



# **Presentation Memo**

## **Nava Banka d.d., Zagreb**

**Zagreb, October 2012**



## 1. INTRODUCTORY REMARKS

### 1.1. Basic Information about the Bank

Company:	NAVA BANKA d.d.
Headquarters:	Tratinska 27, Zagreb, Croatia
MBS and founding date:	080008547, October 12, 1995
Court at which the Bank is registered:	Commercial Court in Zagreb
Leading number of the depository institution:	2495009
Gyro account:	1001005-1924950098 NAVBHR22 (Deposited in the Croatian Large Payments System - HSVP at the Croatian National Bank (CNB))
Tax number:	07492912398
SIC code:	65121 (commercial bank)
SWIFT:	NAVBHR22
Telephone:	++385/1/36 56 777; 36 56 711
Fax:	++385/1/36 56 700; 36 56 701;
Web:	<a href="http://www.navabanka.hr">www.navabanka.hr</a>
E-mail:	<a href="mailto:navabanka@navabanka.hr">navabanka@navabanka.hr</a>

Nava Banka d.d. Zagreb, Tratinska 27, performs all types of deposit and credit operations for legal and physical persons, issues guarantees and other forms of sureties, buys and sells securities, and performs other basic banking operations with various economic sectors, placing emphasis on operations with small and medium-sized companies. Besides issuing loans, as a basic type of placement, the Bank performs services related to bills of exchange and factoring.

The operational and developmental concept of the Bank is oriented to cautiously controlled and managed growth, according to business sectors, together with market affirmation as a small, liquid and stable private bank, organized in terms of personnel and technology for the operations that the Bank can perform.

In cooperation with specialized informatics company ABBA d.o.o. Osijek, the Bank has developed its own software for performing on-line real-time transactions and producing reports and business solution.

However, we emphasize human resources as the greatest Bank asset. Of a total of 26 employees, 22 have university degrees and three have secondary school qualifications with extensive banking experience. Three employees are a licensed broker, one investment advisor and two are licensed auditors. The average age of the employees is 37.

In all previous years, the Bank has conducted a policy of cautious balancing, with the suitable accumulation of provisions to cover possible banking risks.

The Bank plans to achieve its further operational and developmental goals through organic growth and subsequent increase of shareholder's capital, or by establishing a strategic partnership with foreign investor(s) with sound capital strength and business concept.



## 1.2. Data on Existing Shareholder's Capital

Registered share capital:	HRK 72.698.100,00 (EUR 9,7mln)
Number of shares:	726.981
Nominal value per share:	100,00 HRK
Type of shares:	common registered shares 426.981 plus preferred shares 300.000
Share code:	NVBA-R-A
ISIN code:	HRNVBARA0008
Stock exchange:	ZAGREB STOCK EXCHANGE
Depository and settlement:	CENTRAL CLEARING DEPOSITORY AGENCY (SKDD)
Ownership structure:	Private

The share capital of the Bank is divided into 426.981 common shares and 300.000 preferred shares, each with a nominal value of HRK 100,00 (EUR 13,33), and they are entered in the registry of the SKDD with the ticker symbol NVBA-R-A and NVBA-P-A.

Shareholders have the right to manage the Bank in proportion to the number of common shares they own, so that one share affords the right to one vote at the General Assembly of the Bank, as well as other rights pursuant to the Bank Articles of Association and legal regulations.

The Bank may issue all types and sorts of shares. Shares are issued and registered in dematerialized form. For paid shares, the Central Clearing Depository Agency (SKDD) shall issue share documents to shareholders – the designation of investor and ownership status.

## 1.3. List of the Major Bank Shareholders

On the day of September 30, 2012, the following shareholders owned shares in the Bank:

Main owners	no.regular Shares	no. Add. Shares	sum shares	%
1. GIP Pionir d.o.o., Zagreb	125.254	92.000	217.254	29,88%
2. PARON d.o.o., Zagreb	53.400	90.000	143.400	19,73%
3. MUNIS d.o.o., Zagreb	41.417	30.000	71.417	9,82%
4. DRAGICA PREDOVIĆ, Zagreb	6.910	0	6.910	0,95%
5. GRADKO d.o.o., Zagreb	5.500	66.000	71.500	9,84%
6. TEHNIKAGRADNJA d.o.o., Zagreb	2.400	22.000	24.400	3,36%
<b>Subtotal PIONIR GROUP (1 till 6)</b>	<b>234.881</b>	<b>300,000</b>	<b>534.881</b>	<b>73,58%</b>
7. KEMIKA d.d., Zagreb	66.000	0	66.000	9,08%

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8. EUROHERC OSIGURANJE d.d., Zagreb	5.990	0	5.990	0,82%
9. JADRANSKO OSIGURANJE d.d., Split	5.000	0	5.000	0,69%
10. AGRAM ŽIVOTNO OSIGURANJE d.d. ZG	5.000	0	5.000	0,69%
11. SUNCE OSIGURANJE d.d., Zagreb	4.000	0	4.000	0,55%
Subtotal AGRAM GROUP (8 till 11)	19.990		19.990	4,68%
12. TRIUS d.o.o., Zagreb	11.000	0	11.000	1,51%
13. STIPAN PAMUKOVIĆ	5.940	0	5.940	0,82%
14. MORANA TORRE	5.940	0	5.940	0,82%
Other small shareholders	83.230	0	83.230	11,45%
<b>TOTAL</b>	<b>426.981</b>	<b>300.000</b>	<b>726.981</b>	<b>100%</b>

**1.4. Limitations in the Acquisition/Alienation of Shares**

According to the Article 34 of the Law on Financial institutions (Narodne novine [Official Gazette of the Republic of Croatia] No. 117/08), acquisition of bank's shares, on the basis of which a person directly or indirectly acquires a qualifying holding in a bank (10% of the bank shares), requires prior authorization from the Croatian National Bank. Furthermore, each further acquisition of bank's shares, on the basis of which their holding would reach or exceed 20 , 30 or 50 percent of the capital or of the voting rights of a bank, also requires prior authorization from the Croatian National Bank.

**1.5. Responsible Persons of the Bank**

The management structure of the Bank has been established by the Articles of Association. The duties, responsibilities and authorizations of the Management Board and Supervisory Board are regulated by the Company Law and the Bank Articles of Association.

The responsible persons for the operations of Nava Banka d.d., Zagreb are the members of the Management Board, STIPAN PAMUKOVIĆ, MB president and CEO, and JANKO HRNJAK, member. The members of the Management Board in all dealings with third parties represent the Bank individually and independently.

**Members of the Management Board of the Bank**

**Stipan Pamuković, Zagreb, Božidara Adžije 31**

The President and CEO of the Management Board since October 12, 1995 (mandate till May, 2013)

Date and place of birth: January 6, 1954 in Drniš, Croatia  
Educational background: B.Sc. in Economics (Faculty of Economics in Zagreb, 1978)  
Curriculum vitae: Privredna banka Zagreb (trainee, loan officer, 1978-1981)  
Internal Chromos Bank, Zagreb (head of Loan and Investment Sector, 1981-1991)  
Croatia banka d.d., Zagreb (Chief Manager of Profit and Portfolio, 1991-1994)  
Nava štedionica [Savings Bank] d.d., Zagreb (President and Chairman of the Board, 1994-1995)

**Janko Hrnjak, Zagreb, Hrgovići 95**

The Member of the Management Board since October 11, 2010 (mandate till May, 2013)

Date and place of birth: May 31, 1970 in Zagreb, Croatia  
Educational background: B.Sc. in Economics (Faculty of Economics in Zagreb, 1995)  
Curriculum vitae: Ernst&Young Audit d.o.o. 1996, Zagreb (apprentice, auditor, 1996-1998)  
Nava banka d.d. Zagreb, (head of internal audit department, 1998-2010)

The Management Board is remunerated pursuant to work contracts with the individual members (average monthly net salary of approx. EUR 2.700), and up to now have not received remuneration on the basis of Bank profits.

**Members of the Supervisory Board**

The Supervisory Board of NAVA BANKA d.d. Zagreb has five members, as follows:

**Prof. Jakov Gelo, Dr.Sc. Chairman of the Supervisory Board**

Address: Zagreb, Rendićeva 27  
Date of birth: March 12, 1947  
Employment: Full professor at the Faculty of Economics, Zagreb  
Educational background: Ph.D.

**Višnjica Mališa, vice chairwoman of the Supervisory Board**

Address: Zagreb, Bernarda Vukasa 29  
Employment: Head of General and Legal Affairs, KEMIKA d.d. Zagreb, Heinzelova 53  
Educational background: LL.B.



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Ivan Gudelj, member of the Supervisory Board

Address: Zagreb, Badovinčeva 9  
Employment: manager of MANDUŠEVAC Housing Cooperative, Zagreb  
Educational background: LL.B.

Andelko Ivančić, member of the Supervisory Board

Address: Zagreb, Mandrovićeva 3  
Employment: Director & Co-owner, ALING d.o.o. Zagreb  
Educational background: B.Sc. in Economics

Daniel Hrnjak, member of the Supervisory Board

Address: Zagreb, Gundulićeva 48  
Employment: Procurator & Co-owner, GIP PIONIR d.o.o. Zagreb  
Educational background: B.Sc. in Engineering

Remuneration for the work of the members of the Supervisory Board is paid pursuant to the decision of the General Assembly of the Bank (average monthly net remuneration in 2012 is approximately EUR 400,00).

The members of the Management Board and the Supervisory Board have no credit, placement or guarantee pursuant to which the Bank is exposed to any actual or potential liability or risk whatsoever.

**1.6. Auditor**

Auditing of the Bank operations and financial reports for the year 2011 was performed by the company BDO CROATIA d.o.o. Zagreb, Kennedyev trg 7, registered under MBS 080055015 at the Commercial Court in Zagreb. The certified auditor was Ms. Jeni Krstičević and the partner is Mr. Ivan Štimac. BDO CROATIA d.o.o., Zagreb is nominated by the Bank's General Assembly decision to continue the auditing of the Bank in the year 2012.



## **2. PRESENTATION OF NAVA BANKA D.D. ZAGREB**

### **2.1. Business activities of the Bank**

NAVA BANKA d.d., Zagreb is authorized for the following banking and other financial services:

- Receipt of all types of monetary deposits,
- Issue of all types of loans , including consumer loans, mortgage loans and financing commercial transactions,
- Issue of means of payment in the form of electronic money,
- Issue of guarantees or other commitments,
- Factoring,
- Financial leasing
- Trade in its own name and on its own behalf or in the name and behalf of clients:
  1. Money market instruments and other negotiable securities
  2. Foreign means of payment, including currency dealing operations
  3. Financial futures contract and options
  4. Currency and interest instruments
- Money transfers in Croatia and other countries, pursuant to the specific domestic payment laws
- Collection, analysis and issue of information on the credit rating of legal and physical persons independently engaged in activities
- Brokerage in the sale of insurance policies, pursuant to the legislation that regulates insurance, insurance brokerage
- Issue and management of instruments of payment
- Safe custody service
- Brokerage in the contracting of financial transactions
- Services related to securities, pursuant to the legislation regulating issue and trading in securities
- Providing other financial services determined by the Croatian National Bank (CNB)

The Bank independently performs banking-financial activities on the financial market, under the principles of liquidity, security and the profitability of operations.



## 2.2. Summary of the Development Policy of the Bank

The Bank operates with the long-range goal of creating maximum earnings for its shareholders and market capitalization, with the minimum risk and maximum safeguarding of the interests of its clients. The Bank's quality operations represent a continuous contribution to the development of the Croatian economy and banking industry.

NAVA BANKA d.d., Zagreb has the following operational goals:

- to maintain its status as a stable and respected financial institution, specialized in operations with small and medium-sized enterprises, citizens and sole traders,
- to maintain the high confidence of all our clients and guarantee the safety and profitability of their investments,
- to assist clients in their operations, development and business projects in order to establish long-term association with as many high quality and promising clients as possible,
- to promote market specialization and effectiveness in the Bank's operations and those of its clients,
- to operate in a stable, liquid, profitable and economical manner.

The foundations for achieving the above goals are as follows:

- the stable liquidity and solvency of the Bank,
- undertaking obligations the Bank is competitive for,
- fulfilment of all financial obligations within the contracted deadlines,
- timely and quality completion of all undertaken obligations and contracts,
- monitoring, regulating and managing credit, interest, currency and other risks,
- fulfilment of the planned indices of security, cost efficiency and profitability,
- maintaining a high level of quality services for Bank clients and expediency in operations.

The comparative advantages enabling to anticipate the achievement of such a goal are the good team structure of the personnel, quality technological equipment, solid client structure, and a stable credit-guarantee portfolio. These factors are base for maintaining the reputation and continued development of the Bank, together with improving the quality and variety of services according to the development of the financial market in Croatia.

The planned growth in Bank assets can be achieved as follows:

- through the development of stable long-term partnerships with clients, so that the Bank will be the regular financial advisor for its clients,
- through the expansion of deposit and other client bases,
- continued building of a system of responsibility and high professionalism, in relationships with target groups of clients,
- drawing upon potential lines of credit from foreign countries, primarily intended for the development of small and medium-sized enterprises,





- the development and introduction of new products and services, particularly within the private banking,
- through our own work, taking into account the experiences in the area of the organization of operations, IT-support, professional training of personnel and the high level of services provided,

### 3. BASIC INFORMATION AND INDICES OF BANK OPERATIONS

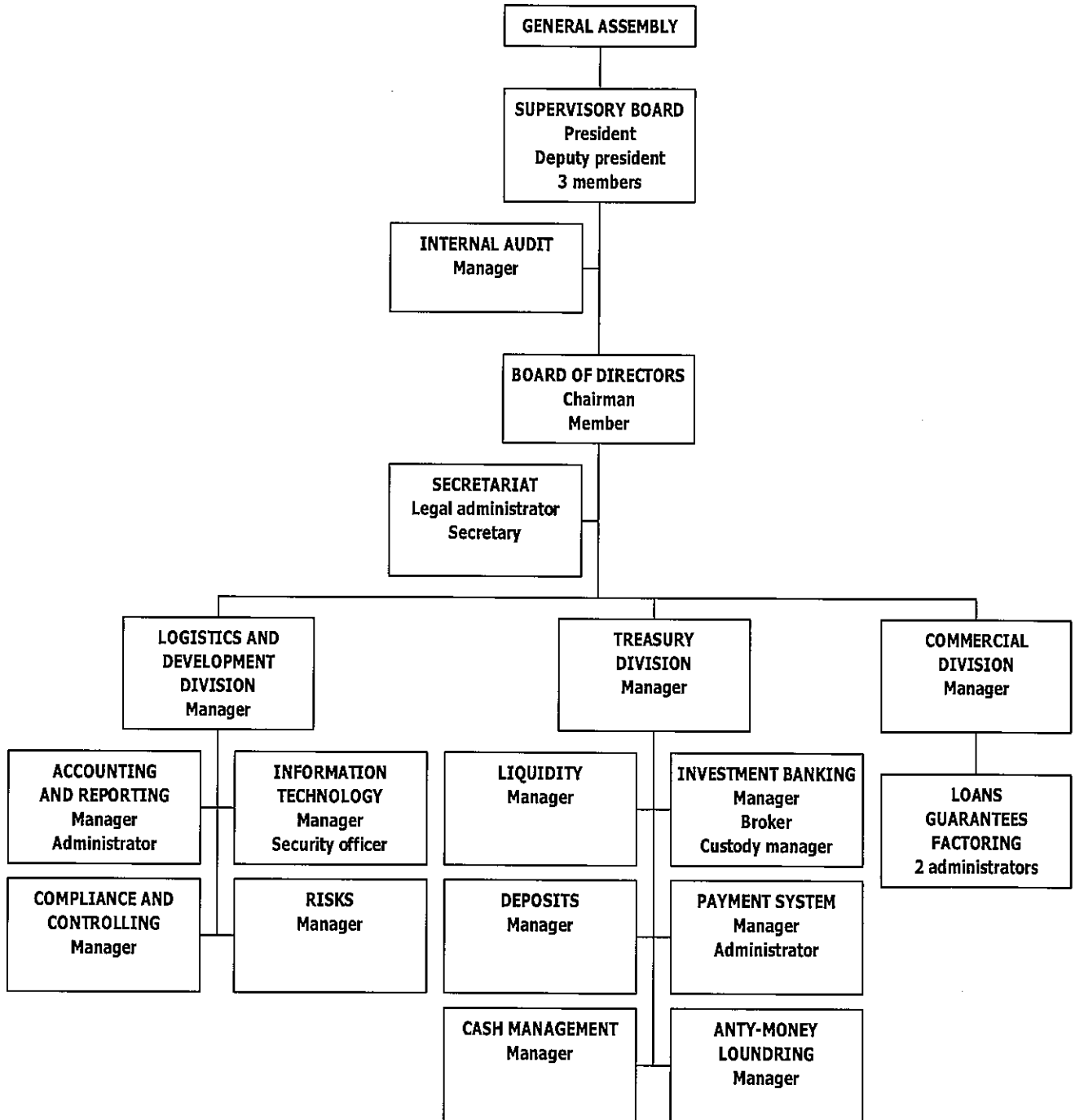
BALANCE SHEET (in ths EUR)	2011	2010	2009	2008
Total assets	38.754	38.596	44.088	49.119
Total liabilities	35.361	36.650	38.544	46.213
Shareholders' capital	3.393	1.946	5.544	2.906
Loans to the customers	27.645	23.743	26.382	2.938
Deposits	33.075	33.050	36.085	37.615
Commitments and contingencies	4.845	4.949	4.043	8.566
<b>INCOME STATEMENT</b>				
Net interest income	454	329	400	694
Net fee and commission income	128	121	90	112
Other income/ (expense)	104	-270	186	-6.362
Total income	686	180	676	81
Operating expense	-1.494	-1.547	-1.463	-1.348
Total expense	-1.157	-2.338	-1.754	-8.600
Profit / (loss) before taxation	-1.965	-3.885	-1.077	-7.794
Profit / (loss) after taxation	-1.965	-3.705	-1.077	-7.794

All the details are available in audited Annual Reports that could be seen at official web site of the Bank [www.navabanka.hr](http://www.navabanka.hr)



4. ORGANIZATIONAL STRUCTURE OF THE BANK

The organization of the Bank is as follows:



For now, the Bank has no branches, sub-branches or branch offices, and all the organizational entities are managed as a single unified organizational and profit system.



## 5. REMARKS FOR POSSIBLE INVESTOR(S)

The main intention of the Management is to arrange a new issue of maximal volume of regular shares tailored for the foreign investor(s) as strategic partner(s). The possible investor(s) could be from EU countries that are entering into business activities or prepare new activities in Croatia, using the bank as a superior platform for financing and supporting these activities. On the other side, expected joining of the Republic of Croatia to the EU provides also the great advantages and opportunities for the possible investor(s) from non-UE countries for widening their business and investment activities both in the Republic of Croatia and complete EU countries in the very near future.

Beside the increase of core capital, the successful partnership could provide the Bank with the superior tools and business plans for tactical and strategic asset allocation, business-to-business operations, new products, new branding, organisational, technological and IT upgrade. Successful choice of the strategic investor(s) could also improve the existing mission of the Bank, its resources, reputation and image, synergy of the business relations with the clients and the management of its market operations.

The Management Board has discussed with the key shareholders and Supervisory Board the possibilities how to provide the foreign bank/investor(s) to obtain the targeted ownership. We could confirm the following principles:

1. The pre-emption rights of the present shareholders to buy the adequate portion of new share issue will be suspended with the consent of Supervisory Board, aiming to provide it/them with the targeted ownership.
2. Only for the purpose of predominant acquisition (above 50% or more than 75% of ownership), the main shareholders are willing to decrease their percentage of ownership, without intention to sell their existing portion of shares unless it is required by strategic investor.
3. The main shareholders, independent of large number of small shareholders, are willing to put their shares under option (to conclude the Stock Purchase Option Agreement (SPO) valid within the estimated due diligence period), to provide the targeted majority of ownership to strategic investor(s).
4. The minimal volume of investment expected from the possible strategic partner(s) should be in amount of EUR 4,0mn or higher for more than 50% of the Bank's ownership.
5. Further business concept and key elements of further business strategies of the possible investor(s) should also be presented as a very important element, regarding further business operations of the Bank in Croatia, in the region or within EU after next several years.
6. Before starting the due diligence procedure Management and Supervisory Board of the Bank have to know the key intention / proposal of the possible investor(s) placed to the Bank in written form, indicating the volume of the investment intended, in order to prepare a the new share issue and entering into SPO Agreement.



Regarding the specific Croatian regulations, it could be of benefit to stress out the next provisions:

- The acquisition of shares over 10 per cent of completely issued bank's shares is not allowed without previous approval from Croatian National Bank (CNB). The request for approval of qualifying portion, independently are this stocks acquired by one or more related parties, is independent and have to start in CNB before the request of the Bank for approval of its Prospectus for new share issue.
- Any person or group of persons acting together have to inform the Croatian Financial Services Security Agency (HANFA) after buying more than 10% of the total capital/voting rights. They also have to announce the public offering to buy all the shares of the bank as issuer after having in possession/ ownership more than 25% of the total capital/voting rights, offering publicly to buy all the shares at the average price recorded within 3 month at Zagreb Stock Exchange, where the Bank's shares are listed.
- All shares of the bank are dematerialised and recorded in register of SKDD (Central Clearing Depository Agency) and all the transactions referred to the shares (buying, selling, pledge, option) have to be registered.
- The new share issue is allowed without previous approval of Prospectus, if the complete new share issue is arranged for investor or group of investors that are investing more than EUR 50.000 equivalent each of them.
- The losses recorded in previous years are completely covered and could be forwarded within next five years for avoiding of future profit taxation (until complete recovery of losses recorded).