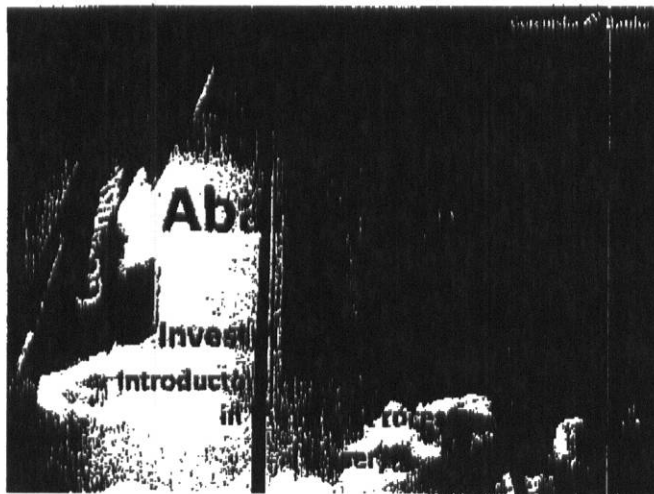


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Project outline

GOALS

- Merge two non-government and non-internationally owned banks: Gorenjska banka and Abanka Vipa

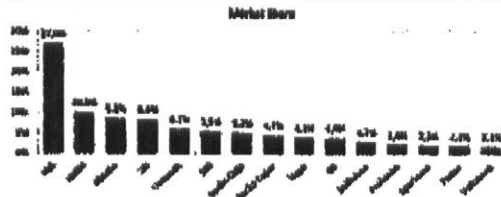
PROCESSES

- Increase capital of Gorenjska banka
- Purchase existing shares in Gorenjska banka
- Purchase shares of Abanka Vipa and/or merge the banks
- Optimize business processes and realize synergies

RESULTS

- Second largest Slovenian bank
- Sound bank with great income-generating possibility
- Position the bank for further growth both organically and through M&A

Slovenian Banking Market Overview



- > The Slovenian banking market remains very fragmented, with tlb as only player of the
- > The market is perceived as overbanked and relatively unprofitable
- > The prolonged period of tight economic conditions, both in Slovenia and the euro area countries, had a significant effect also on the Slovenian economy and banking system.
- > Banks' profitability and asset quality deteriorated. Due to impairments the banking system as a whole reported with a loss in 2010, 2011 and 2012.
- > International players are reassessing their strategy for Slovenia and CEE

Both banks present in four main service areas

Service Area	Generalka Banka	Banka Nova Ljubljana
Retail banking	<ul style="list-style-type: none"> > Extensive branch and ATM network, especially in Gornjska > Current accounts, savings products, and loans 	<ul style="list-style-type: none"> > Extensive branch and ATM network > Current accounts, savings products, and loans
Corporate banking	<ul style="list-style-type: none"> > Current accounts > Loans to SMEs and large corporates 	<ul style="list-style-type: none"> > Current accounts > Loans to SMEs and large corporates
Equity services	<ul style="list-style-type: none"> > Foreign exchange services 	<ul style="list-style-type: none"> > Foreign exchange services > Interest rate derivatives and fixed income products
Investment banking	<ul style="list-style-type: none"> > Brokerage > Limited corporate finance advisory 	<ul style="list-style-type: none"> > Asset management and private banking services > Brokerage > Corporate finance advisory

Complementary Business Models

Business Model	Strengths	Weaknesses	Opportunities
Product Range	<ul style="list-style-type: none"> • Limited to deposits and bank loans 	<ul style="list-style-type: none"> • Limited range of banking products • Narrow product 	<ul style="list-style-type: none"> • Attractive product offering
Capital Base	<ul style="list-style-type: none"> • Heavy retail customer base 	<ul style="list-style-type: none"> • Growth in retail 	<ul style="list-style-type: none"> • Small customer base across all categories • Credit rating potential
Financing and Capital	<ul style="list-style-type: none"> • Strong capital base and capital adequacy • Favorable financing terms and high liquidity 	<ul style="list-style-type: none"> • Capital constraints 	<ul style="list-style-type: none"> • Sound financing structure in domestic and international markets
Market Mix	<ul style="list-style-type: none"> • Concentration on business clients • Concentration on loan portfolio • Highly cost efficient 	<ul style="list-style-type: none"> • Quality of loan portfolio • Dependence on capital in order to fund 	<ul style="list-style-type: none"> • Balanced business mix
Growth Opportunities	<ul style="list-style-type: none"> • Clear capital base, looking for lending opportunities 	<ul style="list-style-type: none"> • Growth potential, limited due to capital constraints • Expanding operations • International CIB markets 	<ul style="list-style-type: none"> • Potential to catch up with domestic market leader • Further growth opportunities in CIB regions

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Financial Highlights

Metric	2012		2011	
	Value	%	Value	%
Total assets	1,883	1,943	2,082	2,215
Deposits from non-banks	1,287	1,368	1,464	1,640
Capital	288	297	300**	330
Interest margin	2.88	2.7%	2.76**	2.7%
High Income	13.7	2.7	10.1	110.1
Loan to Deposit Ratio	1.08	1.01	1.01	1.22
Cost	14.9%	15.1%	15.0%**	15.0%
YoY (%)	14.9%	15.1%	15.0%**	15.0%

* Without one-off items, source from the source through P&L and trading
 ** 2011/12

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Gorenjska Banka

GB-Abanka M&A Opportunities

Strengths

- **Revenue generation capabilities**
 - Creation of a new number 2 player in the Slovenian banking sector with capacity to challenge the dominance of NLB and strengthen sector competition
 - Complementary networks throughout the country
 - Dual market strategy and complementary product mix
- **Enhanced operational efficiency**
 - Streamlining of internal operations
 - Streamlined capital and liquidity position and better internal capital allocation
 - Achieving scale economies and horizontal market power
- **Liquidity**
 - Gorenjska Banka shareholders replace undated stock with a quoted share
 - Abanka shareholders hold stock in a larger entity, enhancing the liquidity of the shares

Advantages

- Combined will be able to access the full range of banking, savings, investment and capital markets services
- Expanded network of ~70 branches with truly national coverage
- Ability to position the enlarged bank as the leading "hybridized" Slovenian bank

Management / synergies

- Strong strategic and cultural fit between the two organizations and their shareholder base
- Combination of 2 experienced management teams working together
- Knowledge transfer between the employees of two banks

Other stakeholders / regulators

- Bank consolidation is generally perceived positively by the regulators as would create financially stronger institutions and avoid undue systemic risk
- The merger would send positive signals to the market as a "non-distressed transaction", indicative of the overall optimism of Slovenia's banking sector

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Gorenjska Banka

Valuation and amount of capital increase

Key influencing factors

- **Expected additional impairment needed***:
 - Abanka Vipac: €164M
 - Gorenjska banka: €51M
- **Excess capital in GB (assuming 12% CAR after additional impairment)**
 - Gorenjska banka: €41M
- **Assumed GB share value:**
 - €734 / share -- 80% book value after additional impairment

* Including a 25% NPL and 10% investment covered by NPV (€2.15) (approximate on equal terms) -- as of Dec. 2012

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Gorenjska eN Banka

Capital increase procedure

- | | |
|--|--|
| <ul style="list-style-type: none"> > 50% equity increase and purchase of treasury shares in GB: <ul style="list-style-type: none"> • 101,423 shares @ €734 = €74.5M • 38.5% share in GB > Purchase share from Sava <ul style="list-style-type: none"> • Sava retains 25% share • Purchase 27,828 shares @ €20.4M • 41.1% share in GB > Capital increase in Abanka <ul style="list-style-type: none"> • 21,428,571 shares @ €4.2 → €90M = 70% share > Share in banks: <ul style="list-style-type: none"> • Gorenjska banka: approx. 40% • Abanka Vipac: 75% + 3.8% GB stake | <ul style="list-style-type: none"> > ALTERNATIVE > Purchase share from Sava <ul style="list-style-type: none"> • Purchase 152,110 shares @ €121.8M • 69.1% share in GB > Capital increase in Abanka <ul style="list-style-type: none"> • 21,428,571 shares @ €4.2 → €90M = 70% share > Share in banks: <ul style="list-style-type: none"> • Gorenjska banka: approx. 40% • Abanka Vipac: 75% + 3.8% GB stake |
|--|--|

* resulting a 100.0% and 70% improvement coverage of NPLs (100.0% improvement in total loan)

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Gorenjska eN Banka

Summary

Investment Opportunity

- > Long banking tradition in both banks
 - > Largest market share in Gorenjska region with spread network all around Slovenia
 - > Focus on retail banking, SME and payment systems
 - > Loyal customer base
 - > Deposit rich
- Merged bank**
- > Stable and profitable bank
 - > Cost efficient operations
 - > Strong capital base for further growth
 - > Performance above sector's average

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