



MINISTRY OF FINANCE
REPUBLIC OF SLOVENIA

Strengthening the Supply Side of the Securities Market

The Case of Nova Kreditna banka Maribor
Public Offering

Luka Vesnaver

Topics

- NKBM Overview
- Privatization Objectives
- Privatization Options
- NKBM IPO Process
- The Privatization in Hindsight

Privatization of NKBM – Compelling Investment Story

Slovenia offers the 'best of both worlds'	<ul style="list-style-type: none"> ▪ Full EU and EMU membership ▪ Central and SE European exposure ▪ Developed banking market with significant potential
Slovenia's 2 nd largest bank	<ul style="list-style-type: none"> ▪ A high-quality asset with scarcity value ▪ 11% market share by assets, good quality asset base ▪ 13% market share in retail deposits ▪ Dominant bank in parts of Slovenia
Distribution capabilities	<ul style="list-style-type: none"> ▪ 90 branches ▪ PBS-Poštna banka (NKBM 55% ownership stake) provides a strong distribution platform through presence in 550 post offices
Strong presence in all key segments of the market	<ul style="list-style-type: none"> ▪ Cca. 300,000 retail customers ▪ 20% market share in the SME segment ▪ Historic focus on corporate banking
Coherent Strategy	<ul style="list-style-type: none"> ▪ Committed to the universal banking model ▪ Branding differentiation <ul style="list-style-type: none"> - PBS, focused on mass-market retail - 10% mutual fund market share through NKBM's network
Sound Management	<ul style="list-style-type: none"> ▪ The Management team has demonstrated the ability to successfully restructure and run the bank
Improving financial performance	<ul style="list-style-type: none"> ▪ 22.6% asset growth in 2006 ▪ 0.5% market share increase in terms of loans and deposits in 2006 ▪ 12% increase in net interest in 2006 ▪ Improving CIR

Privatization of NKBM – Objectives

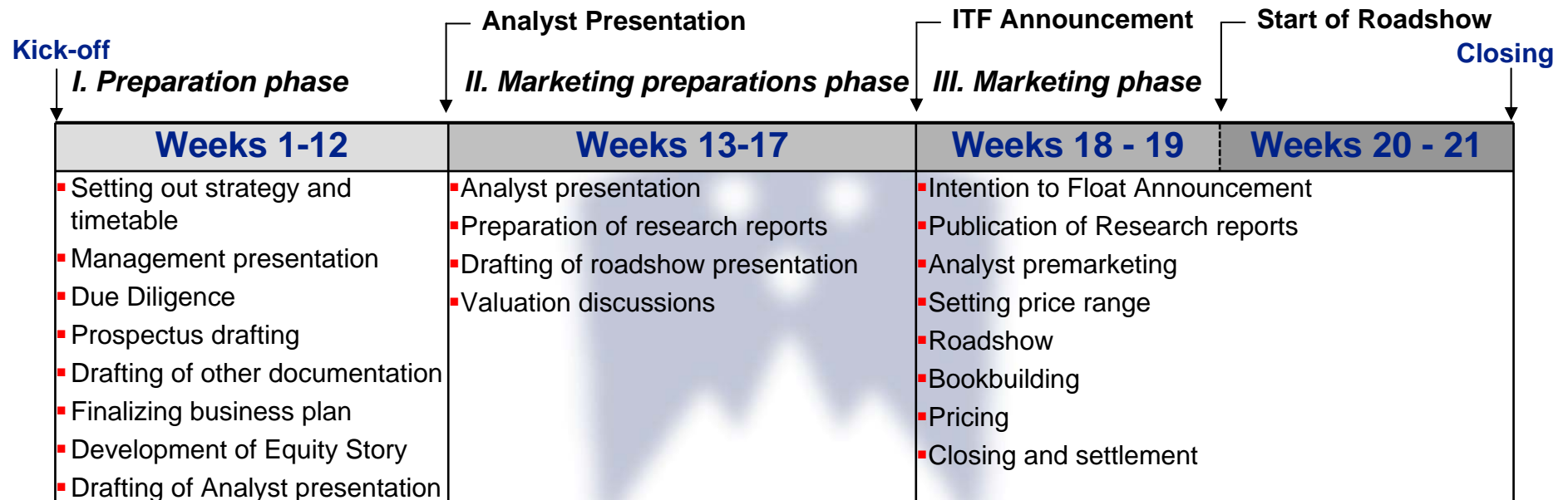
The government is in a position to choose the privatization strategy, which will maximize proceeds within the context of achieving other key privatization objectives.

	Objectives
Government of Slovenia	<ul style="list-style-type: none">▪ Promote investment in Slovenia▪ Promote development of the domestic capital market▪ Reduce the role of the public sector▪ Establish an ownership structure which would improve corporate governance▪ Maximize privatization proceeds▪ Full transparency of the privatization process▪ Timely and efficient execution
NKBM	<ul style="list-style-type: none">▪ Create foundation for future growth (domestic market + SE Europe)▪ Minimize disruption to operations and management▪ Obtain international visibility
Potential Investors	<ul style="list-style-type: none">▪ Maximize returns▪ Acquire a quality asset with a strong market share in an attractive EURO-zone market▪ Engage in a fair and transparent privatization process

Privatization of NKBM – Overview of Options

	Sale of Majority to Strategic Investor	Sale of Minority to Strategic Investor	Private Placement to Financial Sponsor	Public Offering and Listing
Pros	<ul style="list-style-type: none"> • Highest valuation including control premium • Strong interest for banking assets (as of march 2007) • Synergies with strategic investor • Transfer of know-how • Provides stability to ownership structure 	<ul style="list-style-type: none"> • Maintains significant operational independence • Potential for know how / product transfer • Provides stability to ownership structure • Gives credibility to future IPO 	<ul style="list-style-type: none"> • Strong incentive to improve performance ahead of sale/IPO • Retains upside potential for residual stake • Maintains a high level of operational independence • Provides stability to ownership structure 	<ul style="list-style-type: none"> • Bank retains independence • Contributes to the development of capital markets • Increases visibility • Very strong interest in IPOs, especially in CEE banking shares (as of march 2007)
Cons	<ul style="list-style-type: none"> • Does not contribute to development of capital markets • Loss of independence • No participation in potential future upside • Sale of residual stake may be difficult 	<ul style="list-style-type: none"> • Scarcity of available investors • A future sale of majority to a strategic investor may not maximize returns 	<ul style="list-style-type: none"> • Transitional / time limited ownership structure • Limited know-how transfer • May not achieve highest valuation 	<ul style="list-style-type: none"> • Does not maximize proceeds (IPO discount) • Instability of ownership structure • Lack of know-how transfer

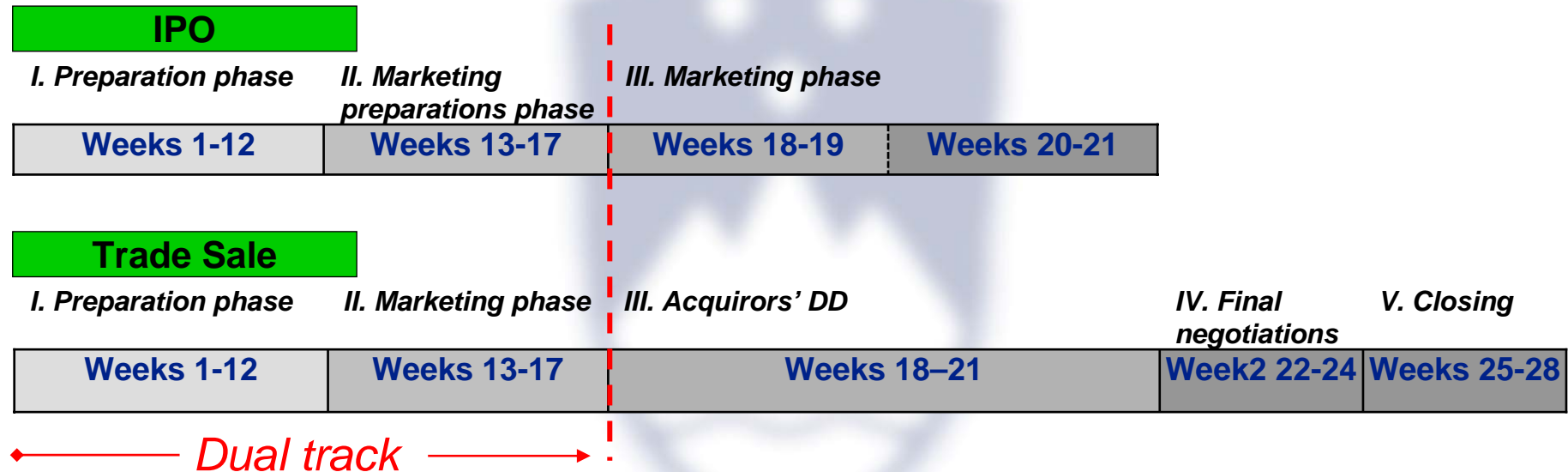
IPO – Indicative Timetable



Time Elapsed
4-5 months

The Dual Track Process

The Dual track, is a method based on running parallel IPO and Trade Sale processes and delaying the decision on which option to deploy to a later date



NKBM IPO – Summary of Offer Structure

Offer Type	<ul style="list-style-type: none"> ▪ Fully marketed global offering to domestic and international investors outside the US ▪ Domestic retail offering
Offer Size	<ul style="list-style-type: none"> ▪ 49% (post greenshoe) of total share capital
Primary / Secondary	<ul style="list-style-type: none"> ▪ 100% secondary
Greenshoe (overallotment)	<ul style="list-style-type: none"> ▪ 15% of total ordinary shares offered
Listing	<ul style="list-style-type: none"> ▪ Listing of ordinary shares on Ljubljana Stock Exchange (LJSE)
Syndicate structure	<ul style="list-style-type: none"> ▪ Citi sole Global Coordinator and Bookrunner ▪ Nomura co-lead manager and underwriter
Settlement and Closing	<ul style="list-style-type: none"> ▪ December 2007
Allocation	<ul style="list-style-type: none"> ▪ Retail: 23.1% ▪ Domestic institutional investors: 10.2% ▪ Foreign institutional investors: 14.8%
Pricing	<ul style="list-style-type: none"> ▪ EUR 27 per share (at top end of the EUR 20.5-27 price range) i.e. at 2.04 times book value
Total proceeds	<ul style="list-style-type: none"> ▪ EUR 303.4 mio
Lock-up	<ul style="list-style-type: none"> ▪ 180 days for government, state funds and management

Post-IPO Development

- LJSE most traded shares in the period 10.12.07 - 28.3.08:

Issuer	Symbol	Turnover in EUR mio	Volume	No. of trades
KRKA	KRKG	174,77	1.583.479	25.811
NKBM	KBMR	115,53	3.012.167	16.014
TELEKOM SLOVENIJE	TLSG	45,81	135.591	4.840
PIVOVARNA LAŠKO	PILR	40,42	467.472	3.851
MERCATOR	MELR	35,21	109.985	3.196
PETROL	PETG	30,09	38.515	3.123
GORENJE	GRVG	22,07	573.238	3.965
LUKA KOPER	LKPG	19,32	242.128	4.494
AERODROM LJUBLJANA	AELG	13,96	104.359	3.606
SAVA	SAVA	13,00	22.774	2.214

- KBMR price performance and turnover:



- Shift in ownership structure

The Privatization in Hindsight – Objectives

	Objectives	Comments
Government of Slovenia	<ul style="list-style-type: none"> ▪ Promote development of the domestic capital market ▪ Promote investment in Slovenia ▪ Reduce the role of the public sector ▪ Establish an ownership structure which would improve corporate governance ▪ Maximize privatization proceeds ▪ Full transparency of the privatization process ▪ Timely and efficient execution 	<ul style="list-style-type: none"> ▪ <u>Yes</u> ▪ <u>Yes</u> ▪ Partially ▪ To be seen ▪ Not vs. Trade Sale ▪ Yes ▪ Yes
NKBM	<ul style="list-style-type: none"> ▪ Create foundation for future growth (domestic market + SE Europe) ▪ Minimize disruption to operations and management ▪ Obtain international visibility 	<ul style="list-style-type: none"> ▪ No, additional capital required ▪ Yes ▪ Yes
Potential Investors	<ul style="list-style-type: none"> ▪ Maximize returns ▪ Acquire a quality asset with a strong market share in an attractive EURO-zone market ▪ Engage in a fair and transparent privatization process 	<ul style="list-style-type: none"> ▪ Yes ▪ Partially ▪ Yes

The Privatization in Hindsight - Major Issues

- Macroeconomic environment
 - Specific domestic environment – underestimation of domestic demand
 - Volatile international capital markets
- Legal / Regulatory issues
 - Applicable legal framework
 - Different layers of approvals (price range, pricing, allocation) – Privatization committee, Minister of Finance, Government
 - Communications with the SMA
- Corporate finance
 - Development of a sellable “Equity story”
- Offering / Listing
 - Listing on Ljubljana Stock Exchange only
 - Settlement (KDD – Clearstream/Euroclear link)
 - Allocation – criteria disclosure, defining the retail/institutional component
- PR / Marketing
 - Poor public understanding / perception of IPO process (inadequate PR)



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Thank you for your attention!

luka.vesnaver@mf-rs.si