decreased mainly due to weak demand in view of the economic situation and tightened lending conditions. As regards leasing companies, these loans decreased the most in KBM Leasing, which failed to sell the majority of inventories in 2012 and thus did not have assets available to finance new business. The decrease in KBM Leasing is also explained by repayment of instalments by lessees, as well as by reposessions and impairments.

Available-for-sale financial assets stood at €589,413 thousand as at year-end 2012. Their amount decreased the most in Nova KBM, PBS and Adria Bank, mainly due to the maturing of securities. In Credi banka their amount increased as excess liquidity was redirected from loans to banks to government or treasury bills. Held-to-maturity financial assets stood at €500,108 thousand as at year-end 2012, up by 11.2 per cent. from a year ago. The increase is mainly explained by the Nova KBM's acquisition of new debt securities.

Long-term investments in equity of affiliated and jointly-controlled companies amounted to €3,090 thousand, down by €44,449 thousand. The decrease is mainly explained by the sale of the 51 per cent. stake in Zavarovalnica Maribor.

15.2 Results of operations

The Group's profit from continuing operations before provisions and impairments totalled €69,829 thousand (down by 4.1 per cent. from a year ago). Also in 2012, the operations of the Group were marked by difficult economic conditions, which deteriorated further in the second half of the year when the economic activity slowed down once again. Consequently, the Group had to recognise record-high provisions and impairment losses due to the continued deterioration and cleaning of the loan portfolio. Net provisions and impairments amounted to €309,466 thousand in 2012 (up by 76.4 per cent. from 2011). The effects of an active approach to cost reduction became visible as the Group's administration costs fell by 4.1 per cent. in 2012, in the parent Bank alone by 7.2 per cent.

The Group's loss from continuing operations totalled €239,637 thousand in 2012. Said loss is mainly explained by the higher net expenses for provisions and impairments (up by €134.1 million) and lower net interest (down by €29.7 million).

The Group's net loss from continuing operations totalled €227,147 thousand (2011: €86,452 thousand). Net profit (after tax) from discontinued operations was €21,450 thousand due to the gain on disposal of a stake in the affiliate. Net loss for the year was €205,697 thousand. Subsidiaries which posted a net profit were KBM Infond (€1.2 million), KBM Fineko (€0.6 million), PBS (€0.3 million) and Credi banka (€0.1 million). Subsidiaries which posted a net loss were Adria Bank AG (€2.7 million), KBM Leasing Hrvatska (€4.0 million), Gorica Leasing (€20.9 million), KBM Invest (€21.8 million), KBM Leasing (€22.3 million) and the controlling bank (€203.3 million).

Interest income earned by the Group in 2012 was €227,856 thousand (down by €34.9 million or 13.3 per cent. from a year ago). Interest expense incurred by the Group in the same period was €122,012 thousand (down by €5.2 million or 4.1 per cent. from a year ago). Net interest income was €105,844 thousand (down by €29.7 million or 21.9 per cent. from a year ago). Net interest income fell the most in Nova KBM (down by 27.7 per cent.) and PBS (down by 9.7 per cent.).

Fee and commission income earned by the Group in 2012 was €94,185 thousand (down by 4.3 per cent. from a year ago), while fee and commission expense incurred was €35,385 thousand (down by 15.8 per cent.). Net fee and commission income was €58,800 thousand (up by €2.4 million or 4.2 per cent. from a year ago). Net fee and commission income increased the most in NKB Infond (up by €1.4 million or 45.1 per cent. due to the funds taken over), and in Nova KBM (up by €1.3 million or 3.2 per cent.) due to the effect of a higher expense incurred in 2011 in connection with the syndicated loan repaid early.

Dividend income was €2,572 thousand or 13.0 per cent. less than a year ago.

Realised gains on financial assets and liabilities not at fair value through profit or loss were €25,972 thousand in 2012 and related mainly to the operations of the controlling bank, which realised a gain of €24,550 thousand from early buyback of hybrid bonds.

Net losses from financial assets and liabilities held for trading totalled €5,306 thousand. They related mainly to the decrease in securities held by the controlling bank, which did not revalue the related futures contracts due to counter party default risk, and which recognised losses from derivatives in relation to impairment of the Credi banka option.

Administration costs were €104,059 thousand (down by €4.4 million or 4.1 per cent. from a year ago), while amortisation and depreciation expense was €16,443 thousand (down by 1.2 per cent.). Administration costs and amortisation and depreciation expense together totalled €120,502 thousand (down by €4.6 million or 3.7 per cent.). They decreased in Nova KBM (by €6.6 million or 7.4 per cent.), Adria Bank and KBM Fineko, and stayed more or less the same or increased in other Group companies, the most in KBM Infond, which assumed certain rights and employees upon the takeover of fund management, and in a leasing company, which incurred higher inventory and legal costs.

Net provisions and impairments of the Group were €309,466 thousand in 2012 (up by €134.1 million or 76.4 per cent. from a year ago), of which provisions alone were €9,072 thousand (2011: €16,939 thousand). The majority of net expenses is explained by the impairment of loans required by the ongoing crisis, adverse business conditions and bankruptcy proceedings initiated against customers. The banking division accounted for 81.3 per cent. of the total provisions and impairments made, followed by the leasing division (13.4 per cent.) and other activities (6.5 per cent.).

Return on average assets (ROAA) before tax was negative in 2012 at -3.85 per cent. (2011: -1.75 per cent.). Return on average equity (ROAE) before tax was negative in 2012 at -55.00 per cent. (2011: -21.51 per cent.).

Margin of financial intermediation represented 3.73 per cent. of the Group's average total assets, down by 0.36 percentage points from 2011. Interest margin calculated based on average total assets was 1.87 per cent., down by 0.44 percentage points from 2011.

Comprehensive income after tax earned by the Group in 2012 was negative at €183,463 thousand. It was decreased mainly by the net loss for the period and increased by the gains recognised in revaluation reserves in connection with available-for-sale financial assets, i.e. the increase in the value of bonds and shares and investment coupons.

Financial operations of the Nova KBM Group depend significantly upon the macroeconomic environment in which it operates - See: »17.2 Trends that are reasonably likely to have a material effect on the Issuer's prospects« for more information.

15.3 Capital

The table below shows the Nova KBM Group's consolidated risk-based capital, risk-weighted assets and risk-based capital adequacy ratios, computed in accordance with the applicable Bank of Slovenia guidelines and as reported to the Bank of Slovenia.

	As at 31 December		
	2010	2011	2012
	<i>(in €m, except percentages)</i>		
Original own funds.....	414.1	446.3	354.8
Additional own funds I.....	168.1	166.4	44.7
Deductions from original own funds and additional own funds I.....	(43.5)	(49.3)	(3.1)
Total equity (for solvency purposes).....	538.7	563.4	396.4
Capital requirements for credit risks.....	362.7	360.0	313.0
Capital requirements for market risks.....	4.2	3.5	3.1
Capital requirements for operational risks.....	28.8	29.4	29.8
Total capital requirements.....	395.7	392.9	345.9
Capital adequacy ratios:			
Total capital adequacy ratio.....	10.9 %	11.5%	9.2%
Core tier 1 capital adequacy ratio.....	7.9 %	8.6%	8.2%
Minimum capital adequacy ratio required by the Bank of Slovenia.....	8.0 %	8.0%	8.0%

In order to restore trust in the banking sector, the European Council decided in October 2011 that banks should have a Core Tier I capital adequacy ratio of 9 per cent. at minimum starting from 30 June 2012. In its last report on the pan-European recapitalisation exercise, EBA approved the Bank's plan to achieve said ratio by 31 December 2012.

The Bank accordingly took measures to increase its capital and at the same time reduce its risk-weighted assets or capital requirements. Said measures included partial redemption of hybrid instruments, the sale of Zavarovalnica Maribor d.d. and raising of a hybrid loan.

However, the Bank had to recognise significantly higher provisions and impairments than planned, for which reason it failed to reach the required 9 per cent. Core Tier I capital adequacy ratio. The Bank continues with the activities aimed at improving capital adequacy in accordance with the restructuring plan which provides for an increase in capital by the end of June 2013.

As at 31 December 2010, 2011 and 2012, the Bank's Core Tier I capital adequacy ratio was 7.4 per cent., 8.1 per cent. and 7.57 per cent. respectively.

15.4 Critical accounting policies

The Issuer's financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union.

Critical accounting policies applied in the preparation of the financial statements are explained in the annual reports of the Nova KBM Group for the years 2010, 2011 and 2012 available at the Issuer's registered office and website (<http://www.nkbm.si/investors>).

16. CAPITAL RESOURCES

16.1 Information on capital resources

Long-term investments in the equity of associates by the Nova KBM Group in €000:

	2012	2011	2010
Balance as at 1 January	47,539	41,719	36,081
Increase during the year	22,616	10,421	5,638
- acquisition	0	7,344	0
- realised gains	18,095	0	0
- other	4,521	3,077	5,638
Decrease during the year	67,065	4,601	0
- disposal	65,033	155	0
- dividend received	2,032	4,446	0
Balance as at 31 December	3,090	47,539	41,719

Long-term investments in the equity of associated companies were €3,090 thousand as at 31 December 2012, a decrease of €44,449 thousand compared to 31 December 2011. The decrease was mainly due to the sale of 51 per cent. stake in Zavarovalnica Maribor. The purchase price amounted to €65,033 thousand. Other increase in investments in the equity of associates related to the share of profits of associates and the surplus arising from the revaluation of associates. Equity investments of the Nova KBM Group into available for sale shares amounted to €74,035 thousand as at 31 December 2012.

16.2 Cash flow sources and amounts

Structure of assets sources of the Issuer and cash flows are presented in the annual reports of Nova KBM Group and Nova KBM for the year 2010, 2011 and 2012 (<http://www.nkbm.si/investors>).

16.3 Borrowings and funding sources

Equity investments of the Nova KBM Group into associates are financed with own funds.

17. TREND INFORMATION

17.1 The most significant recent trends

Sales procedure regarding the share of Nova KBM d.d. in Zavarovalnica Maribor d.d.

On 11 December 2012 Nova KBM signed an agreement for the sale of its entire shareholding in Zavarovalnica Maribor (51 per cent.) to Pozavarovalnica Sava. The realised profit from the sale and a decrease of the deductible item for calculating capital adequacy are accounted for in the calculation of capital and capital adequacy as of 31 December 2012. Revenues from the sale will be received in instalments, according to a predetermined time table, with the last instalment falling due at the end of April 2013.

Redemption of subordinated instruments

In order to strengthen its Core Tier 1 capital Nova KBM carried out a partial redemption or conversion of subordinated instruments amounting to:

ISIN code of the instrument	Nominal amount before redemption or conversion	Nominal amount of redemption or conversion	Nominal amount after redemption or conversion	Realised profit
XS0325446903	€100,000,000	€88,192,000	€11,808,000	€24,541,000
XS0270427163	€50,000,000	€31,900,000	€50,000,000	0

On 13 November 2012 the Bank offered, and on 20 December 2012 successfully concluded the partial redemption/conversion of the hybrid instruments. Prior to partial redemption/conversion of the hybrid instruments the Bank was given a conditional consent by the Bank of Slovenia. The condition for full consent was maintaining or improving the amount and quality of capital which was met by the Bank through the sale of its shareholding in Zavarovalnica Maribor.

Ratings

Moody's Investors Service downgraded Nova KBM's long-term deposit rating to Caa2 from B3, with a negative outlook. The junior subordinate ratings were downgraded to C(hyb) from Caa3(hyb). Nova KBM's standalone E bank financial strength rating (BFSR) has been affirmed. Moody's also lowered the bank's baseline credit assessment (BCA) to caa3 from caa1 within E standalone BSFR.

Restructuring programme

The hybrid loan facility of €100 million, which was provided to the Bank in December 2012 by the Republic of Slovenia, is regarded as state aid. The loan was approved in accordance with the EU state aid rules under which the Republic of Slovenia was bound to submit to the European Commission a restructuring plan of the Nova KBM Group. The plan was submitted on 21 March 2013 and by the date of this Prospectus the European Commission has not yet approved it.

The last audited financial statements of the Issuer are dated 31 December 2012. After the release of the latest audited financial statements the business options of the Issuer did not substantially deteriorate.

17.2 Trends that are reasonably likely to have a material effect on the Issuer's prospects

Macroeconomic environment

The Nova KBM Group's financial performance depends to a large extent on the macroeconomic environment in which it operates. A substantial part of its operations is in Slovenia, and its financial position and results of operations are largely dependent on the general economic and political conditions in the country and its main trading partners, including the economic growth and inflation rates and interest rate fluctuation.

Slovenia is member of both the European Union and the euro area, and had a population slightly exceeding 2 million as at 31 December 2011. Slovenia is the most economically developed country in

the Central Europe, with a per capita GDP of €17,244 in the year ended 31 December 2012 outranking Poland, Hungary, the Czech Republic, Slovakia, Romania and Bulgaria according to Eurostat. Per capita GDP for the year ended 31 December 2011 amounted to €17,620 in Slovenia.

Slovenia's economic activity was strong until the first half of 2008, and Slovenia's economy enjoyed a favourable GDP growth.

In the second half of 2008, the global economy entered the most severe downturn in the last 80 years, with the financial services sector being hit particularly hard. A shortage of liquidity, lack of funding, the pressure on capital and extreme price volatility across a wide range of asset classes put the financial institutions under a considerable pressure. Many developed economies entered into recession and growth slowed in many emerging economies, with serious adverse consequences for asset values, employment, consumer confidence and levels of economic activity.

The global economic slowdown severely impacted Slovenia's economy in the period 2009-2012. Its economic growth was negative at -8.1 per cent, 1.4 per cent., -0.2 per cent and -2.3 per cent. in the years from 2009 to 2012. International institutions and IMAD forecast Slovenia's economic growth to be negative also in 2013, ranging from -0.7 per cent. to -2.1 per cent. See section 12.1, "Overview of operations – Overview of Slovenia's economy". The trend should reverse and become positive only in 2014, with the economic growth rate ranging between 0.8 per cent. and 1.0 per cent.. According to the European Commission, the European Union economy should grow at 0.4 per cent. in 2013 and at 1.6 per cent. in 2014.

The main macroeconomic threats that could adversely affect the performance of the Nova KBM Group are rising prices and financial market uncertainties resulting from the continuing global financial crisis.

Inflation

The annual inflation rate at the end of 2012 was 2.6 per cent., compared with 1.8 per cent. at the end of 2011 and 1.9 per cent. at the end of 2010. Based on ECB forecasts, the rate of inflation in the euro area and in Slovenia is expected to remain modest in 2013.

Interest rates, allocation of funds and costs of funding

Net interest income has historically been the most significant component of the Nova KBM Group's profits. It depends on the amount of interest-earning assets and interest-bearing liabilities, the difference between the rate of interest on the first and the latter, and the portion of interest-earning assets financed by non-interest bearing liabilities and equity.

Before the onset of the financial crisis, due to the growth of Slovenia's economy and the resulting growing demand for funding from both corporate and retail customers, the Nova KBM Group's loan portfolio increased. The declining economic growth rate in the period 2009-2012 weakened the demand for funding coming from various sectors. The deteriorating loan portfolio quality and risk profile of (corporate) customers, as well as the declining capital adequacy ratios forced the Nova KBM Group to reduce loans to non-bank customers. Said trend was particularly pronounced in 2012, when loans to non-bank customers dropped by 11.6 per cent. The average interest rate on the Nova KBM Group's loans was 5.0 per cent., 5.1 per cent., 5.4 per cent. and 4.6 per cent. respectively in 2009, 2010, 2011 and 2012.

The Nova KBM Group could increase its net interest income, provided it does not increase the cost of its interest-bearing liabilities to the same extent as the yield on its interest-earning assets. The Nova KBM Group's primary interest-bearing liabilities are customer deposits. In view of the higher costs of financing on capital markets (due to Slovenia's and the Bank's lower credit ratings) and insufficient liquidity available in Slovenia during the crisis, the Group tried to increase deposits by offering higher interest rates (the same trend was observable with other banks in Slovenia), which put pressure on its net interest margin. The Nova KBM Group's net interest margin decreased from 2.6 per cent. in 2008 to 2.3 per cent. in 2011. Interest margin calculated based on average total assets was 1.9 per cent. in 2012.

When repaying its liabilities to foreign creditors in 2011 and 2012, the Group mainly sought fresh financing with the ECB, which increased its refinancing operations and offered longer-term (3-year) financing to the European banks. Its exposure to the ECB increased from €130 million as at year-end 2010 to €485 million as at year-end 2012.

Interest rates offered on deposits stabilised in 2011, mainly thanks to the activities undertaken by the ECB, which introduced longer-term (3-year) refinancing operations. However, due to the continuing

trend of debt repayment to foreign creditors and the resulting increased competition for household deposits, deposit interest rates offered by the Group and by the banking sector as a whole increased significantly in 2012.

The Nova KBM Group expects to continue to rely on customer deposits as its major source of funding, whilst also diversifying its sources of funding by utilising ECB and other sources to fund its lending activities. The key interest rate Euribor (currently at 0.75 per cent.) should remain unchanged until the end of 2013.

Non-performing loans

The Nova KBM Group's volume of NPLs (as was the case with other Slovenian banks) increased significantly in the period 2009-2012, mainly due to the deterioration in loan portfolio quality after the onset of the economic crisis in the fourth quarter of 2008. Gross NPLs increased from 3.5 per cent. of gross loans in 2008 to 7.4 per cent. in 2009, 12.1 per cent. in 2010, 15.1 per cent in 2011 and 22.2 per cent. in 2012. The construction, manufacturing and financial intermediation sectors accounted for the largest portion of the Nova KBM Group's gross NPLs as at 31 December 2012. See section 6.3, "Risk management – Non-performing loans".

Restructuring

In 2010, the Nova KBM Group incurred certain one-off costs associated with its acquisition and reorganisation of Credi banka, including the costs of termination of employment of certain employees. In 2011, the Group incurred certain one-off costs associated with the increase in share capital and admission to trading on the Warsaw Stock Exchange. In 2012, the Group incurred certain one-off costs associated with the sale of Zavarovalnica Maribor d.d., the buyback / exchange of hybrid bonds and the raising of a hybrid loan.

Fluctuations in the value of securities

The value of the Nova KBM Group's securities portfolio has fluctuated in the past and will fluctuate in the future, which may have a direct impact on the results of its operations and the structure of its balance sheet.

Banking regulations

Slovenia's banking sector is highly regulated. Slovenian banks must comply with the Basel II requirements since 1 January 2008. They will also have to comply with the Basel III requirements agreed in the period 2010-2011 and becoming applicable in the period 2013-2018. Under the regulations of the European Banking Authority (EBA), Nova KBM is considered a systematically important bank and must, as such, comply with capital adequacy requirements.

18. PROFIT FORECAST OR ESTIMATES

This Prospectus does not include profit forecasts or estimates.

19. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

19.1 Management

Nova KBM is governed by two bodies, the Supervisory Board and the Management Board.

Supervisory Board

The Supervisory Board is responsible for supervising the Management Board and is elected at the Bank's General Meeting of shareholders. The members have to meet certain criteria set out in the Slovenian banking regulations. The duties of the Supervisory Board include the approval of Nova KBM's and the Nova KBM Group's business policies and financial plans, as well as the approval of certain major transactions, such as (i) new issues of securities by Nova KBM exceeding €30 million; (ii) transactions involving acquisition or disposal of equity interests in companies and other legal entities with a book value exceeding €550,000; (iii) transactions involving acquisition or disposal of equities for the purpose of portfolio investments which exceed 5% of Nova KBM's capital; (iv) raising loans and assuming other obligations exceeding 25 per cent. of Nova KBM's capital; (v) writing off of claims exceeding €1 million; and (vi) transactions causing the Nova KBM's exposure to a client to reach or exceed 10 per cent. of Nova KBM capital, or to increase to reach or exceed 15 per cent. and then each next 5 per cent. The Supervisory Board meets at least quarterly.

As at 30 September 2012, the Supervisory Board consisted of nine members. At the Bank's General Meeting of shareholders held on 8 June 2012, the Supervisory Board with a new term of office was appointed. On 21 November 2012, Dušanka Jurenec resigned as member, so that as at the date of this Prospectus, the Supervisory Board had the following composition:

Name	Age	Position
Dr. Peter Kukovica	47	Supervisory Board Member – Chairman
Dr. Niko Samec	47	Supervisory Board Member
Dr. Egon Žižmond	63	Supervisory Board Member
Mr. Keith C. Miles	72	Supervisory Board Member
Mr. Miha Glavič	42	Supervisory Board Member
Mag. Peter Kavčič	44	Supervisory Board Member
Dr. Andrej Fatur	39	Supervisory Board Member
Ms. Karmen Dvorjak	46	Supervisory Board Member

Dr. Peter Kukovica, holding a PhD in management and organisation, is chairman of the Supervisory Board. Before this, he was also management board member and president at Iskra MIS d.d., and director at Tevis, a HR agency.

Keith Charles Miles is a fellow of the Institute of Chartered Accountants in England and Wales, and gives lectures on the topics of finance, economy, management and sales. He was director of many British public limited companies, and employed at various financial institutions, among them Grindlays Bank Group and Datnow Group. He is citizen of the Republic of Slovenia and Great Britain, and president of the British-Slovene Society.

Dr. Egon Žižmond, holding a PhD in economics, is full professor at the University of Primorska and head of the academic unit for economics at the Faculty of Management Koper. Before this, he was also dean of the Faculty of Management Koper, dean of the College of Management in Koper and full professor at the University of Maribor. He was member of the Bank's Supervisory Board also in the period 2008-2009.

Mag. Peter Kavčič, holding a master's degree in business sciences, is director and advisor at Consult, strateško poslovno sodelovanje. He is also procurator at Vizualne komunikacije comTEC and member of a research group in the company.

Karmen Dvorjak, holding a university degree in economics, is management board president at Polzela d.d. Before this, she was also director of economics at Livar, d.d., director of accounting, finance and controlling at Steklarna Rogaška Slatina and director at Steklarski Hram.

Dr. Niko Samec, holding a PhD in mechanical engineering, is dean of the Faculty of Mechanical Engineering and head of Laboratory for Combustion and Environmental Engineering.

Miha Glavič, holding a university degree in civil engineering, is employed as deputy director at Javni medobčinski stanovanjski sklad Maribor (Public Intermunicipal Housing Fund Maribor). Before this, he was also employed as health and safety at work inspector at the Labour Inspectorate of the Republic of Slovenia.

Dr. Andrej Fatur, holding a PhD in law, is an attorney specialised in business law. He is president of the Public Finance Institute, and before this he was also legal adviser at the Bank of Slovenia.

All members of the Nova KBM's Supervisory Board are independent of both the Nova KBM Group and other management bodies and committees.

There are no conflicts of interest between any duties to the Issuer, of members of the Supervisory Board, and their private interests and/or other duties.

The business address of Supervisory Board members is Nova Kreditna banka Maribor d.d., Ulica Vita Kraigherja 4, SI - 2505 Maribor, Slovenia.

Management Board

The Nova KBM's Management Board comprises two members, with one of them being the president. The Management Board is responsible for the daily running and management of the Bank's ordinary business. Its members are authorised to represent Nova KBM in relations with third parties. The Management Board is appointed by the Supervisory Board. The Management Board meets at least once a week when it might be joined by any invited internal experts and external stakeholders.

As at the date of this Prospectus, the Management Board had the following composition:

Name	Age	Position
Mr. Aleš Hauc	49	Management Board President
Mr. Igor Žibrik	45	Management Board Member

Mr. Aleš Hauc, President of the Management Board, holds a university degree in economics. He started his term of office on 24 April 2012. Before this, he was general manager of Pošta Slovenije d.o.o. (2005-2012) and manager of the Banka Koper branch office in Maribor. Until 2005, Mr. Hauc held various management and advisory functions in banks and other institutions. He holds a certified auditor licence from the Slovenian Institute of Auditors, and a licence to perform appraisals of machinery and equipment according to the ASA method.

Mr Igor Žibrik, Member of the Management Board, was born in Šempeter pri Gorici. He finished his undergraduate studies at the Faculty of Economics and Business in Maribor, and his postgraduate studies at the University of California in Santa Cruz. Mr. Žibrik has 18 years of experience in banking both locally and internationally. Before joining Nova KBM, he was management board member at NLB Prishtina, responsible for risk management, he worked in Vienna and Prague at Creditanstalt AG and HVB Bank Austria, and was responsible for corporate banking at the Raiffeisen bank.

The table below shows past and current functions held by the Issuer's Management Board members in the past five years:

Name	Positions held
Mr. Aleš Hauc	<p><i>Current directorships:</i></p> <p>Zavarovalnica Maribor d.d. – Chairman of Supervisory Board (since 2012)</p> <p>Združenje bank Slovenije – Member of Supervisory Board (since 2012)</p> <p>Poštna banka Slovenije – Member of Supervisory Board (since 2008)</p> <p>Adria Bank AG – Member of Supervisory Board (since 2012)</p> <p>KBM Infond, d.z.u., d.o.o. – Member of Supervisory Board (since 2012)</p> <p><i>Past directorships:</i></p> <p>Pošta Slovenije d.o.o. – General Manager (for more than five years before 2012)</p>
Mr. Igor Žibrik	<p><i>Current directorships:</i></p> <p>Poštna banka Slovenije – Member of Supervisory Board (since 2012)</p> <p>Adria Bank AG – Chairman of Supervisory Board (since 2012)</p> <p>Credy banka A.D. – Chairman of Supervisory Board (since 2012)</p> <p>KBM Projekt d.o.o. – Chairman of Supervisory Board (since 2012)</p> <p>KBM Infond, d.z.u., d.o.o. – Member of Supervisory Board (since 2012)</p> <p><i>Past directorships:</i></p> <p>NLB Prishtina d.d. – Member of Management Board (since 2008)</p>

There are no conflicts of interest between any duties to the Issuer, of members of the Management Board, and their private interests and/or other duties.

Senior Management

Members of the Nova KBM's senior management team are the following:

Name	Age	Position
Mr. Aleš Hauc	49	President of the Management Board
Mr. Igor Žibrik	45	Member of the Management Board
Mag. Peter Kupljen	39	Executive Director, Risk Management, Accounting and Controlling
Mag. Vlasta Brečko	53	Executive Director, Support to Commercial Activities and Electronic Banking
Mr. Anton Guzej	61	Executive Director, Corporate Banking
Mag. Nataša Fesel	40	Executive Director, Organisation and Support
Ms. Ksenija Mrevlje	61	Executive Director, Nova Gorica
Mr. Simon Hvalec	45	Executive Director, Slovenia – East
Mr. Aleksander Batič	52	Executive Director, Slovenia – Centre
Mr. Uroš Lorenčič	34	Executive director, Nova KBM Group

For information on Aleš Hauc and Andrej Žibrik, see “*Management Board*” above.

Mr. Peter Kupljen was appointed executive director of the Risk Management, Accounting and Controlling Division in November 2010. He joined Nova KBM in 1999 as an FX dealer trainee. In 2001, he became head of the Dealing Room Department, and in 2005, he became head of the Risk Management Sector. Mr. Kupljen obtained a bachelor's and a master's degree in economics from the University of Maribor (in 1998 and 2001 respectively). In 2007, he obtained the financial risk manager (FRM) certificate.

Ms. Vlasta Brečko was appointed executive director of the Support to Commercial Activities and Electronic Banking Division in March 2001. She joined Nova KBM in 1992 as head of Auditing, and was, from 1998 to February 2011, assistant executive director of the Support to Commercial Activities Division. Ms. Brečko obtained a bachelor's degree in economics and a master's degree in economics

and business sciences from the University of Maribor (in 1990 and 2000 respectively), and is also a certified auditor.

Mr. Anton Guzej was appointed executive director of the Corporate Banking Division in 2012. Before joining Nova KBM, he was management advisor at Pošta Slovenije. Before that, he held senior positions at Toper Celje, TOZD Aero Celje, Merx Bank, Krekova banka, d.d., Avto Celje d.d. and RTV Slovenija. Mr. Guzej obtained a bachelor's degree in economics from the University of Ljubljana in 1978.

Ms. Nataša Fesel was appointed executive director of the Organisation and Support Services Division in 2011. She started her career at Nova KBM. Ms. Fesel received her bachelor's and master's degree in economics from the University of Maribor.

Ms. Ksenija Mrevlje was appointed executive director of the Nova Gorica Division in July 1999. She joined Komercialna banka Nova Gorica, which was later merged into Nova KBM, in January 1993 as head of the Investments and Assets Department, and has subsequently held various management and executive positions. Ms. Mrevlje obtained a bachelor's degree in economics from the University of Ljubljana in 1976.

Mr. Simon Hvalec was appointed executive director of the Slovenia – East Division in 2006. He joined Nova KBM in 2001 as branch director and served in this role until 2006. Prior to joining Nova KBM, Mr. Hvalec worked at Terme Maribor d.d. (1995-1998). He obtained a bachelor's degree in economics from the University of Maribor in 1992.

Mr. Aleksander Batič was appointed executive director of the Slovenia – Centre Division in 2001. He joined Nova KBM in 1998 as head of the Ljubljana Branch. Prior to joining Nova KBM, Mr. Batič was head of the Investment Sector at SIB d.d. and advisor at the Ministries of Economy and of Finance. He obtained a bachelor's degree in engineering from the University of Ljubljana in 1985.

Mr. Uroš Lorenčič was appointed executive director of the Nova KBM Group Division in January 2013. He is a university graduate economist. He was employed at the Raiffeisen bank from 2004 to 2008, in the investment banking department, where he, as licensed broker, performed various tasks in the area of capital markets and securities trading. From 2008 to 2009 he was employed at Pozavarovalnica Sava as financial expert, responsible for the investment fund management companies within the Sava Re Group. From 2009, he was representative for Kosovo, first as deputy general manager and from 2011 as general manager in a subsidiary.

There are no conflicts of interest between any duties to the Issuer, of members of the senior management team, and their private interests and/or other duties.

19.2 Conflict of Interest Statement

See statements under section 19.1.

19.3 Statement on proceedings against members of administrative, management and supervisory bodies and senior management

As at the date of this Prospectus, except for as stated below, none of the Nova KBM's employees or members of the Management or Supervisory Boards or senior management, for at least in the previous five years:

- has had any convictions in relation to fraudulent offences;
- has acted in the capacity of a member of the administrative, management or supervisory bodies or of the management with any company undergoing bankruptcy, receivership or liquidation;
- has been subject to any official public incrimination and/or sanction by statutory or regulatory authorities (including designated professional bodies), nor has ever been disqualified by a court from acting as member of the administrative, management or supervisory bodies or from acting in the management or conducting the affairs of any company.

20 REMUNERATION AND BENEFITS

20.1 Remuneration and benefits paid to members of administrative, management and supervisory bodies and senior management

Remuneration paid to the members of the Nova KBM's Supervisory Board for the year 2012, for the period from 1 January to 31 December, was €210,080.24. It included €185,779.20 of attendance fees, €16,110.32 of reimbursements and €8,190.72 of participation fees.

Remuneration paid to the members of the Nova KBM's Management Board for the year 2012, for the period from 1 January to 31 December, was €237,817.91 (including €235,783.08 of salaries and €2,034.83 of vacation bonus), while benefits in kind were €18,550.70 (including €13,268.98 of bonuses and €5,281.72 of premiums for supplementary pension insurance). All members of the Management Board are entitled to a severance payment equivalent to 6 times their base salary.

Remuneration, including salaries and bonuses, paid to the members of the Nova KBM's senior management team for the year 2012, for the period from 1 January to 31 December, was €679,409.61, while benefits in kind were €40,933.28.

As at year-end 2012, members of the Supervisory and Management Boards and of the senior management team of Nova KBM owned 2,428 shares of the Bank.

20.2 Loans to members of administrative, management and supervisory bodies and senior management

Total loans to members of the Nova KBM's Supervisory Board amounted to €58,000.00 as at 31 December 2012.

Total loans to members of the Nova KBM's Management Board and its senior management team amounted to €310,337.01 as at 31 December 2012.

21. ORGANISATIONAL PRACTICE

21.1 Corporate Governance Code

Nova KBM is required to comply with the Slovenian banking laws and regulations, which, since 1 January 2007, include certain corporate governance requirements, including the formation of an audit committee. In addition, the Slovenian Corporate Governance Code, which was adopted in December 2009 by LJSE, the Slovenian Supervisory Board Members' Association and the Managers' Association of Slovenia, incorporates rules and principles from the relevant Slovenian legislation and EU directives and recommendations, business conduct principles and internal acts of LJSE, the Slovenian Supervisory Board Members' Association and the Managers' Association of Slovenia, and international best practices. In accordance with a joint statement issued by the Nova KBM's Management and Supervisory Boards, Nova KBM was in compliance with the provisions of the Slovenian Corporate Governance Code for the year ended 31 December 2012.

As the shares of the Bank are admitted to trading on WSE, the Bank complies with the Code of Best Practices for WSE Listed Companies ("WSE Corporate Governance Code"), on the basis of the "comply or explain" principle. In the annual report, the Bank shall disclose any instances of non-compliance with the WSE Corporate Governance Code, together with a justification and a summary.

Nova KBM does not comply with the following rules and recommendations:

- Recommendation I.1 regarding the composition of its website. Nova KBM already has an "Investors" section on its website, which is compliant with the Slovenian market standards. Nova KBM does not intend to webcast or record its General Meetings, or to publish such recordings on its website.
- Rule II.1.9a regarding the publication of General Meeting minutes in the audio and video technique. Nova KBM does not intend to publish said minutes in the audio and video technique as they are prepared in the form of notary's minutes and as such published on the Bank's website.
- Rule IV.6 regarding the period between the date of setting the right to dividend and the date of dividend payment. Nova KBM has usually paid out dividends within a longer period of time after the date of setting the right to dividend than is the 15-day period set out in the WSE Corporate Governance Code.
- Rule IV.10 regarding General Meeting webcasting or electronic voting. Nova KBM does not intend to webcast its General Meetings or to enable electronic voting in the foreseeable future.

Nova KBM does not comply also with the following rules due to the Slovenian regulations:

- Rule II.1.7 regarding the publication of shareholder's questions about the General Meeting agenda on its website. Nova KBM will not comply with this rule as shareholders are not entitled to submit such questions under Slovenian law.
- Rule IV.2 regarding amendments to the rules applying to General Meetings. Such rules are not mandatory under Slovenian law and Nova KBM does not have such rules.
- Rule IV.7 regarding conditional dividend payment. Conditional dividend payment is not allowed under Slovenian law.

21.2 Supervisory Board Committees

In accordance with the provisions of the Companies Act (ZGD-1) and Banking Act (ZBan-1), the Bank had an audit committee and a remuneration and nomination committee as at 31 December 2012.

Other important committees

Credit Committee

The Credit Committee is responsible for the management of credit and large exposure risks to which the Bank is exposed in transactions with legal persons. Members of the Credit Committee as at the date of this Prospectus were: Anton Guzej (President), Simon Hvalec, Aleksander Batič, Irena Lah, Director of the Economic and Investment Analysis Sector, Ksenija Mrevlje and Peter Kupljen. Deputy members were Peter Budin and Valentino Mendek. The Credit Committee meets once a week.

Liquidity Committee

The Liquidity Committee monitors and ensures short-term liquidity. Members of the Liquidity Committee as at the date of this Prospectus were: Valerija Piliš Grah (President), Aleš Hauc, Igor Žibrik, Anton Guzej, Simon Hvalec, Ksenija Mrevlje, Peter Kupljen and Vlasta Brečko. Deputy members were: Sandra Vincekovič, Marjetka Šušterič, Valentino Mendek, Ksenija Dougan and Peter Budin. The Liquidity Committee meets daily.

Assets and Liabilities Committee (ALCO)

ALCO reviews and monitors the structure of balance sheet, capital adequacy, interest rate risks, structural liquidity, market risks, currency risks, profitability and performance of profit centres, financial plans, aggregate credit risks, regulatory requirements, tax aspects of operations and other risks associated with new products. Members of ALCO as at the date of this Prospectus were: Aleš Hauc (President), Igor Žibrik (Deputy President), Valerija Piliš Grah, Marjetka Šušterič, Tatjana Skaza, Director of the Accounting Sector, and Peter Kupljen, Executive Ddirector of the Risk Management, Accounting and Controlling Division. ALCO meets once a month.

Classification Committee

The Classification Committee is responsible for the review and approval of changes in the classification of clients. Members of the Classification Committee as at the date of this Prospectus were: Peter Kupljen (President), Marjetka Šušterič, Irena Lah, Ksenija Mrevlje, Irena Komel, Director of the Controlling Sector. The Classification Committee meets once a month.

Policy Adoption Committee

The Policy Adoption Committee is responsible for adopting business policies and strategies and for solving any open issues in this regard, for methodologies for the calculation of economic capital adequacy, risks and assessments matrices and risk profile, and for the assessment of economic capital required by the Bank to cover the risks for which the Bank does not calculate internal capital adequacy. Members of the Policy Adoption Committee as at the date of this Prospectus were: Aleš Hauc (President), Igor Žibrik (Deputy President), Simon Hvalec, Ksenija Mrevlje, Aleksander Batič, Anton Guzej, Vlasta Brečko, Nataša Fesel, Nataša Zihlerl, Marko Tišma, Alenka Erker Lozinšek, Miha Šlamberger, Matjaž Likar, Vesna Rožanc, Boža Korbar, Marjetka Šušterič, Irena Komel and Peter Kupljen.

22. EMPLOYEES

As at year-end 2012, the Nova KBM Group had 2,027 employees. The table below shows the number of employees in each Group company as at 31 December 2010, 2011 and 2012.

	2010	% of total	2011	% of total	2012	% of total
Nova KBM	1,393	46	1,346	45.00	1,280	63.15
PBS	233	7.7	234	7.82	236	11.64
ZM	874	28.9	875	29.25	/	/
Other subsidiaries and associates and joint ventures	525	17.4	536	17.92	511	25.21
Total.....	3,025	100	2,991	100	2,027	100

As at 31 December 2012, there were 1,280 employees at Nova KBM on a stand-alone basis, as compared to 1,346 employees as at 31 December 2011. The decrease in the number of employees in 2012 and previous years was mainly due to retirements and business process streamlining.

The Nova KBM's general remuneration policy is to ensure that remuneration remains compliant with the applicable regulations and internal acts, as well as labour market conditions in order to motivate, encourage loyalty and prevent disruptive turnover. Salaries are typically reviewed annually and adjusted for inflation in accordance with the applicable collective agreements and agreements with the relevant trade union. Salaries have a fixed portion with supplements, which in 2012 represented 92 per cent. of the payroll mass, and a variable portion, which represented the remaining 7 per cent. The variable portion depends on an employee's performance and is usually paid out monthly. There is also a variable portion depending on the overall Bank's performance, which is paid out quarterly or at year-end. It was not paid out in 2012.

Nova KBM involves its employees at all levels in internal and external training programmes. In 2012, it invested €154 thousand in employee training and education or €121 per person. On average, 11 employees participated in training each day, which translates into 10.5 hours per employee on average. The Bank tries to offer training to as many employees as possible (2012: 72 per cent.). The majority participate in internal training sessions tailor-made to suit the specific needs of various target groups. In addition to the banking-specific training, the Bank also develops its employees' management and sales skills, and ensures knowledge transfer across the Group. Important are also external training and formal education programmes.

As at year-end 2012, more than half (61 per cent.) of the Nova KBM employees participated in the voluntary supplementary pension insurance scheme offered by Moja naložba d.d., an associated pension company with which the Bank signed a pension plan accession agreement. Premiums for the voluntary supplementary pension insurance paid by Nova KBM for its employees in 2012 were 5.844 per cent. of an employee's gross monthly salary or €50 per month at maximum.

Just over 55 per cent. of Nova KBM's employees are members of the Nova KBM union alliance (*Koordinacija sindikatov Nove KBM*), which comprises two geographically independent unions, one in the Maribor region and one in the Nova Gorica region. To date, Nova KBM has not experienced any strikes, work stoppages, labour disputes or actions that would have a material effect on its operations.

The table below shows the Nova KBM Group employees by lines of business as at 31 December 2012.

Line of business	Share (%)
Banking	95.07
Leasing, real estate, other.....	2.42
Fund management and pension savings	2.52

The table below shows the required education of Nova KBM employees as at 31 December 2012.

Education	Share (%)
Level V or below	41.17
Level VI	17.19
Level VII	41.64

Number of shares held by members of the management board, supervisory board and senior management as at 31 December 2012

	No of shares	% of shareholdng
Keith Charles Miles	24	0.000061
Guzej Anton	440	0.001125
Brečko Vlasta	300	0.000767
Hvalec Simon	700	0.001789
Mrevlje Ksenija	337	0.000861
Kupljen Peter	280	0.000716
Fesel Nataša	87	0.000222
Batič Aleksander	260	0.000665
Lorenčič Uroš	737	0.001884

23. MAJOR SHAREHOLDERS

23.1 Shareholders with notifiable interests or voting rights

The table below shows certain information regarding the ownership of Nova KBM ordinary shares as at 31 December 2012.

Shareholder	Number of ordinary shares	% held
Republic of Slovenia	10,822,805	27.66
KDPW – fiduciary account	4,074,595	9.00
Pošta Slovenije d.o.o.	2,599,192	6.64
GEN d.o.o.	2,500,000	6.39
Kapitalska družba d.d.	1,875,920	4.79
Slovenska odškodninska družba d.d. (Slovenian Restitution Fund)	1,250,614	3.20
ELES	937,500	2.40
NFD I, equity sub-fund.....	935,833	2.39
East Capital Balkan Fund	925,067	2.36
Salink Limited	476,550	1.22

23.2 Major shareholders with different voting rights

Major shareholders of Nova KBM do not have any different voting rights than other shareholders, and all Nova KBM shares carry the same rights.

23.3 Direct or indirect control or ownership of the Issuer

Except for the persons listed in section 23.1, Nova KBM is not aware of any persons that could have a direct or indirect interest in its capital or voting rights, that should be disclosed in accordance with the Market in Financial Instruments Act and/or the Banking Act. Prior to the offering under this Prospectus, the Republic of Slovenia, together with affiliated persons, exercised control over Nova KBM. They will retain said control also after the offering under this Prospectus, provided they subscribe for all shares offered to them as existing shareholders.

23.4 Arrangements the operation of which could at a subsequent date change the control of the Issuer

Nova KBM is not aware of any arrangements that could at a subsequent date result in a change in control of Nova KBM.

24. RELATED PARTY TRANSACTIONS

In the ordinary course of its business, the Nova KBM Group regularly enters into transactions with the Bank of Slovenia, the Republic of Slovenia and its affiliated entities, members of the Supervisory and Management Boards and employees of Nova KBM, as well as with members of the supervisory and management boards and employees of Nova KBM Group subsidiaries. All transactions involving related parties have arisen in the normal course of its business and have been conducted at an arm's length, at normal commercial rates and on the same terms and conditions as third-party transactions using valuations models, as appropriate. The Nova KBM Group believes that these transactions will continue in the foreseeable future. For more information on transactions and balances with related parties see note 54 to the financial statements for the years ended 31 December 2011 and 2012, which are included in the 2012 annual report of the Nova KBM Group and Nova KBM d.d., and published on the Bank's website.

25. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

25.1 Historical financial information

The Issuer's financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union.

Critical accounting policies applied in the preparation of the financial statements are explained in greater detail in the annual reports of the Nova KBM Group for the years 2010, 2011 and 2012 available at the Issuer's registered office and website (<http://www.nkbm.si/investors>).

25.2 Interim financial information

Not applicable.

25.3 Financial reports

See the index of financial statements on page F-1 and financial statements following the index.

25.4 Auditing of historical annual financial information

Historical annual financial information was audited by Ernst & Young d.o.o. (the years 2010 and 2011) and Deloitte revizija d.o.o. (the year 2012).

Auditors' reports are included in the annual reports of the Nova KBM Group for the years 2010, 2011 and 2012 available at the Issuer's registered office and website (<http://www.nkbm.si/investors>).

25.5 Dividend policy

The appropriation of accumulated profit for a financial year is decided at the General Meeting. By means of a resolution, shareholders can appropriate all or part of the accumulated profit for all or some of the following purposes:

- distribution to shareholders;
- creation of other reserves; and
- participation in profit by the members of the Management and Supervisory Boards or employees.

By means of a resolution, shareholders may also decide not to appropriate any accumulated profit but to carry it forward to the next financial year.

After admission of the KBMR share to trading on the Ljubljana Stock Exchange, Nova KBM has followed the policy of distributing at least 35 per cent. of net profit, despite the difficult business conditions. Its dividend policy reflects the shareholders' expectation and ensures capital adequacy of the Bank and its Group. The Bank expected higher dividends to make its shares more attractive, which in turn should have had a positive effect on the stability of its ownership structure. Such higher dividends did not affect the Bank's development plans and financial stability. In the period 1993-2010, the Bank posted a real net profit (considering the growth in consumer prices) each year, which was on average above €20 million. In the period 2011-2013, the Bank posted a loss, but plans to again post a profit from continuing operations in the years to follow.

The Bank will not change its dividend policy. The Bank's dividend policy provides for an annual payment of dividends amounting to 35% of net profit for the current year, provided the Bank posts a balance sheet profit that year and does not endanger by doing so its own or its Group's capital adequacy.

25.6 Legal proceedings

Nova KBM is being sued by Infond Holding d.d. – v stečaju for the annulment of transactions pursuant to which Nova KBM seized shares of Mercator d.d. and Pivovarna Laško d.d., pledged with it as collateral under various loan agreements, and consequently for the return of said shares to the estate of the now bankrupt company. The value of collateral is approximately €10 million. It is not disputed that Infond Holding d.d. defaulted on its loans and that collateral was validly granted. However, should the company succeed in the lawsuit, Nova KBM might not be able to recover the full value of loans granted to it,

The company Študentski servis Maribor d.o.o. filed a lawsuit against Nova KBM for a compensation of €3.0 million. Nova KBM set off its claim against the plaintiff with a deposit of the plaintiff placed with Nova KBM. The plaintiff claims that Nova KBM had no claim against it and thus the conditions for the set-off were not met.

25.7 Significant change in the Issuer's financial or trading position

The financial and trading position, as well as the prospects of the Nova KBM Group have not changed significantly since 31 December 2012.

26. ADDITIONAL INFORMATION

26.1 Shareholders' equity

26.1.1 Share capital

As at the date of this Prospectus, share capital of Nova KBM was €140,814,313.08, consisting of 137,645,135 ordinary no par value registered shares with voting rights. All of Nova KBM's registered shares are fully paid up. The accountable par value of one KBMR ordinary share is €1.0230.

Nova KBM has only one class of shares and all shares rank *pari passu* in all respects. Each ordinary share entitles its holder to one vote at the Nova KBM's General Meeting.

26.1.2 Shares not representing capital

Shares not representing capital do not exist.

26.1.3 Treasury shares

Nova KBM does not hold its treasury shares.

26.1.4 Convertible securities

Nova KBM has not issued securities that would be convertible into Nova KBM shares.

26.1.5 Authorised capital

Under a resolution of the General Meeting of 8 June 2012, the Management Board is authorised to increase, one or several times, the Bank's share capital by up to €20,407,156.00 by issuing new shares for cash contributions within 5 years of entry of the relevant amendments to the Articles of Association in the court register.

26.1.6 Options

Nova KBM did not issue options for acquiring Nova KBM shares.

26.1.7 A history of share capital

The table below shows all changes in the Nova KBM's issued share capital between 1 January 2004 and 19 April 2013:

Date	Description	Change in the number of shares	Total number of shares	Share capital
18 April 2013	Share capital increase	Yes	137,646,239	€140,814,313.08
10 May 2011	Share capital increase	Yes	39,122,968	€40,814,313.08
29 October 2008	Share capital increase	Yes	26,081,979	€27,209,542.43
13 September 2007	Stock split	Yes	23,357,984	€24,367,785.01
18 January 2007	Conversion into Euro	No	2,919,748	€24,367,785.01
11 October 2004	Share capital increase	Yes	2,919,748	SIT5,839,496,000

Until 13 September 2007, Nova KBM had 2,919,748 ordinary registered shares outstanding, and share capital of €24,367,785.01. On 13 September 2007, an additional 20,438,236 ordinary no par value registered shares were entered in the central register kept by KDD based on a division of each share existing at that time into eight new shares pursuant to a General Meeting's resolution of 20 August 2007 to amend the Bank's Articles of Association and pursuant to registration of 28 August 2007 of said amendments with the Maribor District Court.

On 29 October 2008, the Maribor District Court registered an increase in the Bank's share capital of €2,841,757.42 (an additional 2,723,995 ordinary registered shares), based on the offering of shares in October 2008 (see section 25.1.5).

Share capital was increased again in 2011 to €40,814,313.08, and then early in April 2013 to €140,814,313.08. The last increase was made by converting the principal of a €100 million hybrid loan to share capital within the authorised capital institute.

26.2 Articles of Association

26.2.1 Issuer's objects and purposes

Nova KBM carries out financial services (banking services, certain mutually recognised financial services and additional financial services) and ancillary banking services. Nova KBM's Articles of Association summarise the definitions of mutually recognised financial services and additional financial services set out in the Slovenian Banking Act.

26.2.2 Provisions of Articles of Association with respect to the members of the Management and Supervisory Boards

The Articles of Association follow the applicable legislation regulating the composition of the Management Board, the appointment and recall of the Management Board members and their duties. The Articles of Association also follow the applicable legislation concerning the term of office and the conditions for membership in the Supervisory Board.

As a general rule, the Management Board's resolutions are adopted unanimously by the Management Board President and members. If a consensus cannot be reached, they are adopted by the majority of the votes cast, with the President's vote prevailing in the case of a tie. The Supervisory Board decides on all matters by a majority of the votes cast.

26.2.3 Description of the rights attaching to ordinary shares

Offer shares form part of a single class of shares of Nova KBM and rank *pari passu* in all respects with other ordinary shares of Nova KBM. The rights attaching to the ordinary shares are as follows:

- participation in the management of Nova KBM (each ordinary share entitles its holder to one vote at Nova KBM's General Meeting);
- participation in profit of Nova KBM (dividends); and
- participation in the pro-rata distribution of residual assets in case of bankruptcy or liquidation of Nova KBM.

Pursuant to applicable law, the existing shareholders also have the pre-emptive right to subscribe to new shares in case of a share capital increase, except if such right is excluded by at least a 75% majority of the votes present at the General Meeting.

26.2.4 Action necessary to change the rights of shareholders

The Articles of Association do not impose stricter requirements than required by law regarding action necessary to change the rights of shareholders.

26.2.5 Convening the General Meeting

The General Meeting is convened by the Management Board of Nova KBM. The General Meeting may also be convened by the Supervisory Board if the Management Board fails to convene the General Meeting in a timely manner, or if convening of the General Meeting is necessary to ensure continuous operations of Nova KBM. The General Meeting must be convened at a written request made to the Management Board by shareholders holding collectively 5% of share capital, stating the purpose and reasons.

The General Meeting must be convened in accordance with the law at least once a year. The General Meeting takes place at the registered office of Nova KBM or at a place specified in the notice of General Meeting. A shareholder may participate at the General Meeting and exercise his voting rights provided that he reports his participation at least three days in advance.

The General Meeting may address any or all of the following matters:

- adoption of the annual report;
- appropriation of the accumulated profit;
- appointment and removal of Supervisory Board members;
- discharge of Management and Supervisory Boards members;
- amendments to the Articles of Association;
- increase in or decrease of share capital;
- dissolution of Nova KBM and legal status changes;
- appointment of the auditor; and
- other matters, if so provided by the Articles of Association or the law.

The General Meeting may adopt decisions with an ordinary majority of the votes cast, unless a qualified majority is required by the Articles of Association or Slovenian law. Each no par value share carries one vote. The right to vote may also be exercised through a proxy. In order to be eligible to exercise the right to vote, the proxy must have a written power of attorney. The power of attorney remains deposited with Nova KBM.

26.2.6 Provisions of Articles of Association that would have an effect of delaying, deferring or preventing a change in control of the Issuer

The Articles of Association do not include provisions that would have an effect of delaying, deferring or preventing the change in control of the issuer.

26.2.7 Provisions of Articles of Association governing the ownership threshold above which shareholder ownership must be disclosed

The Articles of Association do not include provisions governing the ownership threshold above which shareholder ownership must be disclosed.

26.2.8 Provisions of Articles of Association regarding changes in capital if more stringent than is required by law

The Articles of Association do not include stricter provisions regarding changes in capital than required by law.

26.3 Reserves

Nova KBM creates the following types of reserves:

- capital reserves,
- statutory reserves,
- reserves for treasury shares,
- statutory reserves and
- other reserves.

The amount of statutory reserves is set out in Slovenian law and the Articles of Association. Generally, the required amount of statutory reserves, which are added to certain capital reserves, equals four times the amount of share capital.

Statutory reserves are created from net profit in an amount equal to eight times the amount of share capital. Statutory reserves may be used for the following purposes:

- creation of reserves for treasury shares;
- coverage of losses which cannot be covered from net profit, profit brought forward or other reserves; and

- increase in share capital.

Statutory reserves may also be used for any liabilities for damages caused by Nova KBM's operations, or other extraordinary expenditures if their total amount exceeds €500,000. In such cases, statutory reserves are released. Creation and use of statutory reserves is shown in the annual report for the financial year in which they were created or used.

If Nova KBM acquires treasury shares in a financial year, it must create reserves for treasury shares in the same year equal to the amount paid for said shares.

Other reserves created from net profit may be used for creating reserves for treasury shares, covering losses and increasing share capital. Other reserves created from accumulated profit may be used solely for these purposes, until they reach 2.7 times the Bank's share capital. Any other reserves in excess of this amount may be allocated to shareholders, employees and members of the Management and Supervisory Boards.

26.4 Notices to shareholders

Important notices related to Nova KBM or its shareholders are published on the AJPES portal or in the public media, on Nova KBM's website and in the public information system of LJSE (SeoNET), as well as within the ESPI or EBI systems in Poland.

26.5 Disclosure of significant interests

Each shareholder is required to inform Nova KBM and the Securities Market Agency if he/she reaches or exceeds the threshold set out in the Market in Financial Instruments Act, or if his/her shareholding falls below such threshold. As Nova KBM's shares are listed on WSE, each shareholder is required to inform Nova KBM and PFSA if he/she reaches or exceeds the threshold set out in the Polish Public Offerings Act, or if his/her shareholding falls below such threshold.

27. MATERIAL CONTRACTS

In the ordinary course of business, Nova KBM enters into a number of agreements, including sponsorship and donor agreements.

In 2004, Nova KBM entered into a 24-year agreement with PBS and Pošta Slovenije that gives it the exclusive right to offer certain banking services in post office locations. Furthermore, the contract enables Pošta Slovenije to conclude the agreed services in the name and for the account of Nova KBM. The contract stipulates exchange of information and documentation, settlement of payments for the services executed by Pošta, procedure for resolving claims by customers and security of data. In November 2010, three further simple banking services (express loans, deposits and opening transaction accounts) were added to the existing cash withdrawal and deposits services. The contract enables Pošta Slovenije to conclude previously agreed transactions in the name and for the account of Nova KBM. Nova KBM and Pošta Slovenije agreed to authorize post-office window employees of Pošta Slovenije to perform these services at all Pošta Slovenije post offices. Nova KBM pays PBS and Pošta Slovenije for the right to provide banking services at post offices and pays a fee for each transaction which amounts to approximately €0.5 million per year.

28. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

There are no statements or reports attributed to a person as an expert included in this Prospectus. There is also no information sourced from a third party included in this Prospectus.

29. INFORMATION ON INTERESTS

For information on subsidiaries and affiliates, see section 13 Organisational structure.

30. DOCUMENTS ON DISPLAY

Copies in Slovenian of the following documents may be inspected on the Nova KBM's website and at Nova KBM's offices during business hours on any weekday (excluding Saturdays, Sundays and public holidays) for 14 days from the date of this Prospectus:

- (i) Articles of Association of Nova KBM in effect on the date of this Prospectus and upon completion of the offering;
- (ii) consolidated financial statements of the Nova KBM Group for the years ended 31 December 2010 and 2011, audited by Ernst & Young d.o.o., together with the report of Ernst & Young d.o.o. contained therein, and consolidated financial statements of the Nova KBM Group for the year ended 31 December 2012, audited by Deloitte revizija d.o.o., together with the report of Deloitte revizija d.o.o. contained therein;
- (ii) separate financial statements of Nova KBM for the years ended 31 December 2010 and 2011, audited by Ernst & Young d.o.o., together with the report of Ernst & Young d.o.o. contained therein, and separate financial statements of Nova KBM for the year ended 31 December 2012, audited by Deloitte revizija d.o.o., together with the report of Deloitte revizija d.o.o. contained therein;
- (iii) annual reports of the Nova KBM Group for the years ended 31 December 2010, 2011 and 2012.

The Nova KBM Group prepares annual and interim consolidated financial statements in accordance with IFRS. Copies of its future annual audited consolidated financial statements required to be provided to shareholders will be available for inspection and may be obtained free of charge at Nova KBM's registered office at Nova Kreditna banka Maribor d.d., Ulica Vita Kraigherja 4, SI - 2000 Maribor, Slovenia

31. INDEX TO FINANCIAL STATEMENTS

Audited consolidated Financial Statements of the Nova KBM Group as at and for the years ended 31 December 2010, 2011 and 2012 have been prepared in accordance with International Financial Reporting Standards, issued by International Accounting Standards Board and endorsed by the EU (together »Financial Statements).

Audited Consolidated Financial Statements for the years ended 31 December 2010, 2011 and 2012

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS
OF AND FOR THE YEARS ENDED DECEMBER 31,
2012, 2011 AND 2010**

1 Consolidated Statement of Income – Nova KBM Group

€000

ITEM DESCRIPTION	Year ended 31.12.2010	Year ended 31.12.2011	Year ended 31.12.2012
Interest income and similar income	254,226	262,805	227,856
Interest expense and similar expense	(106,924)	(127,212)	(122,012)
Net interest income	147,302	135,593	105,844
Dividend income	1,731	2,956	2,572
Fee and commission income	104,059	98,432	94,185
Fee and commission expense	(40,977)	(42,004)	(35,385)
Net fee and commission income	63,082	56,428	58,800
Realised gains/(losses) on financial assets and liabilities not measured at fair value through profit or loss	1,386	(615)	25,972
Net gains/(losses) on financial assets and liabilities held for trading	(12,448)	3,682	(5,306)
Net gains/(losses) on financial assets and liabilities designated at fair value through profit or loss	(1,428)	(7,216)	2,656
Net exchange rate differences	15,148	484	736
Net gains/(losses) on derecognition of assets excluding non-current assets held for sale	(110)	563	15
Other net operating income	9,286	248	2,451
Administration costs	(113,418)	(108,455)	(104,059)
Depreciation and amortisation	(15,252)	(16,644)	(16,443)
Provisions	(3,225)	(16,939)	(9,072)
Impairment losses	(79,997)	(158,452)	(300,394)
Share of profits of associates and joint ventures accounted for using the equity method	5,661	185	144
Net gains/(losses) from non-current assets held for sale and liabilities associated therewith	283	287	(3,553)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	18,001	(107,895)	(239,637)
Income tax related to profit or loss from continuing operations	(6,588)	21,443	12,490
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	11,413	(86,452)	(227,147)
Total profit after tax from discontinued operations	0	5,330	21,450
NET PROFIT/(LOSS) FOR THE FINANCIAL YEAR	11,413	(81,122)	(205,697)
a) Attributable to owners of the parent	10,780	(82,440)	(205,589)
– continuing operations	10,780	(87,770)	(227,039)
– discontinued operations	0	5,330	21,450
b) Attributable to non-controlling interest	633	1,318	(108)
Basic (loss) per share (€)	0.41	(2.38)	(5.25)
Diluted (loss) per share (€)	0.41	(2.38)	(5.25)

2 Consolidated Statement of Other Comprehensive Income – Nova KBM Group

€000

ITEM DESCRIPTION	Year ended 31.12.2010	Year ended 31.12.2011	Year ended 31.12.2012
NET PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAX	11,413	(81,122)	(205,697)
OTHER COMPREHENSIVE INCOME/(LOSS) AFTER TAX	(3,123)	(19,647)	22,234
Foreign currency translation differences arising from consolidation	(1,098)	901	(2,474)
Translation gains/(losses) taken to equity	(1,098)	901	(2,274)
Transferred to profit	0	0	(200)
Available-for-sale financial assets	(2,257)	(22,455)	29,704
Valuation gains/(losses) taken to equity	(2,874)	(31,215)	18,909
Transferred to loss	617	8,760	10,795
Share of other recognised comprehensive income/(loss) of associates and joint ventures accounted for using the equity method	(26)	(107)	53
Discontinued operations	0	(3,150)	971
Income tax relating to components of other comprehensive income	258	5,164	(6,020)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE FINANCIAL YEAR AFTER TAX	8,290	(100,769)	(183,463)
a) Attributable to owners of the parent	7,818	(101,253)	(183,880)
b) Attributable to non-controlling interest	472	484	417

3 Consolidated Statement of Financial Position – Nova KBM Group

€000

ITEM DESCRIPTION	31.12.2010	31.12.2011	31.12.2012
Cash and balances with the central bank	140,398	147,373	223,882
Financial assets held for trading	3,148	8,741	1,572
Financial assets designated at fair value through profit or loss	16,705	38,475	34,563
Available-for-sale financial assets	878,006	699,603	589,413
Loans and advances	4,281,287	4,040,238	3,633,260
– loans and advances to banks	246,360	177,420	162,408
– loans and advances to customers	4,034,927	3,844,085	3,397,900
– other financial assets	0	18,733	72,952
Held-to-maturity financial assets	180,220	449,605	500,108
Non-current assets and disposal groups classified as held for sale and discontinued operations	1,371	6,405	2,282
Property, plant and equipment	92,699	94,376	86,765
Investment property	44,966	54,544	53,317
Intangible assets	32,481	33,451	37,485
Investments in the equity of associates and joint ventures accounted for using the equity method	41,719	47,539	3,090
Tax assets	14,279	34,031	41,317
– current tax assets	3,739	2,014	2,424
– deferred tax assets	10,540	32,017	38,893
Other assets	139,378	158,690	114,756
TOTAL ASSETS	5,866,657	5,813,071	5,321,810
Financial liabilities due to the central bank	130,149	415,478	485,149
Financial liabilities held for trading	6,112	2,486	1,658
Financial liabilities measured at amortised cost	5,215,538	4,901,890	4,528,517
– deposits from banks	168,546	154,660	107,077
– deposits from customers	3,712,304	3,760,483	3,612,206
– loans from banks	1,076,829	701,045	576,004
– loans from customers	348	156	6,472
– debt securities	65,472	48,973	88,592
– subordinated liabilities	192,039	187,923	98,069
– other financial liabilities	0	48,650	40,097
Financial liabilities associated to transferred assets	0	8,022	0
Provisions	22,620	38,252	46,630
Tax liabilities	6,023	0	0
- current tax liabilities	217	0	0
- deferred tax liabilities	5,806	0	0
Other liabilities	47,226	11,380	6,652
TOTAL LIABILITIES	5,427,668	5,377,508	5,068,606
Share capital	27,210	40,815	40,814
Share premium	78,314	165,775	165,775
Revaluation reserves	(5,542)	(25,096)	(1,149)
Translation reserves	(868)	(127)	(2,365)
Reserves from profit	297,010	300,726	289,741
Treasury shares	(1,412)	(1,412)	(1,412)
Retained earnings/(loss) (including net profit/(loss) for the financial year)	2,188	(86,628)	(281,237)
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	396,900	394,053	210,167
Non-controlling interest	42,089	41,510	43,037
TOTAL SHAREHOLDERS' EQUITY	438,989	435,563	253,204
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	5,866,657	5,813,071	5,321,810

4 Consolidated Statement of Cash Flows – Nova KBM Group

€000

Designation	ITEM DESCRIPTION	Year ended 31.12.2010	Year ended 31.12.2011	Year ended 31.12.2012
A.	CASH FLOWS FROM OPERATING ACTIVITIES			
a)	Total profit (loss) before tax from continuing operations	18,001	(107,895)	(239,637)
	Depreciation and amortisation	15,252	16,644	16,443
	Impairment/(reversal of impairment) of held-to-maturity financial assets	32	(26)	(21)
	Impairment of tangible assets, investment property and intangible assets	94	2,862	5,208
	Share of (profits) of associates and joint ventures accounted for using the equity method	(5,661)	(185)	(144)
	Net (gains) from exchange rate differences	(15,148)	(484)	(736)
	Net (gains)/losses from held-to-maturity financial assets	(14)	(527)	58
	Net (gains)/losses from the sale of tangible assets and investment properties	109	(942)	22
	Other (gains) from investing activities	0	(8,682)	(19,690)
	Other losses from financing activities	11,045	11,351	10,079
	Net unrealised (gains)/losses from non-current assets held for sale and discontinued operations and liabilities associated therewith	(283)	(287)	3,553
	Net unrealised (losses) in revaluation reserves from financial assets available for sale (excluding effect of deferred tax)	(2,257)	0	0
	Other adjustments to total net profit or loss before tax	(2,421)	172,546	305,830
	Cash flow from operating activities before changes in operating assets and liabilities	18,749	84,375	80,965
b)	Decrease in operating assets (excluding cash equivalents)	55,006	114,190	367,336
	Net (increase)/decrease in financial assets held for trading	15,588	(5,586)	7,154
	Net decrease in financial assets designated at fair value through profit or loss	8,017	10,323	3,897
	Net decrease in available-for-sale financial assets	168,355	151,573	126,460
	Net (increase)/decrease in loans and advances	(121,027)	(13,381)	242,901
	Net decrease in non-current assets held for sale	2,993	521	732
	Net (increase) in other assets	(18,920)	(29,260)	(13,808)
c)	(Decrease) in operating liabilities	(13,846)	(63,881)	(223,224)
	Net increase/(decrease) in financial liabilities to the central bank	(60,270)	285,329	69,671
	Net increase/(decrease) in financial liabilities held for trading	4,670	(3,626)	(827)
	Net increase/(decrease) in deposits and loans measured at amortised cost	72,475	(339,274)	(318,343)
	Net increase/(decrease) in debt securities in issue measured at amortised cost	(24,965)	(16,499)	39,619
	Net increase/(decrease) in other liabilities	(5,756)	10,189	(13,344)
d)	Cash flow from operating activities (a+b+c)	59,909	134,684	225,077
e)	Income taxes (paid)/refunded	(5,824)	4,748	(779)
f)	Net cash flow from operating activities (d+e)	54,085	139,432	224,298

€000

Designation	ITEM DESCRIPTION	Year ended 31.12.2010	Year ended 31.12.2011	Year ended 31.12.2012
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
a)	Receipts from investing activities	56,395	43,295	120,263
	Receipts from the sale of tangible assets and investment properties	2,259	11,257	8,472
	Receipts from the sale of intangible assets	0	0	4
	Receipts from the disposal of associates – discontinued operations	0	212	15,000
	Receipts from non-current assets or liabilities held for sale	402	382	562
	Receipts from the sale of held-to-maturity financial assets	18,737	26,998	94,193
	Cash assets acquired through business combination	34,997	0	0
	Other receipts from investing activities – discontinued operations	0	4,446	2,032
b)	Cash payments on investing activities	(92,194)	(345,845)	(152,000)
	(Cash payments to acquire tangible assets and investment properties)	(26,437)	(41,792)	(14,342)
	(Cash payments to acquire intangible assets)	(9,296)	(9,646)	(11,651)
	(Cash payments for the investments in subsidiaries, excluding cash received)	(9,416)	0	0
	(Cash payments for the investments in associates – discontinued operations)	0	(7,344)	0
	(Cash outflow to non-current assets or liabilities held for sale)	0	0	(2)
	(Cash payments to acquire held-to-maturity financial assets)	(47,045)	(287,063)	(126,005)
c)	Net cash flow from investing activities (a+b)	(35,799)	(302,550)	(31,737)
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
a)	Cash proceeds from financing activities	0	104,328	0
	Cash proceeds from issuing shares and other equity instruments	0	104,328	0
b)	Cash payments on financing activities	(13,669)	(23,041)	(101,567)
	(Dividends paid)	(2,333)	(4,309)	(634)
	(Repayments of subordinated liabilities)	(11,244)	(15,470)	(99,933)
	(Other payments related to financing activities)	(92)	(3,262)	(1,000)
c)	Net cash flow from financing activities (a+b)	(13,669)	81,287	(101,567)
D.	Effects of change in exchange rates on cash and cash equivalents	258	2,873	(4,248)
E.	Net increase/(decrease) in cash and cash equivalents (Af+Bc+Cc)	4,617	(81,831)	90,994
F.	Opening balance of cash and cash equivalents	319,859	324,734	245,776
G.	Closing balance of cash and cash equivalents (D+E+F)	324,734	245,776	332,522

5 Consolidated Statement of Changes in Equity for the year ended 31 December 2010

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ITEM DESCRIPTION	Share capital	Share premium	Revaluation reserves	Translation reserves	Reserves from profit	Retained earnings (included net profit for the financial year)	Treasury shares (capital deduction items)	Equity attributable to owners of the parent	Non-controlling interest	Total shareholders' equity
OPENING BALANCE FOR THE FINANCIAL YEAR	27,210	78,314	(3,484)	26	281,138	9,161	0	392,365	38,909	431,274
Total comprehensive income for the financial year after tax	0	0	(2,067)	(895)	0	10,780	0	7,818	472	8,290
Takeover of Credy banka	0	0	0	0	0	0	0	0	3,140	3,140
Capital increase in Credy banka	0	0	0	0	0	(410)	0	(410)	410	0
Net purchase of treasury shares	0	0	0		0	0	(1,412)	(1,412)	0	(1,412)
Appropriation of (accounting for) dividends	0	0	0		0	0	0	0	(2,330)	(2,330)
Transfer of net profit to reserves from profit	0	0	0		15,901	(15,901)	0	0		0
Other	0	0	9	1	(29)	(1,442)	0	(1,461)	1,488	27
CLOSING BALANCE FOR THE FINANCIAL YEAR	27,210	78,314	(5,542)	(868)	297,010	2,188	(1,412)	396,900	42,089	438,989

5 Consolidated Statement of Changes in Equity for the year ended 31 December 2011

€000

ITEM DESCRIPTION	Share capital	Share premium	Revaluation reserves	Translation reserves	Reserves from profit	Retained earnings (included net profit for the financial year)	Treasury shares (capital deduction items)	Equity attributable to owners of the parent	Non-controlling interest	Total shareholders' equity
OPENING BALANCE FOR THE FINANCIAL YEAR	27,210	78,314	(5,542)	(868)	297,010	2,188	(1,412)	396,900	42,089	438,989
Total comprehensive (loss) for the financial year after tax	0	0	(19,555)	742	0	(82,440)	0	(101,253)	484	(100,769)
New share capital subscribed (paid)	13,605	90,723	0	0	0	0	0	104,328		104,328
Capital increase in Credi banka	0	0	0	0	0	(162)	0	(162)	162	0
Payment of dividends	0	0	0	0	0	(3,119)	0	(3,119)	(1,209)	(4,328)
Transfer of net profit to reserves from profit	0	0	0	0	3,716	(3,716)	0	0	0	0
Other	0	(3,262)	1	(1)	0	621	0	(2,641)	(16)	(2,657)
CLOSING BALANCE FOR THE FINANCIAL YEAR	40,815	165,775	(25,096)	(127)	300,726	(86,628)	(1,412)	394,053	41,510	435,563

5 Consolidated Statement of Changes in Equity for the year ended 31 December 2012

€000

ITEM DESCRIPTION	Share capital	Share premium	Revaluation reserves	Translation reserves	Reserves from profit	Retained earnings (included net profit for the financial year)	Treasury shares (capital deduction items)	Equity attributable to owners of the parent	Non-controlling interest	Total shareholders' equity
OPENING BALANCE FOR THE FINANCIAL YEAR	40,815	165,775	(25,096)	(127)	300,726	(86,628)	(1,412)	394,053	41,510	435,563
Total comprehensive (loss) for the financial year after tax	0	0	23,947	(2,238)	0	(205,589)	0	(183,880)	417	(183,463)
Payment of dividends	0	0	0	0	0	0	0	0	(631)	(631)
Transfer of net profit to reserves from profit	0	0	0	0	787	(787)	0	0	0	0
Other	(1)	0	0	0	(11,772)	11,767	0	(6)	1,741	1,735
CLOSING BALANCE FOR THE FINANCIAL YEAR	40,814	165,775	(1,149)	(2,365)	289,741	(281,237)	(1,412)	210,167	43,037	253,204

REGISTERED OFFICE OF THE BANK

Nova Kreditna banka Maribor d.d.
Ulica Vita Kraigherja 4
2505 Maribor
Slovenia