



■ Securities Market Agency

**REPORT ON THE STATE AND SITUATION
ON THE MARKET OF FINANCIAL INSTRUMENTS
IN 2009**

Ljubljana, May 2010

INTRODUCTION

In accordance with Article 472 of the Market in Financial Instruments Act (hereinafter: the ZTFI), the Securities Market Agency reports annually to the National Assembly of the Republic of Slovenia on the state and situation on the market in financial instruments, by 30 June of each year for the past year. The second paragraph of Article 472 of the ZTFI stipulates that the annual report on the situation on the market in financial instruments must include data on the public offerings of financial instruments, trading on stock exchange markets (stating the volume and structure of trading in financial instruments), the admission of financial instruments to stock exchange markets, and trading in financial instruments outside them.

BASIC FIGURES

The global economic crisis and the related steep drop in economic activity were also reflected in the business and economic environment in 2009; nevertheless, the year ended with relative optimism. Like most economies around the world, Slovenia recorded a moderate recovery of economic activity, which was in line with economic projections. The situation on capital markets triggered numerous discussions in governments and international financial institutions about the causes of the financial crisis, the adequacy of regulation and the supervision of financial markets.

The Slovenian capital market and global capital markets recorded a downward trend persisting until the end of the first quarter of 2009, when stock exchange indices reached their lowest point. This period was followed by a shift to an upward trend in stock exchange prices, both in Slovenia and abroad. In 2009, the SBI 20 on average grew by 10.4% compared to 2008. It reached the lowest value on 10 March 2009 at 3,408 index points. The annual peak of the SBI 20 was on 16 October 2009, when it climbed to 4,633 index points, up by 35.9% over the trough in the same year. At the end of 2009, when global capital markets grew, the Slovenian capital market stagnated and the SBI 20 depreciated by nearly 12% on average compared to its peak, equalling 4,079 index points at year-end.

As stated above, owing to the wide-spread pessimism about the status of the global economy and capital markets, the global capital markets shrank at the start of the year and in mid-March reached the bottom. The government fiscal programmes aimed at stimulating economic activity increased liquidity in capital markets and improved economic indicators and also slowed down the deterioration of the economic activity; this contributed to more optimistic projections and encouraged investors on capital markets. Thus, the second half of March 2009 witnessed growth lasting until the end of the year. Global equity indices in 2009 jumped compared to 2008 (DAX by 23.85%, FTSE 100 by 22.07%, S&P 500 Stock Index by 26.5%, MSCI World by 27%).

The number of long-term financial instruments traded on Ljubljanska borza vrednostnih papirjev (hereinafter: the Ljubljana Stock Exchange) fell by 13 in 2009 to a total of 174 as at 31 December. At the end of 2009, there were 78 shares on the market (eight shares listed on the stock exchange, 17 in standard listing and 53 in entry market); on the bond market, there were 85 bonds; on the investment coupon market, there were seven investment coupons of mutual funds (hereinafter: MF); on the investment company share market, there were four shares of investment companies (hereinafter: IC).

Trading in financial instruments on the Ljubljana Stock Exchange reached EUR 904.02 million in 2009. The volume of trading totalled EUR 719.81 million for shares in public companies, EUR 156.34 million for bonds, and EUR 27.87 million for shares in investment funds (hereinafter: IF).

The SBI 20 stood at 4,078.64 at the end of December 2009, up 10.36% in nominal terms from a year earlier.

Market capitalisation of financial instruments on the Ljubljana Stock Exchange amounted to EUR 19.28 billion at the end of 2009 (IFs not included), which is an increase of 26.3% over December 2008. Total market capitalisation of all shares on the stock exchange (IFs not included) stood at EUR 8.46 billion at the end of December 2009, while market capitalisation of bonds reached EUR 10.82 billion. The share turnover ratio decreased from 0.11 to 0.09 in 2009, calculated as the ratio of annual volume to market capitalisation at the end of the period. The bond turnover ratio fell from 0.04 to 0.01 in 2009, while the turnover ratio for shares in IFs dropped from 0.13 to 0.07.

In 2009, there were 14 management companies operating in the capital market with registered offices in the Republic of Slovenia, which operated 128 mutual funds and sub-funds of the umbrella fund, and four investment companies.

Table 1: Basic data on regulated market in the Republic of Slovenia

| | 31 Dec. 05 | 31 Dec.06 | 31 Dec. 07 | 31 Dec. 08 | 31 Dec. 09 |
|---|------------|-----------|------------|------------|------------|
| Market capitalisation (in billion EUR) | 12.74 | 18.14 | 25.67 | 15.26 | 19.28 |
| Market capitalisation IF (in billion EUR) | 0.65 | 0.81 | 1.18 | 0.35 | 0.38 |
| Share of market capitalis. in GDP (%) | 42.8 | 60.0 | 74.5 | 41.1 | 55.3*** |
| SBI 20 (SBI) | 4,630.10 | 6,382.92 | 11,369.58 | 3,695.72 | 4,078.64 |
| Number of financial instruments | 227 | 205 | 188 | 187 | 174 |
| Shares, | 128 | 109 | 96 | 90 | 82 |
| of which (P)IC shares | 10 | 7 | 7 | 4 | 4 |
| Investment coupons MF | 0 | 3 | 3 | 7 | 7 |
| Bonds | 99 | 93 | 89 | 90 | 85 |
| Turnover (in billion EUR)* | 1.84 | 1.81 | 3.38 | 1.29 | 0.90 |
| Share of turnover in GDP (%) | 6.2 | 6.0 | 9.8 | 3.5 | 2.6*** |
| Share turnover ratio ** | 0.14 | 0.13 | 0.10 | 0.11 | 0.09 |
| Bond turnover ratio | 0.12 | 0.03 | 0.02 | 0.04 | 0.01 |
| Turnover ratio of shares in PFs/ICs/IFs | 0.23 | 0.24 | 0.14 | 0.13 | 0.07 |

Comments: *Data until 31 December 2006 calculated on the basis of the exchange rate EUR 1=SIT 239.640.

**IF shares are not included in the share turnover ratio and capitalisation.

***Estimated GDP for 2009 (EUR 34,894 million), source: Statistical Office of the Republic of Slovenia.

Source: Agency.

1. PRIMARY SECURITIES MARKET AND TAKEOVERS

1.1. Primary market

1.1.1. Public offerings of securities

The year 2009 saw a significant decrease in securities issues, which can be attributed to the undermined trust of investors in securities markets owing to the financial crisis. There were three additional new issues of public company shares in 2009. Two issuers had to offer shares based on the Financial Operations, Insolvency Proceedings and Compulsory Dissolution Act.

Table 2: Approval of a prospectus for offering securities to the public in 2009

| No. | Issuer of securities (VP) | Type of security | Value of issue |
|-----|---|---------------------|--------------------|
| 1. | INTERFIN NALOŽBE, finančna družba, d.d., Koper | no-par value shares | EUR 475,000,000.00 |
| 2. | MAKSIMA HOLDING, finančna družba, d.d., Ljubljana | no-par value shares | EUR 15,000,000.00 |
| 3. | UNIOR Kovaška industrija, d.d., Zreče | no-par value shares | EUR 10,000,000.00 |
| | Total | | EUR 500,000,000.00 |

Source: Agency.

Table 3: Public primary market, 1994 to 2009 (issue value in EUR million)

| Year | Bank securities | | | | Securities of other issuers | | | | Total |
|-------------|-----------------|-------------|----------------------|--------------|-----------------------------|--------------|----------------------|-------------|--------------|
| | Share issues | | Debt security issues | | Share issues | | Debt security issues | | |
| | Number | Issue value | Number | Issue value | Number | Issue value | Number | Issue value | |
| 1994 | 6 | 35.85 | 5 | 14.56 | 0 | 0 | 1 | 16.90 | 67.30 |
| 1995 | 5 | 4.87 | 7 | 17.98 | 3 | 3.73 | 2 | 2.95 | 29.53 |
| 1996 | 2 | 3.71 | 8 | 35.05 | 1 | 1.31 | 1 | 3.02 | 43.09 |
| 1997 | 0 | 0 | 5 | 34.08 | 2 | 1.85 | 1 | 4.17 | 40.10 |
| 1998 | 0 | 0 | 3 | 12.86 | 1 | 0.56 | 1 | 8.35 | 21.77 |
| 1999 | 0 | 0 | 3 | 13.85 | 1 | 4.24 | 3 | 11.38 | 29.47 |
| 2000 | 0 | 0 | 4 | 38.89 | 1 | 1.97 | 1 | 8.35 | 49.21 |
| 2001 | 0 | 0 | 1 | 8.99 | 0 | 0 | 0 | 0 | 8.99 |
| 2002 | 0 | 0 | 1 | 12.68 | 0 | 0 | 0 | 0 | 12.68 |
| 2003 | 0 | 0 | 1 | 16.81 | 0 | 0 | 0 | 0 | 16.81 |
| 2004 | 0 | 0 | 0 | 0 | 1 | 6.26 | 0 | 0 | 6.26 |
| 2005 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2006 | 0 | 0 | 0 | 0 | 4 | 19.98 | 0 | 0 | 19.98 |
| 2007 | 3 | 438.73 | 0 | 0 | 6 | 114.56 | 0 | 0.00 | 553.29 |
| 2008 | 4 | 548.15 | 0 | 0 | 4 | 16.98 | 1 | 2 | 567.13 |
| 2009 | 0 | 0 | 0 | 0 | 3 | 500.00 | 0 | 0 | 500.00 |

Notes: *Issue values of primary issues are calculated on the basis of sale prices, which do not include quantity discounts or interest (indexation or real).

**Data until 31 December 2006 calculated on the basis of the exchange rate of EUR 1=SIT 239.640.

Source: Agency.

It was to be expected that due to the restrictive credit activity of banks the corporate sector would try to gain funds by issuing debt securities; however, this did not happen. In 2009 there were no new issues of debt securities, probably because of the high costs related to issue of securities and unfavourable fiscal policy. In contrast, the Republic of Slovenia was very active regarding debt securities issues, which indicates greater borrowing of the state on the capital market. The Republic of Slovenia does not need the Agency's approval for public offering of securities.

In 2009, the Republic of Slovenia held three public offerings of bonds, four auctions for three-month treasury bills, three auctions for six-month treasury bills, and two auctions for twelve-month treasury bills.

Table 4: Public offerings of government securities in 2009

| Security | Issue no. | Subscribed value of issue (in EUR)* | Date of issue |
|---|-----------|-------------------------------------|---------------|
| Short-term securities | | | |
| 3-month treasury bills | TZ122 | 34,300,000 | 12/3/2009 |
| " | TZ123 | 50,000,000 | 14/5/2009 |
| " | TZ124 | 50,000,000 | 11/6/2009 |
| " | TZ125 | 50,000,000 | 10/9/2009 |
| 6-month treasury bills | SZ48 | 90,700,000 | 15/1/2009 |
| " | SZ49 | 50,000,000 | 14/5/2009 |
| " | SZ50 | 50,000,000 | 11/6/2009 |
| 12-month treasury bills | DZ41 | 393,000,000 | 15/1/2009 |
| " | DZ42 | 346,400,000 | 12/3/2009 |
| Total short-term securities | | 1.114.400.000 | |
| Long-term securities | | | |
| bonds | RS64 | 1,000,000,000 | 5/2/2009 |
| " | RS65 | 1,500,000,000 | 2/4/2009 |
| " | RS66 | 1,500,000,000 | 9/9/2009 |
| Total long-term securities | | 4,000,000,000 | |
| TOTAL SHORT-TERM AND LONG-TERM GOVERNMENT SECURITIES | | 5,114,400,000 | |

Note: * The figures for total nominal value of securities issued are those entered in the depository at the Central Securities Clearing Corporation (KDD).

Source: Agency.

The number of government securities issues was in 2009 smaller than in the previous years, but in terms of value, the state's borrowing on the capital market was the highest compared to previous years.

Table 5: Securities issues by the Bank of Slovenia and the government, 1998 to 2009 (nominal value in EUR million)

| Year | Securities of the Republic of Slovenia | | | | Securities of the Bank of Slovenia | | | | Total |
|------|--|---------------|-----------|---------------|------------------------------------|---------------|-----------|---------------|----------|
| | Short-term | | Long-term | | Short-term | | Long-term | | |
| | Number | Nominal value | Number | Nominal value | Number | Nominal value | Number | Nominal value | |
| 1998 | 8 | 81.38 | 4 | 80.36 | 4 | 333.83 | 0 | 0 | 495.58 |
| 1999 | 12 | 134.92 | 1 | 26.31 | 5 | 170.06 | 0 | 0 | 331.29 |
| 2000 | 24 | 269.51 | 12 | 155.53 | 0 | 0 | 0 | 0 | 425.04 |
| 2001 | 53 | 790.54 | 12 | 218.20 | 0 | 0 | 0 | 0 | 1,008.73 |
| 2002 | 76 | 1,648.39 | 27 | 1,575.51 | 0 | 0 | 0 | 0 | 3,223.90 |
| 2003 | 76 | 1,580.91 | 10 | 663.27 | 0 | 0 | 0 | 0 | 2,244.19 |
| 2004 | 77 | 2,211.69 | 15 | 751.13 | 0 | 0 | 0 | 0 | 2,962.82 |
| 2005 | 72 | 2,092.18 | 22 | 1,724.80 | 0 | 0 | 0 | 0 | 3,816.98 |
| 2006 | 24 | 701.05 | 12 | 1,034.89 | 0 | 0 | 0 | 0 | 1,735.94 |
| 2007 | 11 | 550.00 | 1 | 298.50 | 0 | 0 | 0 | 0 | 848.50 |

| | | | | | | | | | |
|------|---|----------|---|----------|---|---|---|---|----------|
| 2008 | 9 | 390.00 | 1 | 1,000.00 | 0 | 0 | 0 | 0 | 1,390.00 |
| 2009 | 9 | 1,114.40 | 3 | 4,000.00 | 0 | 0 | 0 | 0 | 5,114.40 |

Note: Data until 31 December 2006 calculated on the basis of the exchange rate EUR 1=SIT 239.640.

Source: Agency.

1.1.2 Exemptions from the obligation to publish a prospectus

The ZTFI offers a broad definition of the offer of securities to the public, stipulating that it means any communication in any form and by any means, presenting sufficient information on the terms of the offer and the securities to be offered, so as to enable an investor to decide to purchase or subscribe to these securities. This involves securities issues offered to a broad investment public and securities offered to a narrow or very specific group of investors.

The ZTFI stipulates that no person is allowed to offer securities to the public in the Republic of Slovenia without first publishing the appropriate prospectus in line with this act, unless otherwise specified by law in individual cases. Exemptions from the obligation to publish a prospectus are stipulated by Article 49 of the ZTFI (e.g., issue of securities in a closed circle of up to 100 persons who are not qualified investors etc.) and Article 50 of the ZTFI (e.g., issue of shares in the process of merger, issue of substitute securities in the takeover procedure etc.). When exemptions are applied, the issuer must inform the Agency of the application of such exemption.

In 2009, the Agency received 66 notifications on the application of the exemption from the publication of prospectus.

In 2009, there were 37 issues of corporate shares for a narrow or very specific group of investors. Shares were issued in the form of no-par value shares without nominal value. The most frequent reasons for share issue were the following: increases in share capital by a non-cash contribution, increases in share capital by the company's own assets, debt-to-equity conversions, mergers, and investment in new development programmes.

There were also 24 placements of bonds to a narrow or very specific group of investors, of which nine were bank-bond issues and 15 were corporate-bond issues. The total nominal value of the nine private placements of bank bonds was EUR 698,901,000.00, while that of the 15 placements of corporate bonds was EUR 162,876,176.60. The most common reasons for bond issues were securing long-term sources of finance, replacing long-term sources of finance, and acquiring resources for the purposes of specific investment policy.

Table 6: Securities offerings to a narrow or very specific group of investors in 1998 to 2009 (nominal value in EUR million)

| Year | Bank securities | | | | Securities of other issuers | | | | Total |
|------|-----------------|---------------|----------------------|---------------|-----------------------------|---------------|----------------------|---------------|--------|
| | Share issues | | Debt security issues | | Share issues | | Debt security issues | | |
| | Number | Nominal value | Number | Nominal value | Number | Nominal value | Number | Nominal value | |
| 1998 | 0 | 0.00 | 2 | 4.91 | 3 | 2.46 | 3 | 0.58 | 7.96 |
| 1999 | 1 | 1.74 | 5 | 31.66 | 20 | 23.61 | 7 | 11.06 | 68.08 |
| 2000 | 0 | 0.00 | 5 | 28.57 | 26 | 123.48 | 7 | 15.45 | 167.50 |
| 2001 | 6 | 26.14 | 6 | 53.93 | 18 | 62.98 | 16 | 48.08 | 191.12 |
| 2002 | 4 | 6.90 | 7 | 74.60 | 31 | 69.85 | 8 | 27.99 | 179.34 |
| 2003 | 4 | 4.70 | 11 | 259.13 | 23 | 35.75 | 12 | 64.71 | 364.28 |

| | | | | | | | | | |
|--------------|----------|----------|----------|-----------------|-----------|----------|-----------|---------------|-----------------|
| 2004 | 3 | 7.21 | 16 | 435.52 | 17 | 51.08 | 11 | 131.64 | 625.46 |
| 2005 | 6 | 10.84 | 13 | 425.19 | 15 | 231.78 | 10 | 208.06 | 875.86 |
| 2006 | 4 | 18.05 | 8 | 126.47 | 16 | 39.21 | 9 | 28.49 | 212.22 |
| 2007* | 8 | 0 | 8 | 220.59 | 19 | 0 | 3 | 30.58 | 251.17 |
| 2008* | 4 | 0 | 6 | 1,550.43 | 22 | 0 | 3 | 72.42 | 1,622.85 |
| 2009* | 0 | 0 | 9 | 698.90 | 37 | 0 | 15 | 162.88 | 861.78 |

Notes: *There are no data on the nominal value of share issues in 2007, 2008 and 2009, since shares were issued as no-par value shares.

**Data until 31 December 2006 calculated on the basis of the exchange rate of EUR 1=SIT 239.640.

Source: Agency.

The comparison with previous years shows that the corporate sector in 2009 issued a significantly higher number of securities for a specific group of investors than in previous years. The main reason was to obtain additional funds.

1.2 Admission of securities to trading on a regulated market

If there was no need to publish a prospectus upon the first sale of securities based on public offering, the issuer has to compile one and publish it upon the admission of the security to a regulated market, and obtain a decision from the Agency on the approval of the prospectus (or simplified prospectus) for the admission of securities to trading on the regulated market.

In 2009, the Agency approved four prospectuses for the admission of securities to trading on the regulated market. These were securities issued to a narrow group of investors, which the issuers in 2009 decided to list on the stock exchange.

Table 7: Approval of a prospectus for the admission of securities to trading on a regulated market in 2009

| No. | Issuer of securities (VP) | Type of security | Value of issue |
|-----|--|---------------------|--------------------------|
| 1. | MAKSIMA INVEST, finančna družba, d.d., Ljubljana | no-par value shares | EUR 6,951,427.14 |
| 2. | FACTOR BANKA d.d., Ljubljana | bonds | EUR 5,754,000.00 |
| 3. | PETROL, Slovenska energetska družba, d.d., Ljubljana | bonds | EUR 50,000,000.00 |
| 4. | BANKA CELJE d.d., Celje | bonds | EUR 12,147,000.00 |
| | Total | | EUR 74,852,427.14 |

Source: Agency.

Both in terms of number and value, fewer securities were admitted to trading on the stock exchange than in previous years. The issuers are also more reluctant to decide to list issued securities because of the costs and additional reporting requirements.

Table 8: Admission of securities to trading on a regulated market, 1998 to 2009 (nominal value in EUR million)

| Year | Bank securities | | | | Securities of other issuers | | | | Total |
|------|-----------------|---------------|----------------------|---------------|-----------------------------|---------------|----------------------|---------------|--------|
| | Share issues | | Debt security issues | | Share issues | | Debt security issues | | |
| | Number | Nominal value | Number | Nominal value | Number | Nominal value | Number | Nominal value | |
| 1998 | 0 | 0 | 2 | 3.76 | 6 | 55.24 | 0 | 0 | 59.00 |
| 1999 | 0 | 0 | 2 | 23.55 | 5 | 23.77 | 1 | 9.06 | 56.38 |
| 2000 | 1 | 2.22 | 2 | 16.69 | 3 | 30.98 | 1 | 4.31 | 54.20 |
| 2001 | 0 | 0 | 4 | 41.22 | 0 | 0.00 | 0 | 0.00 | 41.22 |
| 2002 | 0 | 0 | 5 | 74.54 | 4 | 22.65 | 1 | 3.98 | 101.16 |

| | | | | | | | | | |
|-------|---|--------|----|--------|----|--------|---|--------|--------|
| 2003 | 0 | 0 | 6 | 224.43 | 4 | 18.59 | 1 | 38.87 | 281.89 |
| 2004 | 0 | 0 | 10 | 173.72 | 3 | 30.17 | 3 | 95.90 | 299.79 |
| 2005 | 0 | 0 | 12 | 334.62 | 9 | 178.76 | 6 | 169.12 | 682.50 |
| 2006 | 0 | 0 | 7 | 142.22 | 7 | 305.39 | 2 | 82.56 | 530.17 |
| 2007* | 0 | 0 | 7 | 151.66 | 10 | 72.49 | 1 | 10.00 | 234.15 |
| 2008* | 1 | 102.00 | 9 | 367.58 | 4 | 29.33 | 2 | 45.42 | 544.33 |
| 2009* | 0 | 0 | 2 | 17.90 | 1 | 6.95 | 1 | 50.00 | 74.85 |

Notes: *Data on the value of shares admitted to trading on a regulated market in 2007, 2008 and 2009 cannot be compared to data from previous years in terms of nominal value, since most of them were issued as no-par value shares without nominal value. Neither can they be evaluated at market value, since the market price of shares is determined after the shares have actually been traded on a regulated market. Therefore, the value of share issues from the years 2007, 2008 and 2009, which were admitted to trading on a regulated market, is shown for the purpose of comparison in the amount that reflects the value of share capital for which the shares admitted to trading on a regulated market were issued or in the amount that reflects the value of share capital by which the issuer's capital had been increased and later the listing expanded by shares (in cases the shares of previous issues of an individual issuer have already been admitted to trading on a regulated market prior to capital increase).

**Data until 31 December 2006 calculated on the basis of the exchange rate of EUR 1=SIT 239.640.

Source: Agency.

1.3 Takeovers

The number of takeovers in 2009 halved in comparison to previous years, and the value of takeovers was also lower. Besides unfavourable economic conditions, the decrease in takeovers was also due to legislative amendments making takeover financing more stringent.

In 2009, there were 12 takeovers; all of which were successful. These takeovers were the consequence of acquiring companies engaged in a similar activity, which indicates that companies strived for better economy of scale and competitiveness on the market.

Table 9: Takeovers in 2009

| No. | Acquirer | Target company | Date of payment | Successfulness/date of decision on successfulness |
|-----|--|--|-----------------|---|
| 1. | SIRINGA trgovsko podjetje, d.o.o., Ljubljana | LESNINA trgovina s pohištvom, d.d., Ljubljana | cash | successful, 19 February 2009 |
| 2. | PARTNER IN, naložbe in svetovanje, d.o.o., Novo mesto, TRIMO, d.d., Trebnje, NOSAN ZVONE, Brusnice, NOSAN MOJCA, Brusnice | TPV trženje in proizvodnja opreme vozil, d.d., Novo mesto | cash | successful, 11 March 2009 |
| 3. | MODRA LINIJA HOLDING, finančna družba, d.d., Koper, ADRIA NALOŽBE, podjetniško in poslovno svetovanje, d.o.o., Sežana, JUB-H, družba za upravljanje in financiranje, d.d., Dol pri Ljubljani | MITOL, d.d., Sežana | cash | successful, 20 April 2009 |
| 4. | HOLDING VINO J, d.o.o., Ormož | JERUZALEM Vinogradništvo, ORMOŽ vinarstvo, sadjarstvo, d.d., Ormož | cash | successful, 6 May 2009 |

| | | | | |
|-----|---|--|------|-------------------------------|
| 5. | UPC TELEMACH širokopasovne komunikacije, d.o.o., Ljubljana, Broadband kabel, elektronske storitve, d.o.o., Ljubljana, Slovenia Broadband S.a.r.l., Luxembourg, UPC Tabor, širokopasovne komunikacije, d.d., Maribor | UPC Pobrežje, širokopasovne komunikacije, d.d., Maribor | cash | successful, 17 September 2009 |
| 6. | UPC TELEMACH širokopasovne komunikacije, d.o.o., Ljubljana, Broadband kabel, elektronske storitve, d.o.o., Ljubljana, Slovenia Broadband S.a.r.l., Luxembourg, UPC Tabor, širokopasovne komunikacije, d.d., Maribor | CATV podjetje za upravljanje, vzdrževanje, modernizacijo in izgradnjo kabelske televizije, d.d., Maribor | cash | successful, 17 September 2009 |
| 7. | UPC TELEMACH širokopasovne komunikacije, d.o.o., Ljubljana, Broadband kabel, elektronske storitve, d.o.o., Ljubljana, Slovenia Broadband S.a.r.l., Luxembourg, UPC Tabor, širokopasovne komunikacije, d.d., Maribor | UPC Tabor, širokopasovne komunikacije, d.d., Maribor | cash | successful, 17 September 2009 |
| 8. | UPC TELEMACH širokopasovne komunikacije, d.o.o., Ljubljana, Broadband kabel, elektronske storitve, d.o.o., Ljubljana, Slovenia Broadband S.a.r.l., Luxembourg | UPC Rotovž, širokopasovne komunikacije, d.d., Maribor | cash | successful, 17 September 2009 |
| 9. | UPC TELEMACH širokopasovne komunikacije, d.o.o., Ljubljana, Broadband kabel, elektronske storitve, d.o.o., Ljubljana, Slovenia Broadband S.a.r.l., Luxembourg | UPC Ljubljanski kabel širokopasovne komunikacije, d.d., Ljubljana | cash | successful, 17 September 2009 |
| 10. | UPC TELEMACH širokopasovne komunikacije, d.o.o., Ljubljana, Broadband kabel, elektronske storitve, d.o.o., Ljubljana, Slovenia Broadband S.a.r.l., Luxembourg | UPC Velenje, širokopasovne komunikacije, d.d., Velenje | cash | successful, 17 September 2009 |
| 11. | MSIN, d.o.o., družba za svetovanje in investiranje, Ljubljana | PRIMOŽ TRUBAR, založništvo, d.d., Kranj | cash | successful, 3 November 2009 |
| 12. | ENERGOPLAN gradbeno podjetje, d.d., Ljubljana | SLOVENIJAVINO, podjetje za trgovino in storitve, d.d., Ljubljana | cash | successful, 5 February 2010 |

Source: Agency.

Table 10: Takeovers, 1998 to 2009 (in EUR million)

| Year | Successful takeovers | | | Failed takeovers | | |
|-------------|----------------------|----------------------------|---------------------------|------------------|----------------------------|---------------------------|
| | Year | Nominal value of takeovers | Market value of takeovers | Year | Nominal value of takeovers | Market value of takeovers |
| 1998 | 0 | 0 | 0 | 2 | 10.45 | 25.69 |
| 1999 | 8 | 35.52 | 58.12 | 1 | 6.05 | 14.53 |
| 2000 | 10 | 45.45 | 131.75 | 0 | 0 | 0 |
| 2001 | 14 | 101.66 | 500.55 | 0 | 0 | 0 |
| 2002 | 18 | 142.13 | 1,214.13 | 0 | 0 | 0 |
| 2003 | 7 | 26.11 | 71.35 | 0 | 0 | 0 |
| 2004 | 29 | 231.28 | 290.97 | 1 | 4.12 | 6.18 |
| 2005 | 20 | 125.24 | 261.31 | 2 | 28.15 | 34.81 |
| 2006 | 21 | 166.32 | 347.87 | 2 | 19.94 | 32.70 |
| 2007 | 33 | 8.52* | 1,237.83 | 2 | 0 | 28.47 |
| 2008 | 20 | 0* | 237.95 | 0 | 0 | 0 |
| 2009 | 12 | 0* | 24.82 | 0 | 0 | 0 |

Notes: *In 2007, the nominal value of a takeover can only be determined in four cases, while in the rest of the cases this information cannot be provided since shares were issued as no-par value shares without nominal value. No data is available on the nominal value of takeovers in 2008 and 2009, since shares were issued as no-par value shares

**Data until 31 December 2006 calculated on the basis of the exchange rate of EUR 1=SIT 239.640.

Source: Agency.

1.4 Disclosure of information on the operations of public companies

With the aim of informing the public and comprehensively informing investors, public companies must report on their financial standing, legal status and operations by publishing audited annual reports, semi-annual reports, interim management reports and by regularly informing the public about any matters that might significantly impact the price of issued securities.

The number of public companies is constantly changing. At the end of 2009, there were 89 companies that had the status of public companies that issued securities.

In 2009, the Agency received 91 audited annual reports for 2008, which are accessible also on the website of the Ljubljana Stock Exchange and the respective companies' websites.

Public companies published 92 semi-annual reports for the first six months of 2009. In 2009, all public companies had to publish their semi-annual reports for the first time. Previously, the Act stipulated this obligation only on those public companies whose shares were admitted to the stock exchange listing.

The obligation to publish interim management reports was imposed on public companies in 2009 by Article 114 of the ZTFI. In the first six months of 2009, 77 public companies published an interim management report within the period starting upon the expiry of the ten weeks after the end of individual six-month period and 62 public companies informed the Agency of the publication. In the second half of 2009, the interim management report was published by 72 public companies and 60 public companies informed the Agency of the publication.

In 2009, public companies made 1,546 announcements of regulated information, informing investors about individual facts that could impact the price of financial instruments.

In 2009, public companies published 326 notifications of significant changes to the ownership and management structure; specifically on reaching, exceeding and terminated

exceeding of 5-, 10-, 15-, 20-, 25-percent, 1/3, 50- and 75-percent shares of voting rights and notifications on every acquisition or disposal of a share of voting rights by a member of the company's management or supervisory body.

After amendment to the directive, public companies are obligated to annually publish all regulated information for the past business year. Thus, 72 annual documents were published in 2009 in relation to this.

2. SECONDARY MARKET OF FINANCIAL INSTRUMENTS

2.1 Trading in financial instruments on regulated markets

At the end of 2009, there were 11 were brokerage companies on the market of financial instruments (of which 10 were members of the Ljubljana Stock Exchange) that held an authorisation from the Agency to provide investment services and 15 banks (of which 13 were members of the Ljubljana Stock Exchange) that held an authorisation from the Bank of Slovenia to provide investment services and transactions.

At the end of 2009, a total of 1,230 investment companies from EU Member States were notified for the direct provision of investment services and transactions related to financial instruments in the Republic of Slovenia.

2.1.1 Admissions of financial instruments to the regulated market

The shares of the issuer Nova KBM, d.d., Maribor (with the symbol KBMR) were moved from the share market segment-standard listing to the share market segment-first listing. The shares of the following issuers were removed from the share market segment-entry market: Niko, d.d., Železniki (symbol NKPG); Tosama, d.d., Domžale (symbol TODG); Lesnina, d.d., Ljubljana (symbol MILG); Mip, d.d., Nova Gorica (symbol MIPG); Swaty, d.d., Maribor (symbol TUBG); Železarna Ravne-Monter Dravograd, d.d., Šentjanž pri Dravogradu (symbol ZMDG); MKT Print, d.d., Ljubljana (symbol MKTG) and Infond Holding, d.d., Maribor (symbol IFFR).

The bonds of the following issuers were admitted to the bond market segment: Republic of Slovenia with the symbols RS64, RS65, RS66; Factor banka, d.d., Ljubljana with the symbol FB22; Petrol, d.d., Ljubljana with the symbol PET1; Banka Celje, d.d., Celje with the symbol BCE12 and Probanka, d.d., Maribor with the symbol PRB11. The bonds of the following issuers were removed from the bond market segment: Nova Ljubljanska banka, d.d., Ljubljana with the symbol NLB24. The bonds of the following issuers matured: Republic of Slovenia with the symbol RS56; Hoteli Bernardin, d.d., Portorož with the symbol HTB1E; Nova KBM, d d., Maribor with the symbol KBM5; Factor banka, d d., Ljubljana with the symbol FB06; Abanka Vipava, d.d., Ljubljana with the symbols AB06 and VIP6; Nova Ljubljanska banka, d.d., Ljubljana with the symbols NLB21, NLB16 and NLB11; FMR, d.d., Idrija with the symbol FMR1 in SIP, d.d., Šempeter v Savinjski dolini with the symbol SIPBE.

Table 11: Number of financial instruments on the regulated market

| | Shares | Bonds | IF | Total |
|-------------------------------|---------------|--------------|-----------|--------------|
| As at 31 December 2008 | 86 | 90 | 11 | 187 |
| New FI in 2009 | 0 | 7 | 0 | 7 |
| Removed FI in 2009 | 8 | 12 | 0 | 20 |
| Changed FI in 2009 | -8 | -5 | 0 | -13 |
| As at 31 December 2009 | 78 | 85 | 11 | 174 |

Source: Ljubljana Stock Exchange.

2.1.2 Volume and breakdown of trading in financial instruments on the regulated market

The volume of trading in shares of public companies was down 24.2% in 2009 compared to 2008, while the volume of trading in bonds dropped by 42.3%.

Table 12: Volume of trading in financial instruments on the regulated market in EUR billion

| Year | Shares | Bonds | IF | Pension coupons | Long-term financial instruments | Short-term financial instruments | Total |
|------|--------|-------|------|-----------------|---------------------------------|----------------------------------|-------|
| 1995 | 0.19 | 0.09 | 0.00 | 0.00 | 0.28 | 0.08 | 0.36 |
| 1996 | 0.28 | 0.06 | 0.00 | 0.00 | 0.34 | 0.03 | 0.37 |
| 1997 | 0.37 | 0.05 | 0.00 | 0.00 | 0.42 | 0.04 | 0.46 |
| 1998 | 0.56 | 0.09 | 0.04 | 0.00 | 0.69 | 0.03 | 0.72 |
| 1999 | 0.70 | 0.15 | 0.22 | 0.01 | 1.08 | 0.03 | 1.11 |
| 2000 | 0.61 | 0.24 | 0.26 | 0.01 | 1.12 | 0.01 | 1.13 |
| 2001 | 0.99 | 0.22 | 0.23 | 0.01 | 1.45 | 0.01 | 1.46 |
| 2002 | 1.16 | 0.46 | 0.36 | 0.02 | 2.00 | 0.00 | 2.00 |
| 2003 | 0.62 | 0.54 | 0.25 | 0.00 | 1.41 | 0.00 | 1.41 |
| 2004 | 0.93 | 0.47 | 0.25 | 0.00 | 1.65 | 0.00 | 1.65 |
| 2005 | 0.94 | 0.75 | 0.15 | 0.00 | 1.84 | 0.00 | 1.84 |
| 2006 | 1.45 | 0.19 | 0.17 | 0.00 | 1.81 | 0.00 | 1.81 |
| 2007 | 3.03 | 0.17 | 0.18 | 0.00 | 3.38 | 0.00 | 3.38 |
| 2008 | 0.95 | 0.26 | 0.08 | 0.00 | 1.29 | 0.00 | 1.29 |
| 2009 | 0.72 | 0.15 | 0.03 | 0.00 | 0.90 | 0.00 | 0.90 |

Note: Data until 31 December 2006 calculated on the basis of the exchange rate EUR 1=SIT 239.640.
Source: Ljubljana Stock Exchange.

In the trading structure for 2009 compared to 2008, shares gained 5.5 percentage points while the percentage of bond trading dropped by 2.7 percentage points and that of investment funds by 2.8 percentage points.

Table 13: Composition of trading in financial instruments on the regulated market in %

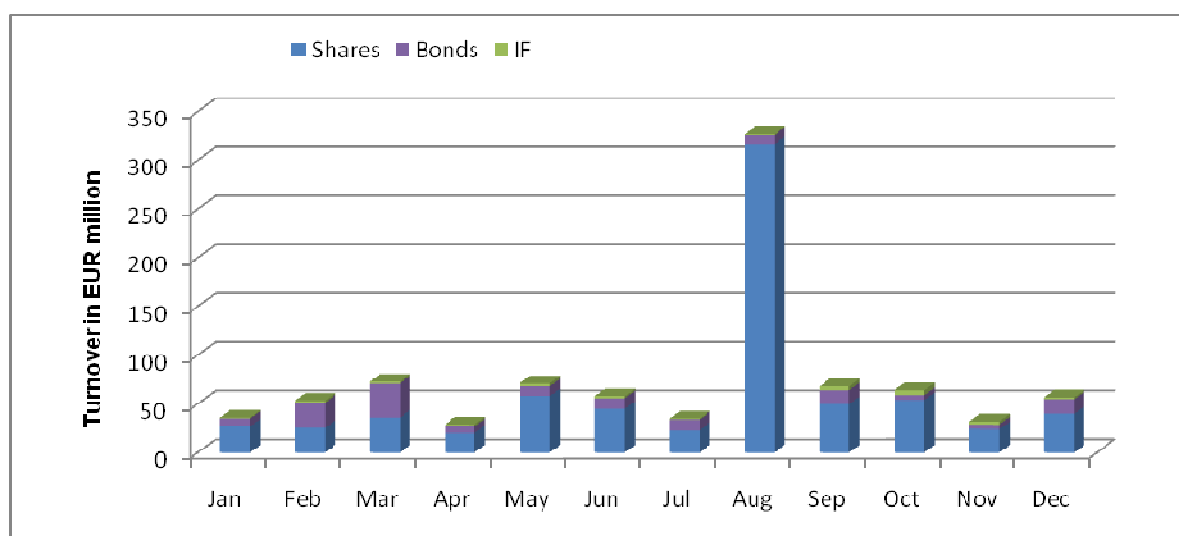
| Year | Shares | Bonds | IF | Pension coupons | Short-term FI | Total |
|------|--------|-------|------|-----------------|---------------|-------|
| 1995 | 51.4 | 25.8 | 0.0 | 0.0 | 22.8 | 100.0 |
| 1996 | 77.1 | 15.2 | 0.0 | 0.0 | 7.7 | 100.0 |
| 1997 | 80.9 | 10.6 | 0.0 | 0.0 | 8.5 | 100.0 |
| 1998 | 77.2 | 12.7 | 5.8 | 0.0 | 4.3 | 100.0 |
| 1999 | 63.4 | 13.3 | 20.3 | 0.6 | 2.4 | 100.0 |
| 2000 | 53.9 | 20.9 | 23.3 | 0.7 | 1.2 | 100.0 |
| 2001 | 68.0 | 14.8 | 15.9 | 0.5 | 0.8 | 100.0 |
| 2002 | 58.0 | 23.0 | 17.8 | 1.1 | 0.1 | 100.0 |
| 2003 | 43.9 | 38.1 | 17.9 | 0.0 | 0.1 | 100.0 |
| 2004 | 56.3 | 28.6 | 15.1 | 0.0 | 0.0 | 100.0 |
| 2005 | 51.1 | 40.8 | 8.1 | 0.0 | 0.0 | 100.0 |
| 2006 | 80.2 | 10.4 | 9.4 | 0.0 | 0.0 | 100.0 |
| 2007 | 89.6 | 5.1 | 5.3 | 0.0 | 0.0 | 100.0 |
| 2008 | 74.1 | 20.0 | 5.9 | 0.0 | 0.0 | 100.0 |
| 2009 | 79.6 | 17.3 | 3.1 | 0.0 | 0.0 | 100.0 |

Source: Ljubljana Stock Exchange.

A total of 162,100 transactions were concluded in 2009, which means an average of 646 transactions per trading day, while the number of transactions in 2008 was 249,679. The number of transactions in 2009 decreased by 35.1%, compared to 2008. The average daily volume was EUR 3.59 million in 2009, which is 30.0% less than in 2008. The average value of a transaction (trade) was EUR 5,801 in 2009, which is EUR 894 more than in 2008. The

majority of trades in 2009 were in the shares of public companies (83.8%), followed by IF shares (12.8%), and bonds (3.4%).

Figure 1: Breakdown of trading on the regulated market in 2009 by month



Source: Ljubljana Stock Exchange.

In terms of total turnover market shares of individual members of the Ljubljana Stock Exchange significantly changed in 2009 in comparison to the previous year. The largest market share was that of Probanka, which increased its market share by 11.47 percentage points compared to 2008. It was followed by Nova Ljubljanska banka, whose market share in 2009 rose by 5.49 percentage points over 2008. UniCredit Banka Slovenija, which in 2008 ranked second in terms of market share, in 2009 reduced its market share by 0.16 percentage points, descending to the third place.

Table 14: Turnover of the members of the Ljubljana Stock Exchange by type of financial instrument in 2009

| Exchange member | Shares (in EUR) | Bonds (in EUR) | Invest. funds (in EUR) | Total turnover (in EUR) | Share of total volume |
|--|-----------------|----------------|------------------------|-------------------------|-----------------------|
| PROBANKA d.d. | 253,486,492 | 7,154,913 | 1,750,874 | 262,392,279 | 14.51% |
| NOVA LJUBLJANSKA BANKA d.d. | 195,267,188 | 30,406,721 | 1,854,245 | 227,528,154 | 12.58% |
| UNICREDIT BANKA SLOVENIJA d.d. | 150,506,577 | 15,204,706 | 484,301 | 166,195,584 | 9.19% |
| ABANKA VIPA d.d. | 106,580,351 | 14,940,967 | 6,666,498 | 128,187,816 | 7.09% |
| GBD Gorenjska borzno posredniška družba d.d. | 73,295,987 | 6,539,928 | 19,708,270 | 99,544,185 | 5.51% |
| SKB BANKA d.d. | 26,243,314 | 65,251,961 | 110,005 | 91,605,280 | 5.07% |
| ILIRIKA BPH d.d. | 52,469,018 | 35,491,680 | 2,891,261 | 90,851,958 | 5.02% |
| PERSPEKTIVA BPD d.d. | 38,559,997 | 47,618,297 | 1,301,474 | 87,479,769 | 4.84% |
| GORENJSKA BANKA d.d. | 82,846,444 | 1,465,110 | 32,748 | 84,344,302 | 4.66% |
| HYPO ALPE-ADRIA-BANK d.d. | 66,688,269 | 1,457,895 | 325,064 | 68,471,229 | 3.79% |
| KD BANKA d.d. | 49,602,676 | 3,457,127 | 1,538,739 | 54,598,542 | 3.02% |
| RAIFFEISEN BANKA d.d. | 51,687,903 | 2,236,781 | 191,195 | 54,115,879 | 2.99% |

| | | | | | |
|---|----------------------|--------------------|-------------------|----------------------|----------------|
| PUBLIKUM investicijske storitve d.d. | 46,324,230 | 3,692,759 | 352,707 | 50,369,696 | 2.79% |
| CERTIUS BPH d.o.o. | 33,340,713 | 9,798,965 | 3,166,591 | 46,306,269 | 2.56% |
| POTEZA borzno posredniška družba d.d. | 34,367,685 | 9,192,443 | 2,318,778 | 45,878,907 | 2.54% |
| FACTOR BANKA d.d. | 13,528,053 | 30,049,617 | 1,867,236 | 45,444,906 | 2.51% |
| NOVA KREDITNA BANKA MARIBOR d.d. | 35,285,336 | 6,184,762 | 1,026,667 | 42,496,765 | 2.35% |
| ARGONOS borzno posredniška hiša d.o.o. | 34,385,401 | 1,826,388 | 5,735,867 | 41,947,656 | 2.32% |
| MEDVEŠEK PUŠNIK BPH d.d. | 35,090,347 | 3,478,207 | 1,502,533 | 40,071,086 | 2.22% |
| DEŽELNA BANKA SLOVENIJE d.d. | 11,978,867 | 15,501,081 | 1,126,227 | 28,606,175 | 1.58% |
| BANKA KOPER d.d. | 25,916,288 | 356,403 | 134,028 | 26,406,719 | 1.46% |
| PRIMORSKI FINANČNI CENTER INTERFIN d.o.o. | 17,558,629 | 1,291,330 | 1,427,396 | 20,277,355 | 1.12% |
| MOJA DELNICA BPH d.d. | 4,530,706 | 90,871 | 220,998 | 4,842,574 | 0.27% |
| ecetra Central European e-Finance AG* | 79,179 | 0 | 0 | 79,179 | 0.00% |
| Total | 1,439,619,651 | 312,688,910 | 55,733,701 | 1,808,042,262 | 100.00% |

Note: *In 2009, the company ecetra Central European e-Finance AG became a member of the Ljubljana Stock Exchange with remote access.

Source: Ljubljana Stock Exchange, Agency.

The investment company ecetra Central European e-Finance AG in 2009 became the first member of the Ljubljana Stock Exchange with remote access, enabling the direct accessibility of the Slovenian market to foreign investors. In December 2009, a subsidiary of BKS Bank became a member of the Ljubljana Stock Exchange.

2.1.3 Non-residents' activity on the regulated market

Table 15: Volume and breakdown of trading in shares on the regulated market by non-residents (in EUR million)

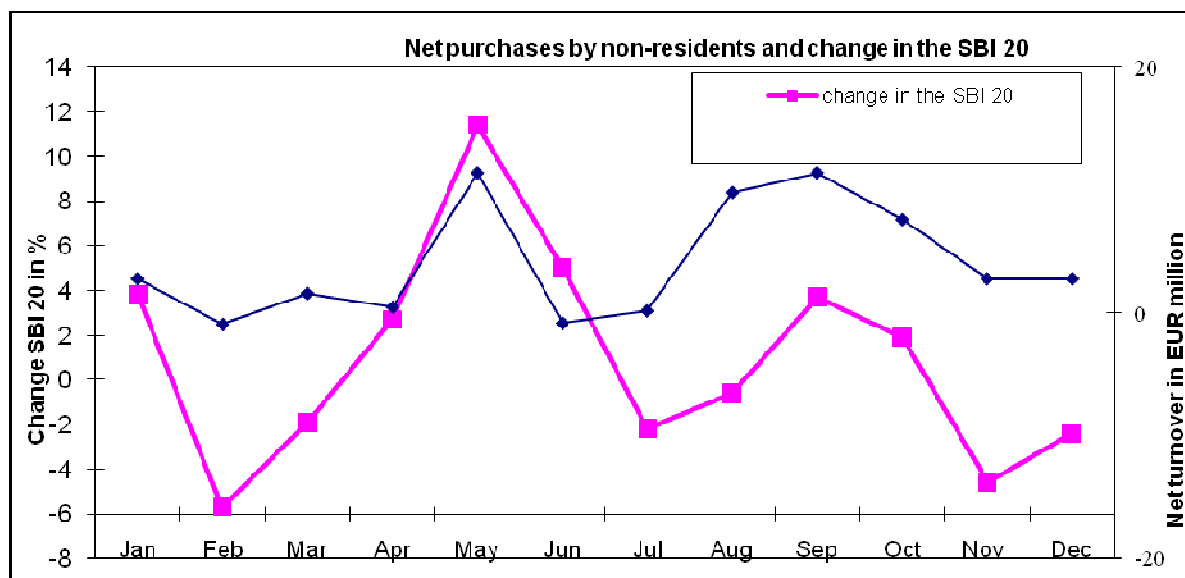
| Year | Total trading in shares | Non-residents' volume | Non-residents' share (%) | Net purchases by non-residents |
|------|-------------------------|-----------------------|--------------------------|--------------------------------|
| 2003 | 877.0 | 49.7 | 5.7 | 2.2 |
| 2004 | 1,181.2 | 78.5 | 6.6 | -1.6 |
| 2005 | 1,090.0 | 90.6 | 8.3 | 41.4 |
| 2006 | 1,616.9 | 262.1 | 16.2 | 54.6 |
| 2007 | 3,158.3 | 870.3 | 27.6 | -40.0 |
| 2008 | 1,013.7 | 419.3 | 41.4 | -91.7 |
| 2009 | 742.4 | 244.3 | 32.9 | 49.3 |

Note: Data until 31 December 2006 calculated on the basis of the exchange rate EUR 1=SIT 239.640.

Source: Bank of Slovenia.

Non-residents' purchasing activity by month fluctuated, depending on economic projections and movement in financial instrument prices. It averaged one third of total trading in shares on the stock exchange.

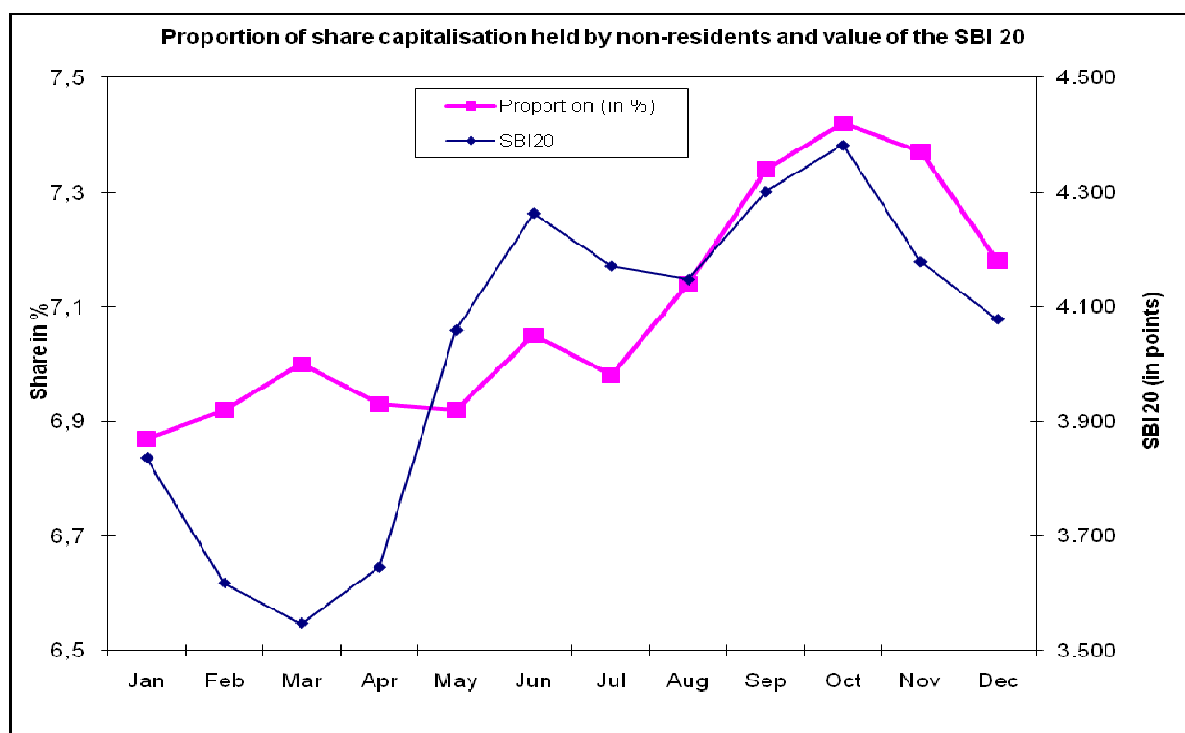
Figure 2: Net purchases by non-residents on the regulated market and change in the SBI 20 share index in 2009



Source: Bank of Slovenia, Ljubljana Stock Exchange.

According to data of the Ljubljana Stock Exchange the capitalisation of shares owned by non-residents was 7.18% at the end of December 2009, which is 0.12 percentage points more than at the end of 2008.

Figure 3: Proportion of total share capitalisation held by non-residents on the regulated market, and movement of the SBI 20 in 2009



Source: Ljubljana Stock Exchange.

2.1.4 Block trades

In 2009, there were 219 block trades, which is 0.9% more than in 2008, and 79.2% less than in 2007. The block trade volume totalled EUR 425.8 million in 2009, i.e., 94.6% more than in 2008 and 64.6% less than in 2007.

Block trades accounted for nearly half (47.1%) of the total trading on the Ljubljana Stock Exchange, compared with 17.0% in 2008, and 35.6% in 2007.

Table 16: Block trades, 2007 to 2009 (broken down by trade value)

| Class | 2007 | | 2008 | | 2009 | |
|---|---------------|----------------|---------------|----------------|---------------|----------------|
| | No. of trades | Share | No. of trades | Share | No. of trades | Share |
| up to EUR 0.125 million | 5 | 0.48% | 0 | 0.00% | 0 | 0.00% |
| from EUR 0.125 million to EUR 0.167 million | 214 | 20.36% | 29 | 13.36% | 36 | 16.44% |
| from EUR 0.167 million to EUR 0.209 million | 117 | 11.13% | 27 | 12.44% | 21 | 9.59% |
| from EUR 0.209 million to EUR 0.250 million | 86 | 8.18% | 21 | 9.68% | 17 | 7.76% |
| from EUR 0.250 million to EUR 0.334 million | 126 | 11.99% | 13 | 5.99% | 28 | 12.79% |
| from EUR 0.334 million to EUR 0.417 million | 84 | 7.99% | 11 | 5.07% | 11 | 5.02% |
| from EUR 0.417 million to EUR 0.835 million | 217 | 20.65% | 47 | 21.66% | 37 | 16.89% |
| from EUR 0.835 million to EUR 2.086 million | 123 | 11.70% | 47 | 21.66% | 39 | 17.81% |
| from EUR 2.086 million to EUR 4.173 million | 28 | 2.66% | 14 | 6.45% | 12 | 5.48% |
| above EUR 4.173 million | 51 | 4.85% | 8 | 3.69% | 18 | 8.22% |
| Total | 1,051 | 100.00% | 217 | 100.00% | 219 | 100.00% |

Note: Data until 31 December 2006 calculated on the basis of the exchange rate EUR 1=SIT 239.640.

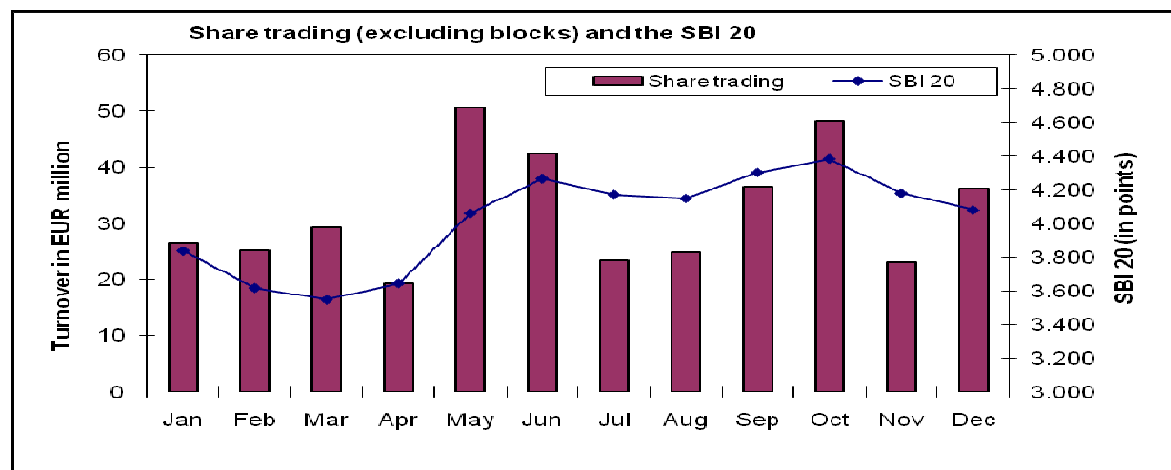
Source: Agency.

The average value of a block trade in 2009 was EUR 1.94 million, i.e., 92.8% more than in 2008 and 70.1% more than in 2007. The high growth in the value of block trades in 2009 was also influenced by the seizure of shares pledged for repayment of loans in the scope of the Pivovarna Laško takeover.

2.1.5 Market indices

The value of the SBI 20 stock exchange index stood at 4,078.64 at 31 December 2009, up 10.36% or 382.92 points from a year earlier (when the value of the SBI 20 index was 3,695.72). It peaked at 11,408.00 on 4 January 2008.

Figure 4: The Slovenian stock exchange index SBI 20 in 2009



Source: Ljubljana Stock Exchange.

The SBI 20 is regularly revised twice a year, on 1 March and 1 September. Since 3 February 1997, the value of the SBI 20 has been calculated as a series of market prices for a selected basket of shares. It consists of the capitalisations of individual shares, adjusted by a factor that ensures comparability between periods despite the inclusion and omission of individual shares that make up the index. To be included in the SBI 20, ordinary shares must meet certain criteria relating to the market capitalisation of the shares in free circulation, the average absolute daily volume and the average number of daily trades. A single issuer may not account for more than 15% of the capitalisation of the basket of shares making up the SBI 20.

The shares of 15 issuers were included in the SBI 20 as of 31 December 2009: Krka, d.d., Novo mesto; Petrol, d.d., Ljubljana; Mercator, d.d., Ljubljana; Telekom Slovenije, d.d., Ljubljana; Zavarovalnica Triglav, d.d., Ljubljana; Sava, d.d., Kranj; Nova KBM, d.d., Maribor; Abanka Vipava, d.d., Ljubljana; Gorenje, d.d., Velenje; Pivovarna Laško, d.d., Laško; Luka Koper, d.d., Koper; Pozavarovalnica Sava, d.d., Ljubljana; Helios, d.d., Domžale; Aerodrom Ljubljana, d.d., Ljubljana and Intereuropa, d.d., Koper.

On 18 July 2008, the Ljubljana Stock Exchange stopped calculating the share index of (authorised) investment companies (PIX); on 1 October 2008, it also did so for the stock exchange index of bonds (BIO).

The value of most of the major global indices grew in 2009, the largest rise of 23.85% being recorded by the DAX. The next-largest increase of 22.07% was recorded by the FTSE 100. The NIKKEI 225 was up 19.04%, while the NYSE US 100 finished the year up 13.23%.

2.1.6 Market capitalisation of financial instruments on the regulated market

Market capitalisation of financial instruments on the Ljubljana Stock Exchange, calculated as the price of financial instrument multiplied by the number of listed financial instruments, amounted to EUR 19.28 billion at the end of 2009 (IFs not included), which is 26.3% more than in December 2008, when the figure was EUR 15.26 billion. Total market capitalisation of all shares on the stock exchange (IFs not included) stood at EUR 8.46 billion at the end of December 2009, which was 0.1% less than at the end of December 2008. Total market capitalisation of bonds stood at EUR 10.82 billion at the end of December 2009, up 59.2% from a year earlier, when it amounted to EUR 6.79 billion, primarily because of new issues of bonds.

Table 17: Market capitalisation of financial instruments on the Ljubljana Stock Exchange
(in EUR million)

| | 31 December 2007 | Share (in %) | 31 December 2008 | Share (in %) | 31 December 2009 | Share (in %) |
|-------------------------------|------------------------|-----------------|------------------------|-----------------|------------------------|-----------------|
| Share Market | 19,740.12 | 73.48 | 8,468.42 | 54.22 | 8,462.22 | 43.03 |
| First listing | 12,312.43 | 45.83 | 4,151.22 | 26.58 | 5,247.54 | 26.68 |
| Standard listing | 4,569.26 | 17.01 | 2,589.28 | 16.58 | 2,206.92 | 11.22 |
| Entry market | 2,858.43 | 10.64 | 1,727.92 | 11.06 | 1,007.76 | 5.12 |
| Bond Market | 5,940.80 | 22.11 | 6,795.36 | 43.51 | 10,821.54 | 55.02 |
| Investment Fund Market | 1,183.49 | 4.41 | 353.70 | 2.26 | 384.33 | 1.95 |
| Investment Coupon Market | 161.92 | 0.60 | 129.75 | 0.83 | 132.98 | 0.68 |
| IC Share Market | 1,021.57 | 3.80 | 223.95 | 1.43 | 251.35 | 1.28 |
| Total | 26,864.41 | 100.00 | 15,617.48 | 100.00 | 19,668.09 | 100.00 |

Source: Ljubljana Stock Exchange.

2.1.7 Most heavily traded financial instruments on the regulated market

The ten most heavily traded shares in 2009 accounted for 92.92% of the total volume of trading in shares, compared to 86.00% in 2008. This represents an increase in the concentration of trading in the ten most heavily traded shares. The largest turnover, including blocks, was recorded for the shares of Krka, Mercator and Pivovarna Laško.

Table 18: Ten most heavily traded shares on the regulated market in 2009

| No. | Share | Turnover (in EUR) | Proportion of total volume of shares* (%) | Turnover ratio** |
|-----|-----------------------|--------------------|---|------------------|
| 1. | Krka | 211,465,547 | 29.38 | 0.09 |
| 2. | Mercator | 169,671,493 | 23.57 | 0.29 |
| 3. | Pivovarna Laško | 146,108,162 | 20.30 | 0.62 |
| 4. | Telekom Slovenije | 33,768,948 | 4.69 | 0.04 |
| 5. | Nova KBM | 31,073,317 | 4.32 | 0.10 |
| 6. | Petrol | 24,830,140 | 3.45 | 0.04 |
| 7. | Zavarovalnica Triglav | 15,430,954 | 2.14 | 0.03 |
| 8. | Gorenje | 13,732,616 | 1.91 | 0.08 |
| 9. | Luka Koper | 12,021,238 | 1.67 | 0.04 |
| 10. | Sava | 10,780,116 | 1.50 | 0.02 |
| | Total | 668,882,531 | 92.92 | 0.10 |
| | Other shares | 50,927,295 | 7.08 | 0.03 |
| | ALL SHARES | 719,809,826 | 100.00 | 0.09 |

Notes: * Excluding IF shares.

** Turnover is calculated as the ratio of the annual volume of trading in a financial instrument to its market capitalisation on the last day of the period.

Source: Ljubljana Stock Exchange, Agency.

The ten most heavily traded bonds, including blocks, accounted for 70.77% of the total volume of trading in bonds in 2009, compared with 82.72% in 2008. The most heavily traded was the second-issue bond of Slovenska odškodninska družba (Slovenian Indemnity Fund).

Table 19: Ten most heavily traded bonds on the regulated market in 2009

| No. | Bond | Turnover (in EUR) | Proportion of total volume (%) | Turnover ratio* |
|-----|--|--------------------|--------------------------------|-----------------|
| 1. | Slovenian Indemnity Fund 2 nd issue | 48,560,535 | 31.06 | 0.08 |
| 2. | Republic of Slovenia 59 th issue | 14,858,295 | 9.50 | 0.01 |
| 3. | Republic of Slovenia 63 rd issue | 11,754,536 | 7.52 | 0.01 |
| 4. | Republic of Slovenia 61 st issue | 10,482,371 | 6.70 | 0.03 |
| 5. | Republic of Slovenia 64 th issue | 6,922,580 | 4.43 | 0.01 |
| 6. | Factor banka 15 th issue | 4,512,000 | 2.89 | 0.50 |
| 7. | Republic of Slovenia 65 th issue | 3,603,861 | 2.31 | 0.00 |
| 8. | Republic of Slovenia 60 th issue | 3,510,870 | 2.25 | 0.01 |
| 9. | Factor banka 19 th issue | 3,329,221 | 2.13 | 0.28 |
| 10. | Republic of Slovenia 18 th issue | 3,114,546 | 1.99 | 0.07 |
| | Total | 110,648,815 | 70.77 | 0.02 |
| | Other bonds | 45,695,640 | 29.23 | 0.01 |
| | ALL BONDS | 156,344,455 | 100.00 | 0.01 |

Note: * Turnover is calculated as the ratio of the annual volume of trading in a financial instrument to its market capitalisation on the last day of the period.

Source: Ljubljana Stock Exchange, Agency.

In 2009, there were four ICs and seven MFs traded on the regulated market. Of total turnover in IF, 40.74% was generated by the most heavily traded ID NFD 1, including block trading.

Table 20: Turnover in shares/IF investment coupons on the regulated market in 2009

| No. | IF | Turnover in EUR | Proportion of total volume of IF shares (in %) | Turnover ratio* |
|-----|--------------------------------------|-------------------|--|-----------------|
| 1. | NFD 1 equity investment fund | 11,353,073 | 40.74 | 0.08 |
| 2. | Krona Senior IC | 6,099,972 | 21.89 | 0.13 |
| 3. | KD IC | 4,141,496 | 14.86 | 0.09 |
| 4. | Probanka Global investment fund (MF) | 2,253,913 | 8.09 | 0.06 |
| 5. | Infond Global (MF) | 1,989,546 | 7.14 | 0.03 |
| 6. | Zvon Ena IC | 955,694 | 3.43 | 0.07 |
| 7. | Infond Dynamic (VS) | 522,309 | 1.87 | 0.02 |
| 8. | MP-BALKAN.SI (MF) | 385,195 | 1.38 | 0.05 |
| 9. | MP-EUROSTOCK.SI (VS) | 85,812 | 0.31 | 0.02 |
| 10. | Index mutual fund PB Uranium Index | 64,684 | 0.23 | 0.17 |
| | Total | 27,851,694 | 99.95 | 0.07 |
| | Other shares/IF inv. coupons | 15,156 | 0.05 | 0.06 |
| | ALL SHARES/IF INV. COUPONS | 27,866,850 | 100.00 | 0.07 |

Note: * Turnover is calculated as the ratio of the annual volume of trading in a financial instrument to its market capitalisation on the last day of the period.

Source: Ljubljana Stock Exchange, Agency.

2.2 Capital adequacy of brokerage companies

A brokerage company must, at all times, maintain sufficient capital with regard to both the volume and type of investment services that it provides, and to the risks to which it is exposed in providing these services. The share capital of a brokerage company may never fall below EUR 730,000, with the exception of the case stipulated by Article 153 of the ZTFI. In order to ensure minimum capital adequacy, a brokerage company's capital must (pursuant to Article 4 of the Decision Regulating Investment Firm's Capital Calculation) always equal or exceed the higher of minimum capital level specified in Article 152 and 153 of the ZTFI or the sum of capital requirements for credit, market and operational risk.

In 2009, the Securities Market Agency developed and (for the first time) applied the General Rules and Methodologies it uses when verifying and assessing brokerage companies under the second paragraph of Article 222 of the ZBan-1. The provisions of Article 301 of the ZTFI in relation to Article 222 of the ZBan-1 stipulate that the Agency must at least once a year:

- Check the organisational structure, procedures and systems referred to in Article 124 of the ZBan-1 and the strategies and processes referred to in Article 126 of the ZBan-1, established by the brokerage company for the purpose of harmonising its operations with the provisions of the ZTFI and regulations issued on the basis thereof;
- Assess the risks to which the brokerage company is or might be exposed in its operations; and
- Assess the financial position and risks to which the brokerage company is or might be exposed as a result of its relations with other persons within an investment group.

The Agency verifies and assesses whether the organisational structure, procedures and

systems referred to in Article 124 of the ZBan-1 and the strategies and processes referred to in Article 126 of the ZBan-1, established by the brokerage company, and the capital of the brokerage company provide for a sound and reliable management system and appropriate coverage of risks to which the brokerage company is or might be exposed in its operations. By applying this methodology, in 2009 the Agency, based on supervision results, assessed individual brokerage companies depending on their risk and system relevance for the Slovenian capital market.

At the end of 2009, the sum of capital requirements for brokerage companies averaged EUR 0.68 million, which is 4.2% less than at the end of 2008. Average capital of brokerage companies decreased by 26.0% in the same period. To provide for suitable capital adequacy ratios, in 2009 three brokerage companies underwent capital increase or introduced other measures to ensure sufficient capital levels.

Table 21: Capital adequacy of brokerage companies (average)

| | Average capital adequacy of brokerage companies | | | |
|-------------------------------------|---|------------------|------------------|------------------|
| | 31 Dec. 2006 | 31 Dec. 2007 | 31 Dec. 2008 | 31 Dec. 2009 |
| Sum of capital requirements | EUR 0.68 million | EUR 1.24 million | EUR 0.71 million | EUR 0.68 million |
| Capital | EUR 1.96 million | EUR 2.88 million | EUR 3.12 million | EUR 2.31 million |
| Sum of capital requirements/capital | 0.35 | 0.43 | 0.23 | 0.29 |

Note: Data until 31 December 2006 calculated on the basis of the exchange rate EUR 1=SIT 239.640.

Source: Agency.

The capital of a brokerage company is, for the purpose of capital adequacy, divided into three categories depending on its quality, i.e., core tier 1, tier 2 and tier 3 capital. In 2009, the share of tier 1 capital in the total capital of brokerage companies averaged over 99%, whereas the remaining percent was accounted for by tier 2 capital.

In 2009 the largest share of capital requirements in the total was represented by capital requirements for operational risks (50.7%), followed by capital requirements for credit risk (36.2%) and capital requirements for market risk (13.1%).

2.3 Capital exposure of brokerage companies

A brokerage company's exposure to an individual entity is the sum of all its receivables and contingent receivables from that entity, the value of its investments in financial instruments of that entity, and the value of its other equity holdings in that entity. A brokerage company's exposure to an individual entity and parties related to that entity may not exceed 25% of the brokerage company's capital. Notwithstanding the above, the exposure of a brokerage company may not exceed 20% of its capital, in case of exposure to its parent company, a company that is indirectly or directly controlled by the brokerage company or a person that is indirectly or directly controlled by the same person as the brokerage company.

Any exposure of a brokerage company to an individual entity and its related parties that exceeds 10% of the brokerage company's capital is classed as a large exposure. The sum of all large exposures of a brokerage company may not exceed 800% of the amount of the company's capital. The sum of all exposures of a brokerage company to persons in special relationship with it may not exceed 200% of the brokerage company's capital.

The brokerage company must always comply with the following restrictions. If the highest exposure permitted is exceeded under extraordinary circumstances, the brokerage company shall immediately inform the Agency thereof. In such case, the latter may issue a decision stipulating a deadline for harmonisation with exposure restrictions, the method of implementing measures to ensure compliance with restrictions and the method of treating exceeded exposure.

Table 22: Ratio of total of large exposures to capital (average)

| | 31 Dec. 2006 | 31 Dec. 2007 | 31 Dec. 2008 | 31 Dec. 2009 |
|------------------------------------|--------------|--------------|--------------|--------------|
| Total of large exposures / capital | 63.2 | 57.9 | 36.5 | 26.0 |

Source: Agency.

In 2009, none of the brokerage companies exceeded these exposures, taking into account possible exemptions for the purpose of determining compliance with the exposure restrictions and exceptions to restricted exposure arising from trading book items. The exposure of brokerage companies to individual persons is not high, but has nevertheless been gradually decreasing in recent years. At the end of 2009, the (average) total large exposures/capital ratio was 26.0, i.e., 28.8% less than at the end of 2008.

2.4 Liquidity of brokerage companies

A brokerage company must monthly report to the Agency on the liquidity ratios and liquidity amount for each working day of the past month. The liquidity ratio of a brokerage company represents the ratio between liquid assets and matured or soon-to-be-matured liabilities of a brokerage company. The liquidity ratio of a brokerage company calculated for a specific working day must equal at least 1.

If a brokerage company is not able to discharge financial liabilities upon maturity, it must inform the Agency thereof, if the reason for the default is insolvency. The information must state the total amount of overdue liabilities, the reasons for the default and the measures adopted by the brokerage company to eliminate insolvency.

Table 23: Liquidity ratio of brokerage companies (average)

| | 31 Dec. 2006 | 31 Dec. 2007 | 31 Dec. 2008 | 31 Dec. 2009 |
|-----------------|--------------|--------------|--------------|--------------|
| Liquidity ratio | 7.58 | 7.69 | 13.18 | 21.83 |

Source: Agency.

In 2009, all brokerage companies daily complied with the minimum liquidity restrictions and the Agency received no notification of default on due liability because of insolvency. At the end of 2009, the average liquidity ratio of brokerage companies was 21.83 or 65.6% more than at the end of 2008.

3. INVESTMENT FUNDS

The global financial crisis, which started in 2008, caused a fall in the prices on global stock exchanges and consequently an extreme plunge in the value of investment fund assets, which (in spite of growth in 2009) have not yet reached the value from before the financial crisis. Thus, in 2009 the assets of European investment funds rose by 15.6% compared to the previous year, to EUR 7,039 billion. In the same period, the assets of Slovenian investment funds grew by 16.8% to EUR 2,234 million; however, the value of assets is still 46.3% lower than at the end of 2007.

In 2009, there were four ICs and 14 MCs active in Slovenia, which managed 128 MFs, of which one was newly founded in 2009. At the end of 2009, there were also 162 investment funds and sub-funds registered from other European Union Member States, which are competitors to domestic MFs, but at the same time boost the range of investment possibilities.

Table 24: General figures for investment funds

| | 31 December 2008 | | | | 31 December 2009 | | | |
|--|-------------------------------|------------------|-------------------------|--|-------------------------------|------------------|-------------------------|--|
| | Asset management company - MC | Mutual fund - MF | Investment company - IC | Investment fund (IF) from the EU Member States | Asset management company - MC | Mutual fund - MF | Investment company - IC | Investment fund (IF) from the EU Member States |
| Number of entities | 14 | 127 | 4 | 137 | 14 | 128 | 4 | 162 |
| Number of investors | - | 397,472 | 114,991 | n.a. | - | 392,476 | 108,740 | n.a. |
| Value of assets (in EUR million) | - | 1,513 | 398 | n.a. | - | 1,856 | 377 | 615 |

Source: Agency.

3.1. Mutual funds

In spite of the effects of the economic crisis, the net value of assets of Slovenian MFs at the end of 2009 totalled EUR 1,842 million or 22.4% more than at the end of 2008. The reason for this increase is somewhat more favourable circumstances on capital markets and positive net payments in MFs.

Table 25: Net asset value of MFs by year (in EUR million)

| | 31 Dec. 2004 | 31 Dec. 2005 | 31 Dec. 2006 | 31 Dec. 2007 | 31 Dec. 2008 | 31 Dec. 2009 |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total | 867.2 | 1,376.6 | 1,920.8 | 2,908.2 | 1,505.3 | 1,842.3 |

Note: Data until 31 December 2006 calculated on the basis of the exchange rate EUR 1=SIT 239.640.

Source: Agency.

The comparison of a series of MFs in which investors from Slovenia and Europe invest shows that investors in Slovenia are more willing to assume risk. In Slovenia, equity MFs accounted for almost 64% of total funds at the end of 2009, while bond MFs reached merely 2% and the share of money market MFs only 1%.

Also at the European level, equity MFs represented the largest portion in total managed assets: 34% in 2009. Nevertheless, the share of individual types of European MFs was far more equally spread, since the share of bond MFs and money market MFs together accounted for 44% and the share of equity MFs and mixed MFs for 50%.

We must explain that according to the Bank of Slovenia, household assets in Slovenia placed in investment funds accounted for only 6% in the structure of household financial property at the end of the third quarter of 2009, while the share of bank deposits and cash of households accounted for no less than 52%.

Table 26: Share of individual types of MFs in total assets of MFs at the end of 2008 and 2009

| | 31 December 2008 | | 31 December 2009 | |
|------------------------------------|------------------|--------|------------------|--------|
| | Slovenia | Europe | Slovenia | Europe |
| Number of equity MFs | 63% | 31% | 64% | 34% |
| Number of bond MFs | 2% | 23% | 2% | 23% |
| Number of mixed MFs | 34% | 16% | 32% | 16% |
| Number of money-market MFs | 1% | 26% | 1% | 21% |
| Number of MFs – other funds | 0% | 5% | 1% | 6% |

Source: Agency, EFAMA, Bank of Slovenia.

Table 27 shows the net values of MF assets managed by MCs at the end of 2009. The large majority of assets was managed by Triglav DZU, i.e., EUR 425 million or 23.0%, followed by KD Skladi, which managed 19.3% of total assets, and NLB skladi with 16.6% of total assets. It must also be pointed out that the increase in the share of net value of managed assets by KBM Infond and NLB Skladi is largely due to the transformation of ICs into MFs in 2008.

Table 27: Market shares of individual MCs in MF management as of 31 December 2009, measured with the net value of managed assets

| Asset management company - MC | Net asset value (in EUR) | Share (in %) | No. of managed mutual funds |
|-------------------------------|--------------------------|---------------|-----------------------------|
| Triglav DZU, d.o.o. | 424,362,486 | 23.03 | 10 |
| KD Skladi, d.o.o. | 355,826,453 | 19.31 | 17 |
| NLB Skladi, d.o.o. | 305,995,580 | 16.61 | 15 |
| KBM Infond DZU, d.o.o. | 210,958,752 | 11.45 | 10 |
| Probanka upravljanje, d.o.o. | 108,669,145 | 5.90 | 9 |
| Publikum PDU, d.d. | 78,088,214 | 4.24 | 11 |
| Abančna DZU, d.o.o. | 72,431,950 | 3.93 | 11 |
| Medvešek Pušnik DZU, d.d. | 69,680,508 | 3.78 | 11 |
| Ilirika DZU, d.o.o. | 68,406,365 | 3.71 | 10 |
| Primorski skladi, d.d. | 60,052,216 | 3.26 | 4 |
| Perspektiva DZU, d.o.o. | 55,824,071 | 3.03 | 7 |
| Krekova DZU, d.o.o. | 22,110,040 | 1.20 | 5 |
| NFD DZU, d.o.o. | 9,934,498 | 0.54 | 8 |
| Total | 1,842,340,278 | 100.00 | 128 |

Source: Agency.

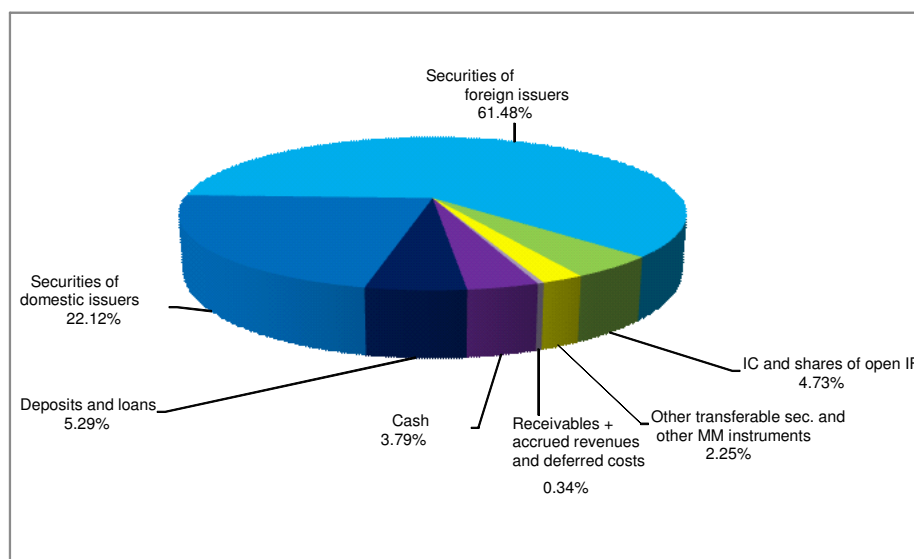
As evident from Table 28, MFs invest predominantly in equity securities traded on regulated securities markets. These investments amounted to EUR 1.5 billion at the end of 2009, or 83.6% of the total. EUR 1 billion of all MF assets were invested in equity securities of foreign issuers. The share of investments in securities issued by issuers based outside the Republic of Slovenia has been persistently growing from year to year, having reached 61.5% of the total at the end of 2009.

Table 28: Breakdown of MF assets as at 31 December 2009

| | MF assets (in EUR) | Share (in %) |
|---|-----------------------|-----------------|
| 1. Cash assets | 70,272,888 | 3.79 |
| 2. Deposits and loans | 98,188,059 | 5.29 |
| 3. Securities and money market instruments traded on a regulated securities market | 1,552,067,734 | 83.61 |
| 3.1. Securities traded on a regulated securities market | 1,551,935,909 | 83.60 |
| 3.1.1. Securities of domestic issuers traded on a regulated securities market | 410,598,346 | 22.12 |
| 3.1.2. Securities of foreign issuers traded on a regulated securities market | 1,141,337,563 | 61.48 |
| 3.2. Money market instruments traded on a regulated securities market | 131,826 | 0.01 |
| 3.2.1. Money market instruments of domestic issuers | 0 | 0.00 |
| 3.2.2. Money market instruments of foreign issuers | 131,826 | 0.01 |
| 4. Money market instruments of prime issuers | 0 | 0.00 |
| 5. Investment coupons and shares of open investment funds | 87,712,904 | 4.73 |
| 6. Composite and derived financial instruments | 82,449 | 0.00 |
| 7. Other transferable securities and other money market instruments | 41,718,261 | 2.25 |
| 8. Receivables + accrued revenues and deferred costs | 6,254,694 | 0.34 |
| 9. Total | 1,856,296,990 | 100.00 |

Source: Agency.

Figure 5: Breakdown of MF investments in 2009 (in %)

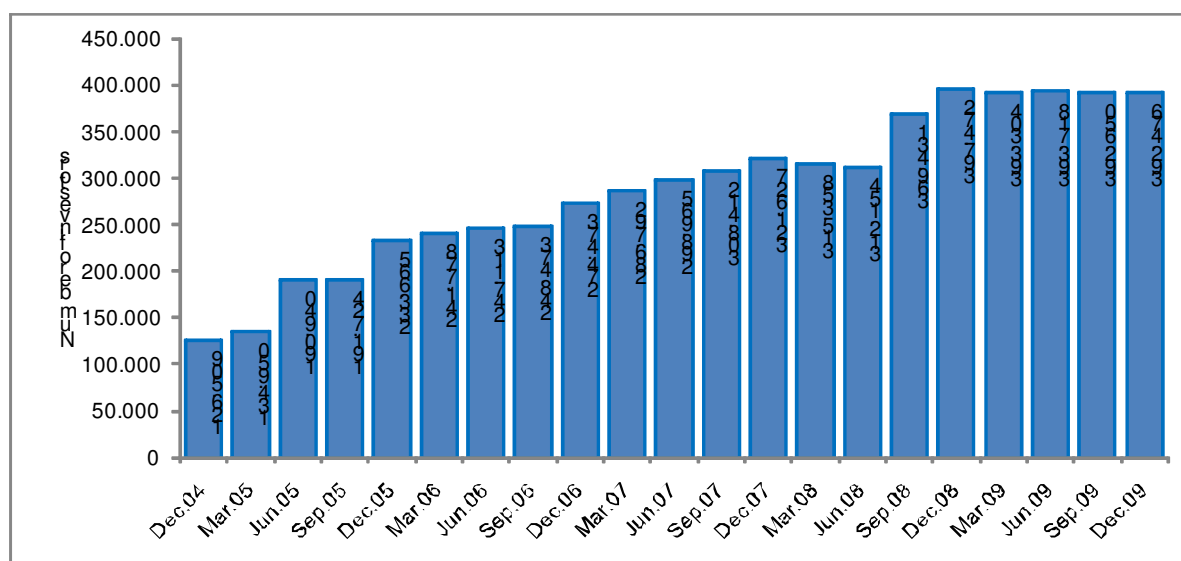


Source: Agency.

The investor profile, which was inclined to accept higher risk until 2008 (investments in equity MFs), has somewhat changed after the decrease in stock prices. The investors became more conservative and redirected a portion of their assets into less risky MFs (bond) and deposits. The number of investors in MFs amounted to 392,476 at the end of 2009, which is a 1.3% decrease over a year earlier. The concentration of investors, measured in terms of net asset value, stagnated compared to 2008, as three major MFs accounted for 21.9% of all investors at the end of 2009.

The average value of assets in Slovenian MFs per capita stood at around EUR 910 at the end of 2009, which was more than half less than at the end of 2007. In the same period, the average value of assets per capita was in Europe somewhat under EUR 10,600.

Figure 6: Number of investors in MFs, December 2004 to December 2009

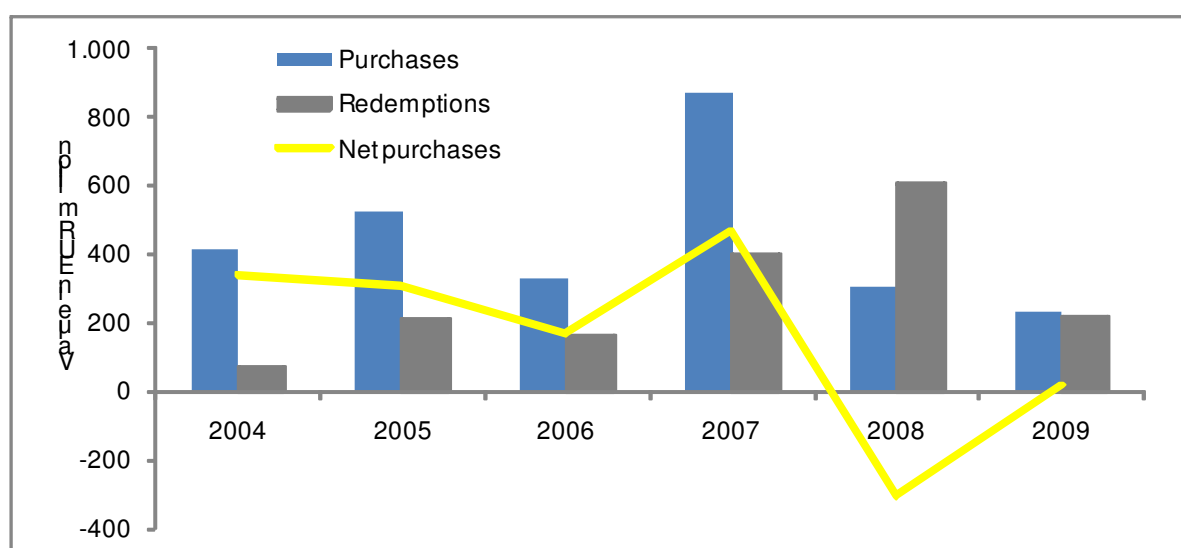


Source: Agency.

In 2009, the MFs managed by MCs based in Slovenia recorded inflows totalling EUR 236 million and outflows in the amount of EUR 218 million. Thus, in 2009, net inflows were modest, totalling EUR 18 million, which represents 1.2% of the value of assets in Slovenian MFs at the end of 2009.

In European MFs, a total of EUR 123 billion of net inflows were recorded, i.e. 2.3% of the value of assets in European MFs at the end of 2009. In 2008, European MFs even recorded a net outflow of EUR 335 billion.

Figure 7: Annual purchases and redemptions of MFs, 2004 to 2009 (in EUR million)

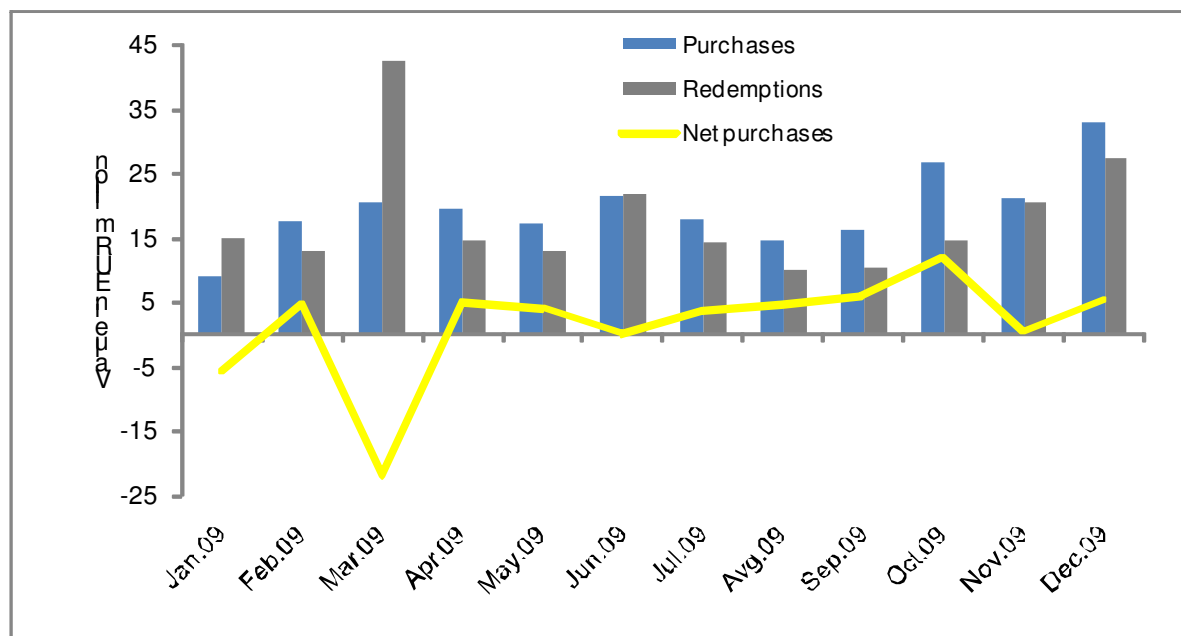


Note: Data until 31 December 2006 calculated on the basis of the exchange rate EUR 1=SIT 239.640.
Source: Agency.

The largest outflow of assets from Slovenian MFs was recorded in March 2009: 19.5%. December 2009 saw 12.7% of total outflows in 2009.

Also in March 2009, 28% of total net outflows from European MFs were recorded, and in December 2009 the respective figure was no less than 48%.

Figure 8: Monthly purchases and redemptions of MFs, January 2009 to December 2009 (in EUR million)



Source: Agency.

The return of MFs in 2009 was greatly influenced by the financial crisis, as share prices were decreasing in the first quarter of the year; at the beginning of March 2009, the lowest levels of the past decade were reached. Towards the end of March, most capital markets witnessed a surge in prices, contributing to recurring growth trend.

Figure 9 shows the return of MFs in 2009, measured with the change in unit value (UV), which ranged from -10.0% to 25.3%, whereas the weighted average of nominal return measured in this way was 10.8%. The weighting used to calculate the weighted average annual return or the change in UV is the ratio of a particular fund's assets to the total assets of mutual funds. In 2009, only four MFs disclosed a drop in UV, of which three invest in Balkan markets.

The average rise in unit value of all MFs was somewhat higher than the annual increase in SBI 20, as in 2009 the weighted average nominal return on mutual funds (10.8%) was 1.6 percentage points higher than the change in the SBI 20. When comparing the nominal weighted average return on mutual funds with the movement of the SBI 20, it should be noted that the SBI 20 ignores the dividends on the shares included in the index and that only some of the securities that mutual funds hold are shares included in the SBI 20. Increasing specialisation of Slovenian MFs, both regionally and by industrial branch, impacts the growing differences in the returns of individual MFs.

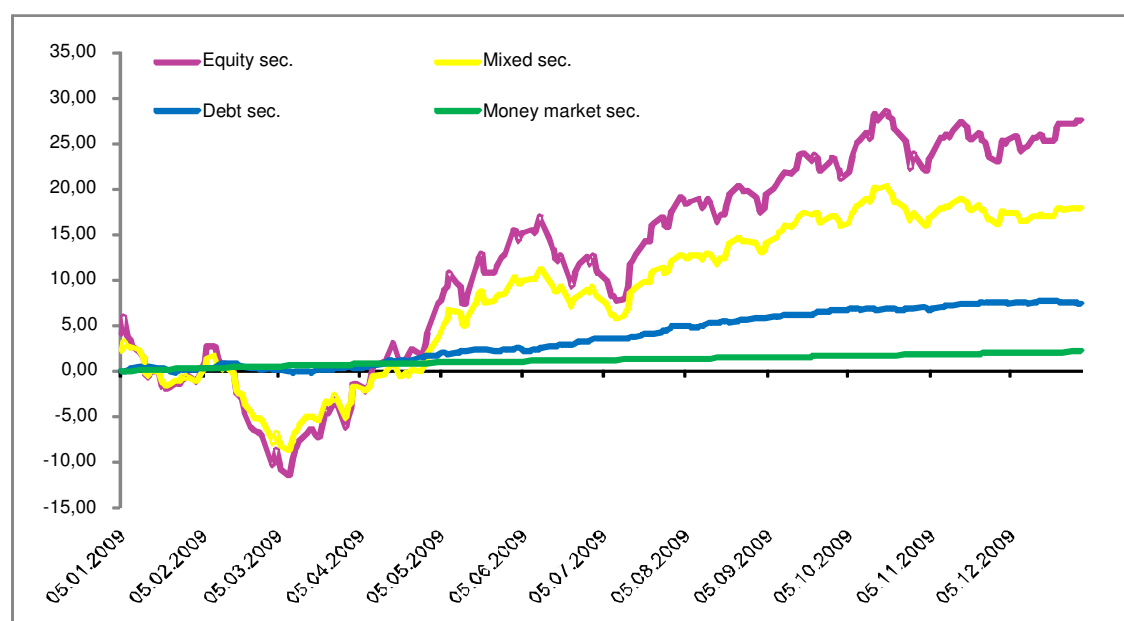
Figure 9: Comparison of the changes in SBI 20, SBI TOP indices and weighted average of annual changes in UV of MFs in 2009



Source: Ljubljana Stock Exchange, Agency.

Figure 10 shows the comparison of average returns in 2009, with the weight applied being the share of the value of assets of an individual fund in the value of assets of an individual group of funds (equity, mixed, bond and money market). Compared to 2008, when positive weighted average return was recorded only by money market MFs, in 2009 all groups of MFs recorded a positive weighted average return. Weighted average nominal return of equity MFs stood at 12.2%, followed by that of mixed MFs with 8.4% and that of bond MFs with 3.7%. The least fluctuation was seen in return of money market MFs, which ranged from 0.1% to 2.2%, whereas the weighted average annual return was 1.2%.

Figure 10: Weighted average of annual changes in UV by individual group of MFs in 2009



Source: Agency.

3.2. Investment companies

The consequences of the financial crisis with dramatic plunges in stock exchange indices also directly affected the operations of investment companies and their business results. Thus, the 2008 financial year was by far the least successful for ICs, as the volume of managed funds decreased drastically compared to 2007. At the start of 2009, the influence of upward trend in ICs' assets became apparent, but lasted only until the end of 2009, when the amount of assets managed by ICs again took a downward trend.

At the end of 2009, there were four ICs operating, all formed in the process of transformation of authorised investment companies. All ICs must transform into a mutual fund no later than within four years of receiving the Agency's decision. The last IC is thus to be transformed into a MF by the end of 2011.

At the end of 2009, the net value of assets of ICs thus totalled EUR 353 million or 3.7% and 71.2% less than at the end of 2008 and 2007 respectively. This reduction in the net asset value of ICs is the result of reduced value of assets resulting from the financial crisis in 2008 and the transformation of three ICs into MFs.

Table 29: Net asset value and the number of ICs, December 2004 to December 2009 (in EUR million)

| | 31 Dec. 2004 | 31 Dec. 2005 | 31 Dec. 2006 | 31 Dec. 2007 | 31 Dec. 2008 | 31 Dec. 2009 |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total (in EUR million) | 1,205.6 | 822.8 | 906.9 | 1,228.1 | 367.0 | 353.3 |
| No. of ICs | 10 | 7 | 7 | 7 | 4 | 4 |

Note: Data until 31 December 2006 calculated on the basis of the exchange rate EUR 1=SIT 239.640.
Source: Agency.

ICs invest predominantly in equity securities traded on regulated securities markets. These investments amounted to slightly above EUR 264 million at the end of 2009, or 70.1% of the total. Of the total, EUR 231 million or 61.2% of all MF assets were invested in equity securities of domestic issuers.

Table 30: Breakdown of ICs' assets as at 31 December 2009

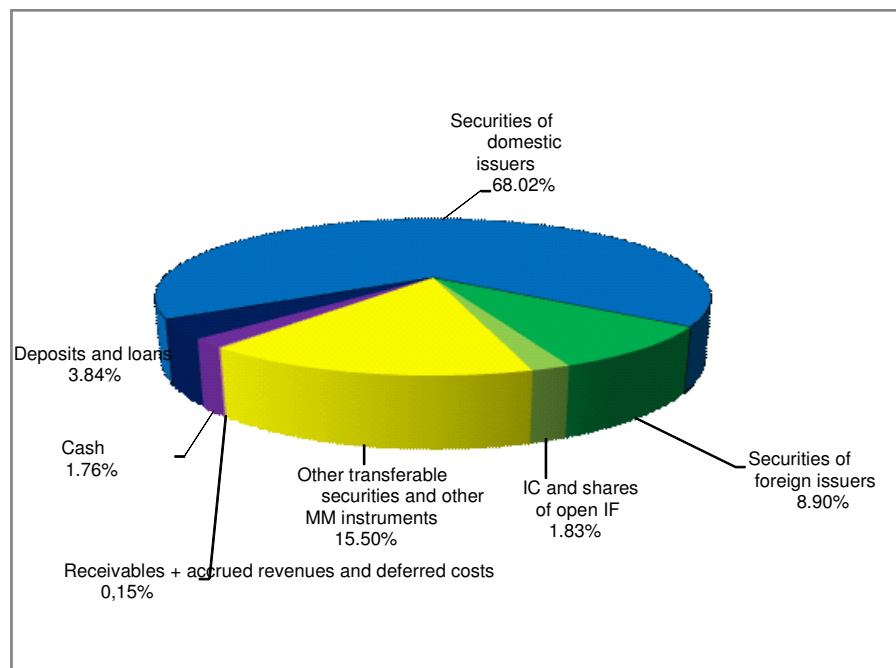
| | Assets of IC (in EUR) | Share (in %) |
|---|--------------------------|-----------------|
| 1. Cash assets | 6,647,132 | 1.76 |
| 2. Deposits and loans | 14,470,210 | 3.84 |
| 3. Securities and money market instruments traded on a regulated securities market | 290,234,918 | 76.92 |
| <i>3.1 Securities issued by domestic issuers</i> | 256,645,507 | 68.02 |
| 3.1.1 Equity securities issued by domestic issuers | 231,034,876 | 61.23 |
| 3.1.2 Debt securities issued by domestic issuers | 25,610,630 | 6.79 |
| 3.1.3 Other securities issued by domestic issuers | 0 | 0.00 |
| <i>3.2. Securities issued by foreign issuers</i> | 33,589,412 | 8.90 |
| 3.2.1 Equity securities issued by foreign issuers | 33,589,412 | 8.90 |
| 3.2.2 Debt securities issued by foreign issuers | 0 | 0.00 |
| 3.2.3 Other securities issued by foreign issuers | 0 | 0.00 |
| <i>3.3. Money market instruments traded on a regulated securities market</i> | 0 | 0.00 |
| 3.3.1 Money market instruments of domestic issuers | 0 | 0.00 |
| 3.3.2 Money market instruments of foreign issuers | 0 | 0.00 |
| 4. Money market instruments of prime issuers | 0 | 0.00 |
| 5. Investment coupons and shares of open investment funds | 6,909,174 | 1.83 |
| 6. Composite and derived financial instruments | 0 | 0.00 |
| 7. Other transferable securities and other money market instruments | 58,490,408 | 15.50 |

| | Assets of IC (in EUR) | Share (in %) |
|---|--------------------------|-----------------|
| 8. Receivables + accrued revenues and deferred costs | 560,181 | 0.15 |
| 9. Total | 377,312,023 | 100.00 |

Note: Includes investment companies and special investment company.

Source: Agency.

Figure 11: Aggregate structure of investments in IC as of 31 December 2009 (in %)



Source: Agency.

Market shares of individual MCs in terms of net value of assets managed by ICs did not significantly change in 2009 in comparison to the previous year. NFD DZU still holds a predominant market share measured in net asset value, i.e. 58.4% or 4.8 percentage points less than at the end of 2008. DUS Krona, which in 2008 ranked second, now holds the third largest market share in spite of increasing its market share by 1.5 percentage points compared to 2009. KD ID climbed to the second place, having increased its market share by 3.3 percentage points over 2008.

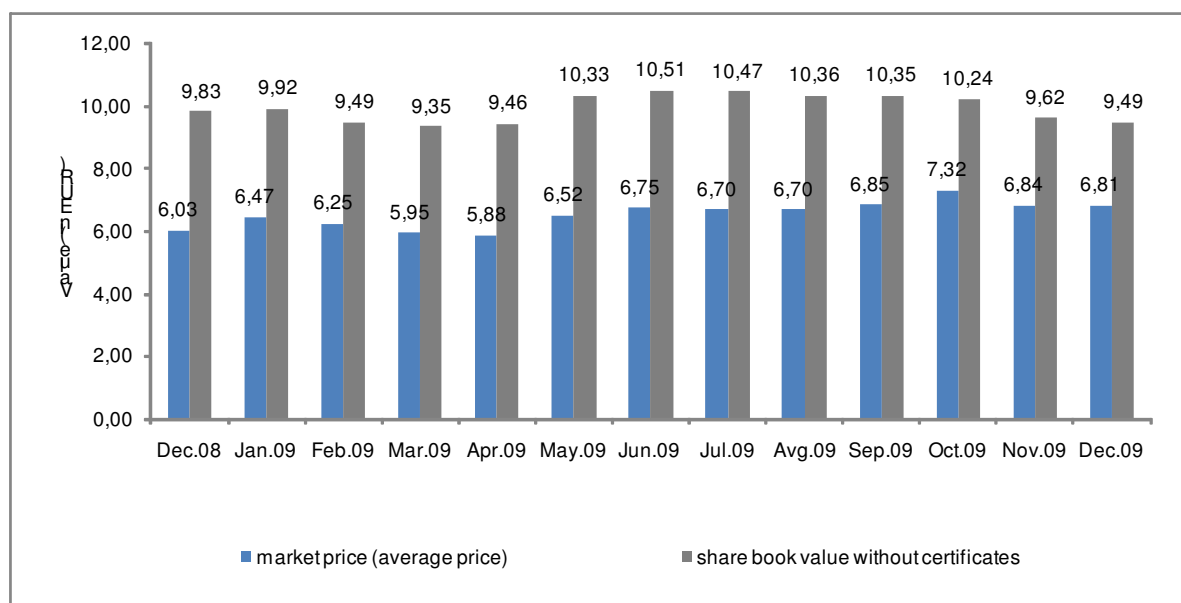
Table 31: Market shares of individual management companies in terms of net value of IC's managed assets as of 31 December 2009

| Asset management company - MC | Net asset value of IC (in EUR) | Share (in %) |
|-------------------------------|-----------------------------------|-----------------|
| NFD DZU, d.o.o. | 206,205,306 | 58.37 |
| KD ID, d.d. | 66,050,677 | 18.70 |
| DUS KRONA, d.o.o. | 59,596,252 | 16.87 |
| Krekova družba DZU, d.o.o. | 21,424,593 | 6.06 |
| Total | 353,276,828 | 100.00 |

Source: Agency.

Figure 12 shows a small decrease in the book value of IC shares towards the end of 2009, down 3.5% from 2008. The average market price of shares in ICs grew by 12.9% in 2009. Similarly as in 2008, the change between the book value and market value of shares in ICs was also rather constant in 2009.

Figure 12: Average market price for shares in ICs (average price) and average book value of shares in ICs, December 2008 to December 2009

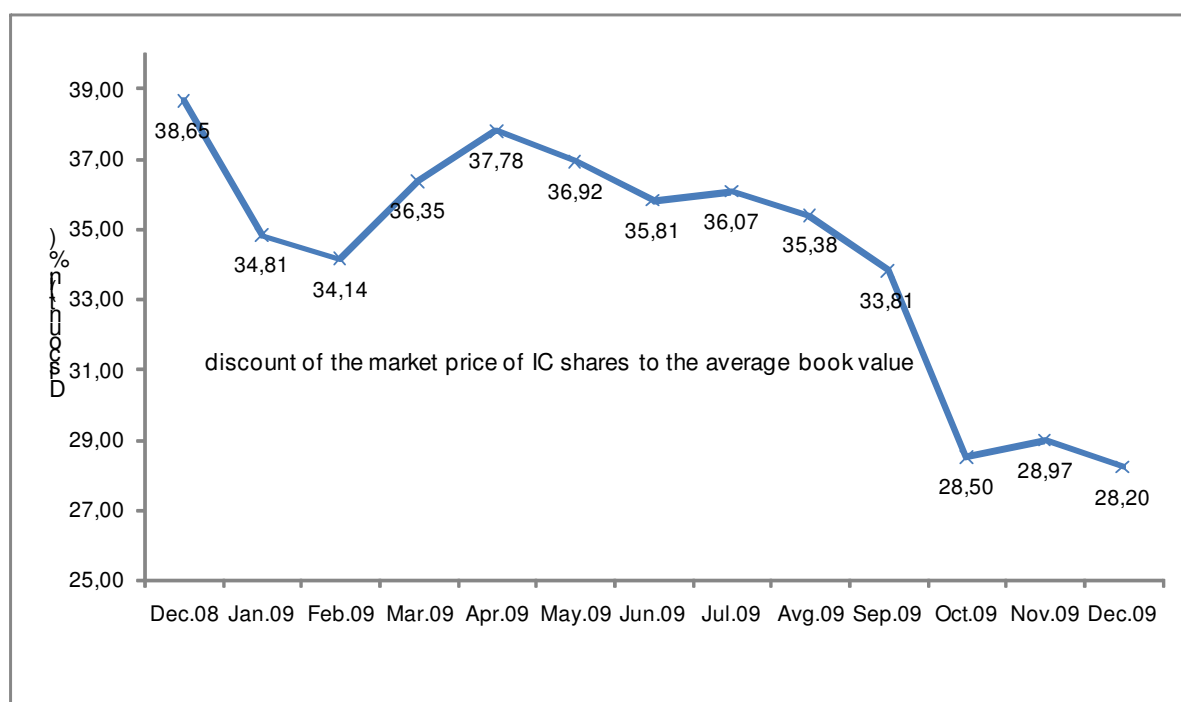


Note: Calculation of average book and market value of IC shares is adapted to the number of all issued shares.

Source: Agency.

In 2009, the discount between the average book value and the average market value of IC shares was fluctuating moderately. A somewhat lower discount was noted towards the end of 2009, when it decreased owing to stabilisation of capital markets. At the end of 2008, the discount of the average market price in terms of the average book value of shares was 38.6% and at the end of 2009 it dropped to 28.2%.

Figure 13: Movement in the discount of the average market price of IC shares to the average book value, December 2008 to December 2009



Note: Calculation of the discount between the average book and market value of IC shares is

adapted to the number of all issued shares of an IC.
Source: Agency.

3.3. Investment funds from the EU Member States meeting the conditions for marketing and sale in the Republic of Slovenia

In spite of the financial crisis, which significantly affected the investment fund sector, the range of investment funds did not decrease. On the contrary, competition among providers of investment fund management services in the Republic of Slovenia has been increasing, as the number of investment funds from the EU Member States that are marketed directly in Slovenia has grown.

In 2009, the Agency processed 39 notifications for marketing and sale of units of new investment funds of EU Member States in Slovenia. Of those, 35 investment funds met the conditions for direct marketing and sales in the Republic of Slovenia at the end of 2009; four notifications are still being processed. These notifications were filed by four MCs from the European Union, two of whom applied for registration for the first time. Based on the above notifications, 25 MFs and one umbrella fund with 10 sub-funds started marketing and selling the units of assets of IF on the territory of the Republic of Slovenia in 2009. Furthermore, 10 investment funds from Member States were discontinued in 2009. Thus, the number of investment (sub)funds of Member States that directly market and sell their units of assets on the territory of the Republic of Slovenia increased from 137 at the end of 2008 to 162 at the end of 2009.

4. MUTUAL PENSION FUNDS

Pursuant to the Pension and Disability Insurance Act, since 2000, the Agency has been responsible for issuing authorisations to establish mutual pension funds (hereinafter: MPF) and for overseeing their operations. As of 31 December 2009, there were six mutual pension funds that held the authorisation to operate, with 246,767 members. Of those, 244,202 were covered by collective insurance (via employers) and 3,280 held individual insurance and paid the premiums by themselves. The ZPIZ-1 (Pension and Disability Insurance Act) allows for each insured person to subscribe to one collective and one individual pension plan.

As of the last day of 2009, all MPFs together managed assets in the amount of EUR 647 million, which is 34.0% more than at the end of 2008 and 47.4% above the respective 2007 figure. The increase in the assets is the result of regular payments into the MPF. In 2009, the number of members did not change significantly. The changes in the number of members covered by voluntary supplementary pension insurance and the collected premium between 2005 and 2009 are shown in Table 32.

Table 32: General data on MPF from 2005 to 2009

| | 31 Dec. 2005 | 31 Dec. 2006 | 31 Dec. 2007 | 31 Dec. 2008 | 31 Dec. 2009 |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|
| Number of funds | 6 | 6 | 6 | 6 | 6 |
| Number of operators | 5 | 5 | 5 | 5 | 5 |
| No. of members | 210,775 | 220,518 | 230,912 | 238,811 | 246,767 |
| Net collected premium/y (in EUR) | 84,461,676 | 89,828,895 | 95,067,972 | 102,058,252 | 106,144,735 |
| NAV (in EUR) | 239,775,826 | 335,850,615 | 437,166,906 | 482,045,486 | 645,789,532 |
| Market concentration | | | | | |
| - share of largest fund | 52.96% | 56.15% | 57.30% | 58.49% | 60.57% |
| - share of three largest funds | 93.31% | 93.74% | 93.51% | 92.03% | 93.56% |

Note: Data until 31 December 2006 calculated on the basis of the exchange rate EUR 1=SIT 239.640.

Source: Agency.

Because the managers of MPFs are obliged each month to secure the guaranteed return on the net collected premium, which depends on the yield of government bonds, the MPFs focus primarily on fixed-return investments, i.e., bonds (63.5%) and bank deposits (20.7%). In this way, managers expect to guarantee modest, but positive returns on collected premiums and avoid any risk of failing to achieve the minimum guaranteed return. Until the last quarter of 2008, all MPFs managed to maintain the actual net asset value above the guaranteed. In 2009, for the first time a MPF manager had to pay the difference up to guaranteed asset value.

Table 33: Aggregate structure of investments in MPF from 2007 to 2009

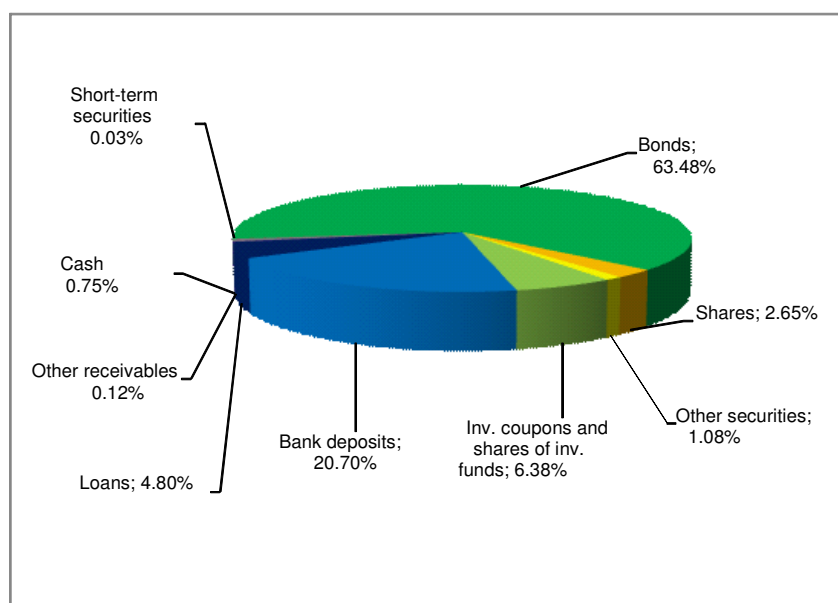
| | 31. 12. 2007 | | 31. 12. 2008 | | 31. 12. 2009 | |
|---------------------------------|--------------|-------|--------------|-------|--------------|-------|
| | EUR | % | EUR | % | EUR | % |
| 1. Cash assets | 6,159,467 | 1.40 | 5,507,349 | 1.14 | 4,885,944 | 0.75 |
| 2. Short-term securities | 19,253,909 | 4.38 | 9,890,676 | 2.05 | 203,582 | 0.03 |
| - Government | 16,233,737 | 3.70 | 9,525,520 | 1.97 | 0 | 0.00 |
| - Other | 3,020,172 | 0.69 | 365,157 | 0.08 | 203,582 | 0.03 |
| 3. Bonds | 268,537,900 | 61.16 | 294,185,091 | 60.87 | 410,990,679 | 63.48 |
| - Government bonds | 104,484,052 | 23.80 | 140,120,872 | 28.99 | 175,069,882 | 27.04 |
| 4. Shares | 34,054,782 | 7.76 | 25,560,549 | 5.29 | 17,125,152 | 2.65 |
| 5. Other securities | 3,049,286 | 0.69 | 3,273,061 | 0.68 | 7,020,012 | 1.08 |

| | 31. 12. 2007 | | 31. 12. 2008 | | 31. 12. 2009 | |
|---|--------------------|---------------|--------------------|---------------|--------------------|---------------|
| | EUR | % | EUR | % | EUR | % |
| 6. MF investment coupons and IC shares | 40,941,571 | 9.32 | 29,952,984 | 6.20 | 41,291,560 | 6.38 |
| 7. Bank deposits | 66,793,130 | 15.21 | 114,056,516 | 23.60 | 134,035,407 | 20.70 |
| 8. Loans | 0 | 0 | 0 | 0 | 31,103,909 | 4.80 |
| 9. Real estate | 0 | 0 | 0 | 0 | 0 | 0.00 |
| 10. Other receivables | 295,772 | 0.07 | 898,446 | 0.19 | 751,393 | 0.12 |
| 11. Total | 439,085,816 | 100.00 | 483,324,672 | 100.00 | 647,407,638 | 100.00 |

Source: Agency.

The structure of MPFs investments varies over years, but the share of fixed-return investments, i.e., bank deposits and bonds, remains stable. Compared to the previous year, the share of short-term securities was reduced from 2% in 2008 to 0.03% in 2009 due to less intensive issuing of treasury bills by the state. The share of investments in shares also dropped in 2009, i.e., from 5.3% to 2.7%. With the aim of providing guaranteed returns, placements in bonds still prevail, accounting for 63.5% of total assets of MPFs.

Figure 14: Aggregate structure of investments in MPFs as of 31 December 2009 (in %)



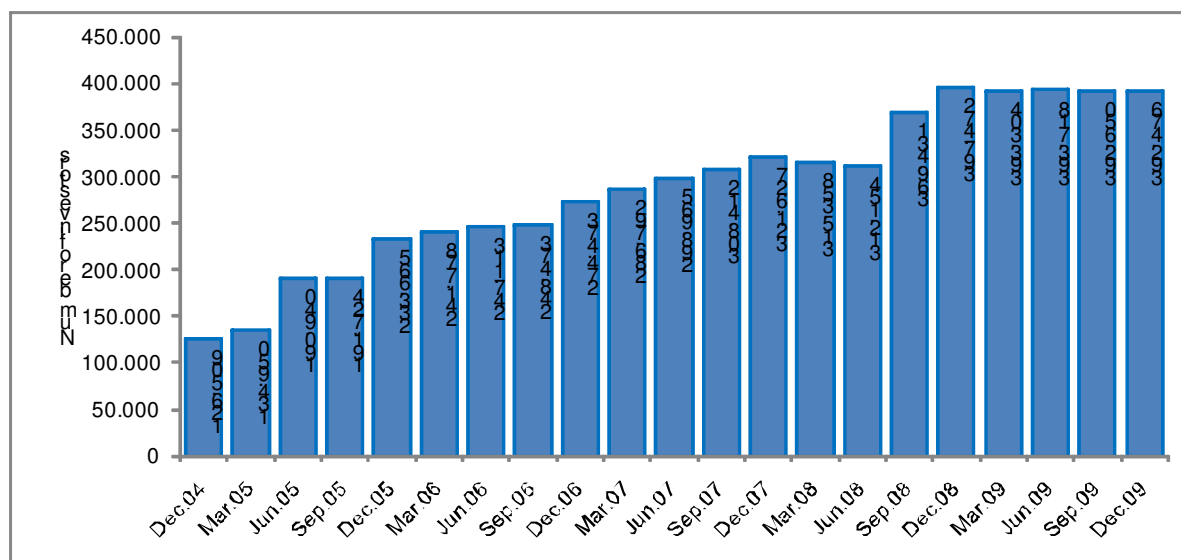
Source: Agency.

Kapitalska družba occupies the leading position on the market of supplementary pension insurance. Such concentration on this market is not encouraging and additionally impedes the voluntary transition of members between the providers of voluntary supplementary pension insurance. Enables the insured to switch among the providers is supposedly the leverage that will ensure the true competition of different providers of pension products and thus more efficient operation of MPFs.

The number of MPF members has been growing moderately since 2004. Members included in collective savings schemes still prevail. The share of members included in individual pension insurance remains insignificant, especially due to low tax relief and the fact that collective pension savings schemes can use the tax relief more efficiently.

Considering the deteriorating demographic trends, the Government should adopt adequate measures to stimulate employees to join this form of pension saving, regardless of the fact that the number of persons saving for old age in MPF, pension companies and insurance companies is gradually increasing.

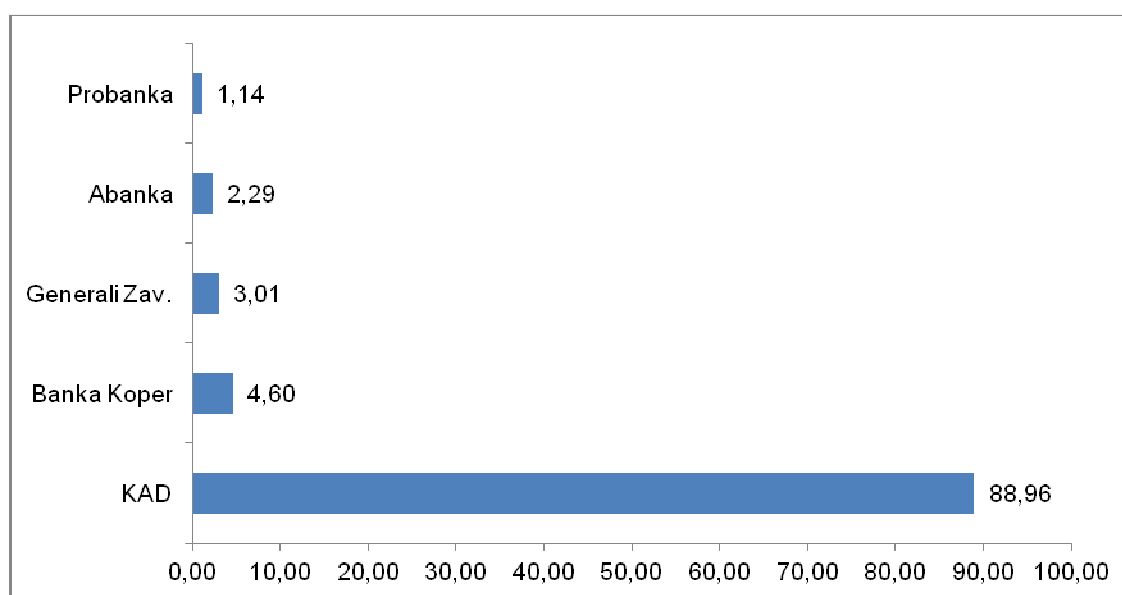
Figure 15: The movement in the number of MPF members, December 2004 to December 2009



Source: Agency.

Data on collected assets or net asset value also show the prevailing role of Kapitalaska družba in the area of MPF operations, taking into account the important fact that Kapitalaska družba manages two MPFs, of which the Closed Mutual Pension Fund for Civil Servants alone accounts for 60.6% of the market share and the Capital Mutual Pension Fund for 28.4% of the market share.

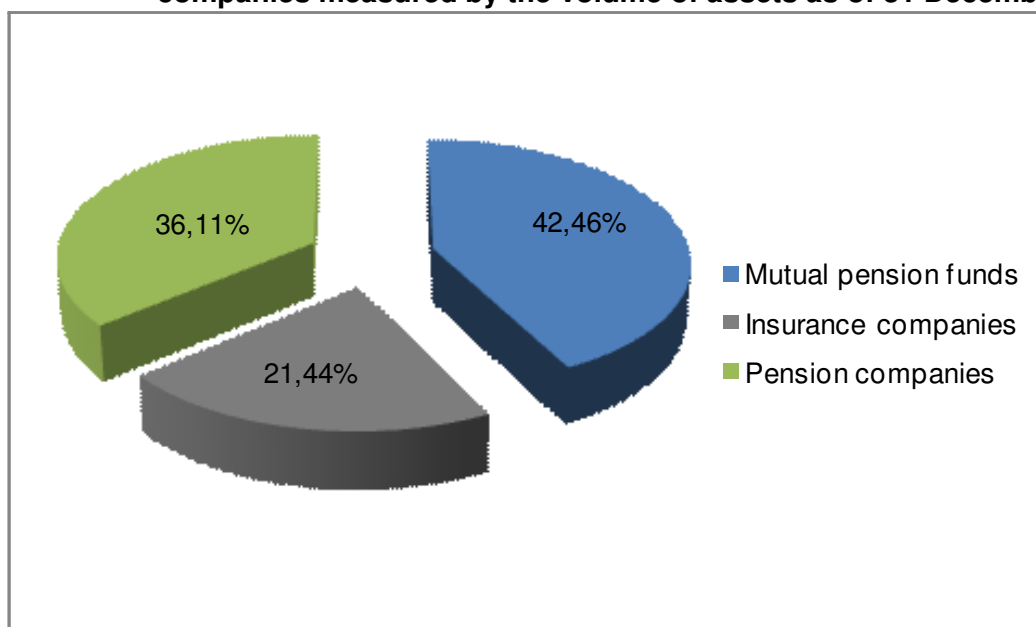
Figure 16: Share of individual managers in the management of MPF assets in terms of net asset value as of 31 December 2009



Source: Agency.

In line with the ZPIZ-1, voluntary supplementary pension insurance is provided by MPFs, insurance companies and pension companies. In terms of the volume of collected assets by the providers of voluntary supplementary pension insurance, MPFs achieved a 42.5% market share in 2009.

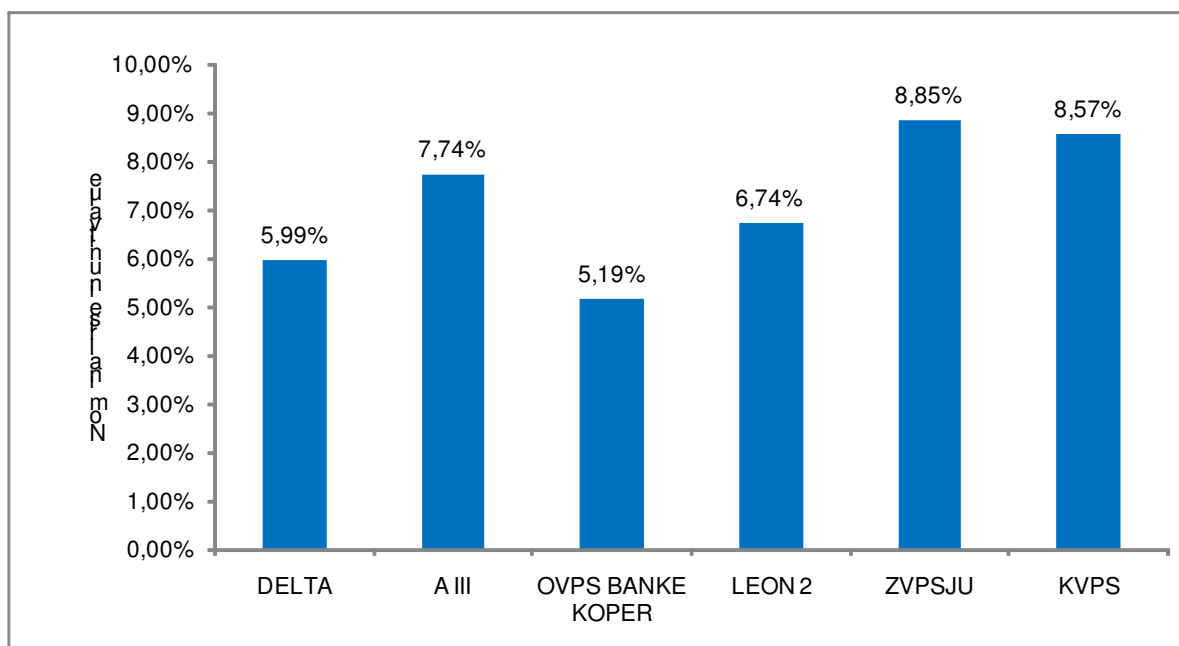
Figure 17: Volume of operations of pension companies, MPFs and insurance companies measured by the volume of assets as of 31 December 2009



Source: Agency.

An increase in the value of the unit in 2009 is shown by Figure 18 and the monthly return at the annual level per MPF in 2009 is shown in Table 34. The highest returns in 2009 were achieved by the MPFs managed by Kapitalska družba.

Figure 18: Increase in the unit value of MPFs in the period from 31 December 2008 to 31 December 2009



Source: Agency.

Supplementary pension insurance is a form of insurance in which the policyholder assumes the investment risk with a guaranteed return on the net premium paid. The guaranteed return, which is expressed as an annual return that the manager of the MPF guarantees, may not be lower than 40% of the average annual interest rate on government securities with a maturity of more than one year.

Table 34: Return of MPF at the annual level and minimum annual guaranteed return in 2009 (in %)

| | KVPS | LEON 2 | OVPS Banka Koper | A III | DELTA | ZVSJU | Minimum guaranteed return at the annual level |
|----------------|--------|--------|------------------------|--------|--------|--------|--|
| Jan. 09 | 0.22% | -0.60% | 0.14% | 0.47% | -0.40% | 0.19% | 1.76 |
| Feb. 09 | -0.76% | -0.09% | -0.08% | -1.06% | -0.42% | 0.41% | 1.76 |
| Mar. 09 | 0.25% | 0.67% | 0.13% | 1.32% | 0.24% | -0.04% | 1.76 |
| Apr. 09 | 1.49% | 0.75% | 0.72% | 1.25% | 1.11% | 1.22% | 1.76 |
| May 09 | 2.14% | 0.76% | 1.45% | 1.06% | 0.61% | 1.63% | 1.76 |
| Jun. 09 | 0.51% | 1.11% | 0.82% | 0.48% | 0.64% | 1.16% | 1.76 |
| Jul. 09 | 1.69% | 1.60% | 0.61% | 1.31% | 1.07% | 0.71% | 1.69 |
| Aug. 09 | 0.83% | 0.82% | 0.44% | 0.70% | 0.69% | 1.47% | 1.69 |
| Sep. 09 | 1.01% | 1.28% | 0.75% | 0.87% | 1.33% | 0.58% | 1.69 |
| Oct. 09 | -0.09% | -0.06% | 0.38% | 0.14% | 0.03% | 0.58% | 1.69 |
| Nov. 09 | 0.74% | 0.63% | -0.19% | 0.64% | 1.02% | 0.38% | 1.69 |
| Dec. 09 | 0.26% | -0.32% | -0.09% | 0.32% | -0.07% | 0.23% | 1.69 |

Source: Agency.