

JANUARY - MARCH 2011

1/4

UNAUDITED RESULTS OF OPERATIONS
OF THE NOVA KBM GROUP



A thousand stories. One bank.

MAY 2011

Corporate governance bodies

Management Board of the Bank

Matjaž Kovačič	President
Manja Skernišak	Member
Andrej Plos	Member

Executive Directors of the Bank

Slavko Jarc
Simon Hvalec
Ksenija Mrevlje
Aleksander Batič
Vasilij Koman
Vlasta Brečko
Peter Kupljen

Supervisory Board of the Bank

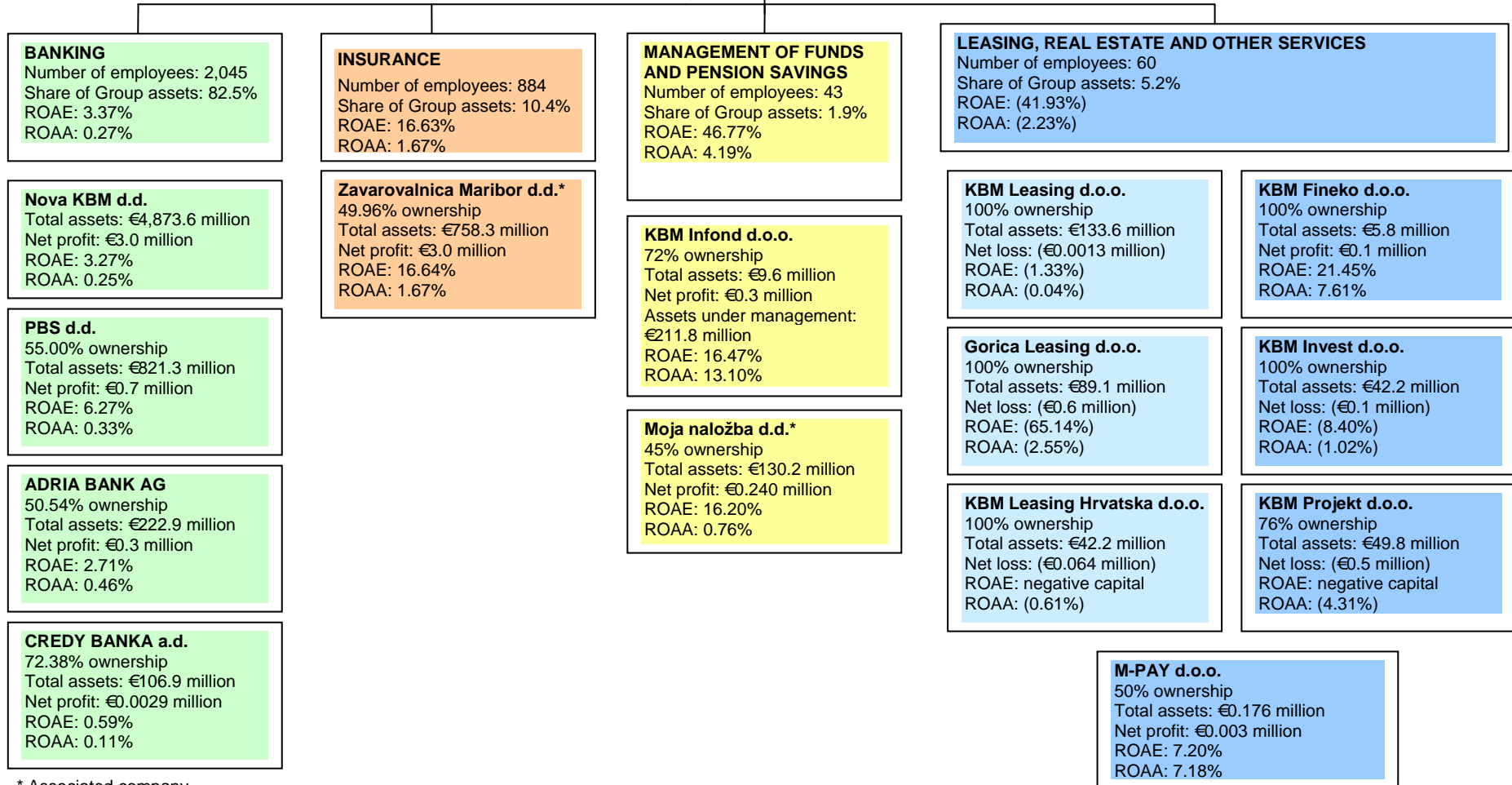
Danilo Toplek	Chairman
Franc Škufca	Deputy Chairman
Andrej Svetina	Members
Dušan Jovanovič	
Janez Košak	
Alenka Bratušek	
Anton Guzej	
Ivan Vizjak	
Aleš Krisper	

Name of the parent bank:	Nova Kreditna banka Maribor d.d.
Short name of the parent bank:	Nova KBM d.d.
Registered office:	Ulica Vita Kraigherja 4, 2505 Maribor
BIC (SWIFT):	KBMASI2X
Reuters:	KBMS
IBAN:	SI56 0100 0000 0400 014
Account No.:	01000-0000400014
Registration No.:	5860580
Entry No. in the register of companies of the Maribor District Court:	062/10924200
VAT ID No.:	SI94314527
Share capital:	€27,209,542.43



NOVA KBM GROUP

Total assets: €5,952.7 million
 Net profit: €5.1 million
 Number of employees: 3,032
 ROAE: 4.25%
 ROAA: 0.31%



* Associated company



Contents

INTERIM REPORT OF THE NOVA KBM GROUP: January – March 2011

CORPORATE GOVERNANCE BODIES.....	2
CONTENTS.....	4
KEY PERFORMANCE INDICATORS OF THE NOVA KBM GROUP.....	5
PERFORMANCE HIGHLIGHTS FOR THE PERIOD JANUARY – MARCH 2011.....	6
EVENTS AFTER THE END OF THE REPORTING PERIOD.....	7
CHANGES IN THE SUPERVISORY BOARD OF THE BANK.....	7
LETTER TO SHAREHOLDERS.....	8
PROFILE OF NOVA KBM D.D. AND THE NOVA KBM GROUP.....	10
SHAREHOLDER STRUCTURE AND INFORMATION ON SHARES.....	12
OPERATING RESULT OF THE NOVA KBM GROUP.....	16
FINANCIAL POSITION OF THE NOVA KBM GROUP.....	18
PLANS TILL THE END OF 2011.....	20
KEY PERFORMANCE INDICATORS OF NOVA KBM D.D. – THE PARENT BANK.....	21
INTERIM FINANCIAL REPORT OF THE NOVA KBM GROUP.....	23
INTERIM FINANCIAL STATEMENTS OF THE NOVA KBM GROUP.....	24
NOTES TO THE FINANCIAL STATEMENTS OF THE NOVA KBM GROUP.....	34
NOTES TO THE STATEMENT OF INCOME ITEMS.....	35
NOTES TO THE STATEMENT OF FINANCIAL POSITION ITEMS.....	38
OTHER NOTES.....	45
INTERIM FINANCIAL REPORT OF NOVA KBM D.D.	54
INTERIM FINANCIAL STATEMENTS OF NOVA KBM D.D.....	55
NOTES TO THE FINANCIAL STATEMENTS OF NOVA KBM D.D.....	64
NOTES TO THE STATEMENT OF INCOME ITEMS.....	65
NOTES TO THE STATEMENT OF FINANCIAL POSITION ITEMS.....	68
OTHER NOTES.....	74
FINANCIAL CALENDAR OF NOVA KBM D.D. FOR THE YEAR 2011.....	81

Key performance indicators of the Nova KBM Group

	2011	2010	Index
Statement of financial position (€000)	31 March	31 December	
Total assets	5,952,678	5,866,657	101
Total deposits from the non-banking sector	3,864,848	3,712,652	104
Total loans to the non-banking sector	3,975,992	4,034,927	99
Total equity	445,250	438,989	101

Statement of income (€000)	Q1 2011	Q1 2010	
Net interest income	35,384	35,434	100
Net fee and commission income	15,039	14,999	100
Net gains/losses from trading in securities and foreign exchange	(158)	1,864	
Other income/expense	2,976	4,157	72
Operating costs	(28,293)	(26,686)	106
Impairment losses and provisions	(20,383)	(15,042)	136
Profit from continuing operations	4,565	14,726	31
Net profit for the reporting period	5,092	11,261	45

Ratios	31 March	31 December
Net profit per share ¹ (€)	0.51	0.41
Share price (€)	10.16	10.20
Share book value ² (€)	15.40	15.22
Total capital adequacy (%)	11.07	10.89
Capital adequacy (original own funds) (%)	8.15	7.93
ROAA before tax (%)	0.31	0.31
ROAE before tax (%)	4.25	4.14
Operating costs/Average total assets (%)	1.93	2.21
Cost/Income (%)	53.14	55.97

¹ Net profit per share is calculated as the ratio between the annualised net profit attributable to owners of the parent and the weighted average number of Bank shares in the reporting period.

² Share book value on the last day of the reporting period is calculated as the ratio between the equity attributable to owners of the parent and the total number of Bank shares outstanding on the last day of the reporting period.

Performance highlights for the period January – March 2011

Operating results for the first three months of 2011

- For the period from 1 January to 31 March 2011, the Nova KBM Group (hereafter also referred to as the 'Group') reported a pre-tax **profit of €4,565 thousand from continuing operations**, which accounts for 31% of the annual profit projection. Net profit of the Group was €5,092 thousand, which was €2,095 thousand more than the profit reported by Nova KBM d.d. (hereafter also referred to as the 'Bank' or 'Nova KBM').
- The Group's **total assets** as of 31 March 2011 were €5,952,678 thousand, an increase of €86,021 thousand, or 1.5%, from the 2010 year-end. Following the two consecutive quarters in which its total assets declined, the Group managed to increase its business volume in the first quarter of 2011.
- In the first three months of 2011, the Group generated a **net interest income** of €35,384 thousand, which is 24.8% of the annual projection. The amount of net interest income is similar to the one reported for the same period last year.
- The Group's **net fee and commission income** in the first quarter of 2011 totalled €15,039 thousand, up 0.3% on the figure reported for the same period last year. Net fee and commission income generated in the first quarter of the year makes up 26.1% of the annual projection.
- **Administration costs, including depreciation and amortisation**, amounted to €28,293 thousand, which is 22.7% of the annual projection. The ratio of operating costs as a percentage of the average total assets was 1.93%, a decrease of 0.28 percentage points from the same period last year. The cost-to-income ratio improved as well, from 55.97% at the end of 2010 to 53.14% in the first quarter of 2011.
- In the period from January through March 2011, **net provisions and impairment losses** amounted to €20,383 thousand, which accounts for 30.3% of the annual projection.
- In the period from January through March 2011, the Group made a profit of €1,630 thousand from **investments in associated companies**, which accounts for 32.8% of the annual projection. For the same period last year, the Group reported a profit of €2,135 thousand in this income category.
- The Group's pre-tax **return on average equity** (ROAE) stood at 4.25%, up 0.11 percentage points from the 2010 year-end, yet 2.41 percentage points below the projection.
- The Group's pre-tax **return on average assets** (ROAA) was 0.31%, the same as reported for the 2010 year-end, and 0.26 percentage points below the projection.
- As of 31 March 2011, the **total equity of the owners of the parent** amounted to €401,769 thousand, an increase of €4,869 thousand, or 1.2%, from the end of 2010. The Group's total adequacy ratio at the end of the first quarter of 2011 was 11.07%.

Other events

- On 19 January 2011, Nova KBM was awarded the 'naj Mariborčan' prize, both for the best large company and for the best director (Matjaž Kovačič) in Maribor.

Events after the end of the reporting period

April

- On 1 April 2011, the Securities Market Agency approved the prospectus for the public offering of Nova KBM shares. The price range for one offer share was set between €8.00 and €10.50.
- On 26 April 2011, Nova KBM announced a successful conclusion of the offering of new shares issued on the basis of the increase in authorised capital. Nova KBM raised €104,327,912 and allocated 13,040,989 new shares to the investors. Following the registration of the share capital increase in the court register, the total number of shares is now 39,122,968 and the share capital of the Bank amounts to €40,814,313.65.

May

- The trading in newly-issued shares of Nova KBM started on the Ljubljana Stock Exchange and the Warsaw Stock Exchange on 11 May 2011.
- The Bank received on 12 May 2011 a notification from the company East Capital AB, Stockholm, Sweden, stating that East Capital AB acquired on 11 May 2011 1,125,000 shares of Nova KBM. Following this transaction, East Capital AB now holds 2,395,513 Nova KBM shares, while its voting rights have increased from 4.87% to 6.12%.
- On 13 May 2011, Fitch, one of the leading global rating agencies, downgraded Nova KBM's long-term issuer default rating from A- to BBB+. A short-term issuer default rating of the Bank remains the same at F2. The outlook is stable. This downgrade has no effect on Nova KBM's compliance with the covenants set forth in its loan agreements.

Changes in the Supervisory Board of the Bank

The composition of the Bank's Supervisory Board remained unchanged in the first quarter of 2011.

Letter to Shareholders

Dear Shareholders and Business Partners,



Global macroeconomic conditions continued to improve throughout the first quarter of 2011. The indices showed positive economic trends in the members of the Euro-zone, USA and Asia. The two main factors that caused some concern in this period were the earthquake in Japan and the political crisis in the Middle East and North African countries. Among negative factors that affected Europe we have to point out the difficulties resulting from the large public debt experienced by some of the PIIGS countries. A package of measures aimed at helping these countries overcome their difficulties has been approved at the EU level. In Slovenia, too, the economic conditions are gradually stabilizing, which is evidenced by a growth in industrial production and foreign trade. Compared to the same period of 2009, gross domestic product increased by 2.1% in real terms in the last quarter of 2010, and the same trend is expected for the first quarter of 2011 as well. Only the construction industry, in

which the deteriorated market conditions still prevail, stands out negatively.

For the first three months of 2011, the Nova KBM Group reported a pre-tax profit of €4.6 million from continuing operations, which was 69% below the figure of the same period last year, when a pre-tax profit from continuing operations totalled €14.7 million. This decrease was mainly the result of higher provisions and impairment losses, which amounted to €20.4 million, an increase of 35.5% from the €15.0 million reported for the first quarter of 2010. Notwithstanding this somewhat weak result, we believe that we will deliver the forecast profit of €33.9 million from continuing operations by the end of 2011. Net profit was €5.1 million (Q1 2010: €11.3 million) or €0.13 per share. The net profit generated in the first quarter of the year makes up 18.2% of the annual profit projection.

The Group's pre-tax return on average equity (ROAE) stood at 4.25%, up 0.11 percentage points from the 2010 year-end, yet it remains slightly below the projection. The Group's total assets had increased by 1.5% to €5.95 billion at the end of March 2011. Interest margin, calculated on the average total assets, was 2.45%, a decrease of 0.08 percentage points from the end of 2010, and 0.07 percentage points above the projected interest margin in 2011. As of 31 March 2011, the total capital adequacy was 11.07%, while the total shareholders' equity at the end of March 2011 amounted to €445.2 million, up 1.4% on the 2010 year-end figure. Nova KBM delivered a pre-tax profit of €3.7 million from continuing operations, while the net profit was €3.0 million.

In the first quarter of the year, the Bank worked intensively on a project to raise additional capital, which was successfully completed shortly after the end of the quarter. The parallel listing of the Bank's newly-issued shares on the Warsaw Stock

Exchange started on 11 May 2011. By issuing new shares, the Bank raised over €104 million of fresh capital. The proceeds of the capital increase will facilitate the accomplishment of the strategic objectives of the Nova KBM Group and help consolidate its market position. Moreover, the proceeds will also be used for the strengthening of the Group's capital position, the consolidation of Group companies, and for the strategic expansion of the Group into the target markets.

In spite of high impairment losses and provisions in the corporate banking area, we will do our utmost to achieve the operating projections we have made for the Nova KBM Group for the end of the year. We expect negative trends mainly in the construction industry and leasing services. We can assure you that we will

make every effort to increase profitability and to protect your interests, and will do anything within our power to increase the value added of our business. Following the successful capital increase, the Nova KBM Group now has a sound capital adequacy and is well prepared to deal with new challenges with respect to the implementation of its strategy and improvement in its profitability.

Maribor, May 2011

Matjaž Kovačič
President of the Management Board



Profile of Nova KBM d.d. and the Nova KBM Group

Nova KBM d.d. is the parent company of the Nova KBM Group, which is composed of the parent company and 11 subsidiaries. In addition, the Bank has equity investments in two associates. The names of the companies and ownership stakes are presented in the table below.

Nova KBM d.d. is a commercial bank with a tradition of understanding and supporting its retail and corporate customers to whom it provides standard banking products. The Bank's registered office is at Ulica Vita Kraigherja 4, 2505 Maribor, Slovenia.

The Bank is obliged to prepare consolidated financial statements.

The Nova KBM Group is composed of the following members:

Company	Position in the Group	Shareholding of Nova KBM (%)
Nova KBM d.d.	parent bank	
Poštna banka Slovenije d.d.	subsidiary bank	55.00
Adria Bank AG	subsidiary bank	50.54
Credy banka a.d.	subsidiary bank	72.38
KBM Fineko d.o.o.	subsidiary company	100.00
KBM Infond d.o.o.	subsidiary company	72.00
KBM Leasing d.o.o.	subsidiary company	100.00
KBM Invest d.o.o.	subsidiary company	100.00
Gorica Leasing d.o.o.	subsidiary company	100.00
M-Pay d.o.o.	subsidiary company	50.00
KBM Projekt d.o.o.	subsidiary company	76.00
KBM Leasing Hrvatska d.o.o.	subsidiary company	100.00
Zavarovalnica Maribor d.d.	associated company	49.96
Moja naložba d.d.	associated company	45.00

Key performance indicators of individual Group members as of 31 March 2011

COMPANY	Number of employees	Net profit or loss (€000)	Total assets (€000)	ROAE after tax (%)	ROAA after tax (%)
Poštna banka Slovenije d.d.	240	661	821,281	6.27	0.33
Adria Bank AG	30	257	222,924	2.71	0.46
Credy banka a.d.	388	29	106,871	0.59	0.11
KBM Fineko d.o.o.	11	104	5,763	21.45	7.61
KBM Infond d.o.o.	29	296	9,597	16.47	13.10
KBM Leasing d.o.o.	13	(13)	133,649	(1.33)	(0.04)
KBM Invest d.o.o.	9	(109)	42,221	(8.40)	(1.02)
Gorica Leasing d.o.o.	16	(569)	89,102	(65.14)	(2.55)
M-Pay d.o.o.	0	3	176	7.20	7.18
KBM Projekt d.o.o.	3	(541)	49,846	negative capital	(4.31)
KBM Leasing Hrvatska d.o.o.	8	(64)	42,180	negative capital	(0.61)
Zavarovalnica Maribor d.d.	884	3,046	758,323	16.64	1.67
Moja naložba d.d.	14	240	130,223	16.20	0.76

Shareholder structure and information on shares

The Bank's shareholder structure as of 31 March 2011 was as follows: the Republic of Slovenia had a 41.5% ownership, Kapitalska družba d.d. and Slovenska odškodninska družba d.d. held 4.8% each, households held 23.0%, other financial organisations held 10.8%, foreign investors held 9.2%, non-financial companies held 3.7%, and the shareholding of banks was 2.3%.

10 largest shareholders as of 31 March 2011

Number of shares	% of ownership ³	Shareholder
10,822,770	41.50	REPUBLIC OF SLOVENIA
1,250,614	4.79	KAPITALSKA DRUŽBA d.d.
1,250,614	4.79	SLOVENSKA ODŠKODNINSKA DRUŽBA d.d.
549,763	2.11	NFD 1 DELNIŠKI INVESTICIJSKI SKLAD d.d.
462,497	1.77	EAST CAPITAL BALKAN FUND
339,012	1.30	EAST CAPITAL EASTERN EUROPEAN FUND
321,903	1.23	TRIGLAV VZAJEMNI SKLADI (Triglav mutual funds)
287,270	1.10	FACTOR BANKA d.d.
264,000	1.01	POM-INVEST d.d.
263,701	1.01	UNICREDIT BANK AUSTRIA AG

Number of Nova KBM shares held by members of the Bank's Management and Supervisory Board as of 31 March 2011

Shareholder	Number of shares	% of ownership
Matjaž Kovačič	2,664	0.0001021
Andrej Plos	870	0.0000334
Manja Skerlišak	772	0.0000296
Anton Guzej	440	0.0000169
Dušan Jovanovič	200	0.0000077
Aleš Krisper	56	0.0000021
Andrej Svetina	27	0.0000010
Franc Škufca	10	0.0000004

³ Voting rights equal ownership share.

Information on shares

As of 31 March 2011, the Bank's share capital was split into 26,081,979 ordinary no-par value shares. Nova KBM has issued only one class of shares which are all freely transferable and bear the same rights. Each ordinary share entitles its holder to one vote at the Shareholders' Meeting.

Holders of ordinary shares have the following rights:

- participation in the management of the Bank
- participation in profits (dividend)
- pro-rata distribution of residual assets in case of bankruptcy or liquidation of the Bank.

The Bank is bound to pay a dividend to shareholders, and shall enable shareholders to participate and to vote at Shareholders' Meetings.

Information on shares

	31.3.2011	31.12.2010	31.12.2009	31.12.2008	31.12.2007
Number of shareholders	99,450	100,295	102,514	102,531	107,034
Number of ordinary shares	26,081,979	26,081,979	26,081,979	26,081,979	23,357,984
Share price on the last trading date (€)	10.16	10.20	11.44	9.43	41.91
Market capitalization (€000)	264,993	266,036	298,378	245,953	978,933

	Nova KBM				Nova KBM Group			
	31.3.2011	31.12.2010	31.12.2009	31.12.2008	31.3.2011	31.12.2010	31.12.2009	31.12.2008
Share book value ¹ (€)	14.57	14.39	14.10	12.80	15.40	15.22	15.04	13.72
Net earnings per share ² (€)	0.46	0.36	0.47	0.68	0.51	0.41	0.40	0.57
P/E ratio ³	22.09	28.33	24.34	13.87	19.92	24.88	30.11	16.54
P/B ratio ⁴	0.70	0.71	0.81	0.74	0.66	0.67	0.76	0.69

¹ Share book value on the last day of the reporting period is calculated as the ratio between the total shareholders' equity of the Bank (for the Group: equity attributable to owners of the parent) and the weighted average number of shares in the period.

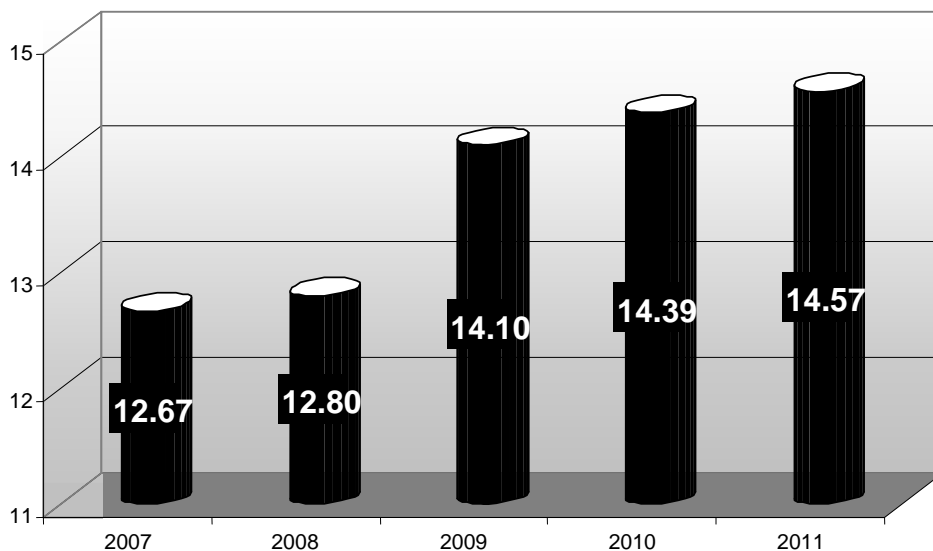
² Net earnings per share is calculated as the ratio between the Bank's annualized net profit (for the Group: net profit attributable to owners of the parent) and the weighted average number of shares in the period.

³ P/E ratio is calculated as the ratio between the share price on the last trading date and the Bank's net profit (for the Group: net profit attributable to owners of the parent) per share.

⁴ P/B ratio is calculated as the ratio between the share price on the last trading date and the share book value.

In the period from the end of 2007 until the end of March 2011, the book value of a Nova KBM share had increased by 15%⁴.

Share book value (€)



Dividend payment policy

Dividend for the year	2006	2007	2008	2009	2010	2011	2012
Gross dividend per share (€)	0.7	0.2	0.2	0	-	-	-
Dividend yield ⁵ (%)	-	1.5	2.1	0	-	-	-
Projected share of dividend in net profit of the Bank (%)	-	10	20	30	35 ⁶	35	35
Share of dividend in net profit of the Bank ⁷ (%)	44.3	11.0	29.4	0	-	-	-

⁴ Measured by the book value of Nova KBM.

⁵ Gross dividend per share/Share price on the last day of the financial year.

⁶ The Supervisory Board of Nova KBM approved the dividend policy envisaging an annual dividend payment equalling 35% of the 2010 net profit (insofar as the capital adequacy of the Bank or the Group is not jeopardised). The Management and the Supervisory Board of the Bank will propose to the Shareholders' Meeting to appropriate the entire 2010 profit available for distribution, in the amount of €3,392 thousand, for the payment of dividends.

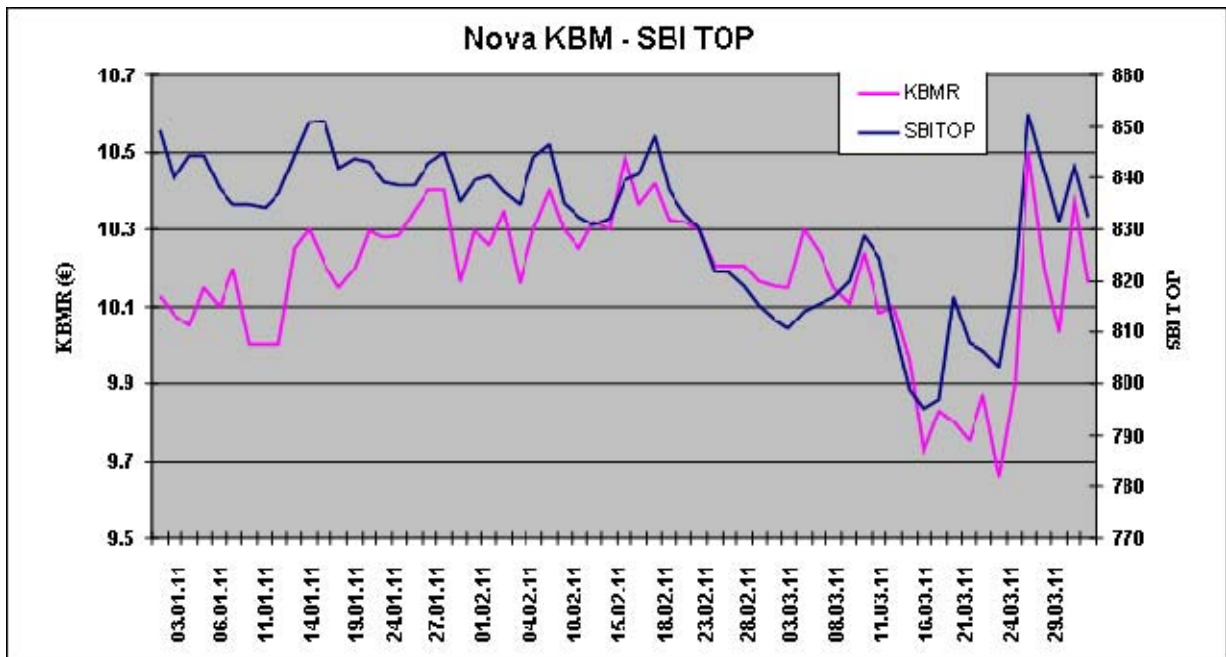
⁷ Gross dividend/Net profit of the Bank.

Share performance

KBMR shares performed in line with movements in stock markets, as evidenced by the chart below.

In the first quarter of 2011, the total trading turnover in Nova KBM shares amounted to €9,681 thousand and approximately 950 thousand shares changed ownership. The average daily turnover was €151 thousand or almost 15 thousand shares per trading day. The number of shareholders decreased by slightly less than 850 to 99,450 at the end of March 2011. The price of a KBMR share at the beginning of the year was €10.20, after which, in the middle of February, the share reached its maximum price at €10.50, while the lowest price during the reporting period was recorded in the second half of March at €9.66. The price of a KBMR share at the end of March 2011 was €10.16.

KBMR share performance and the SBI TOP Index in the period from 3 January to 31 March 2011



Operating result of the Nova KBM Group

For the period from 1 January to 31 March 2011, the Nova KBM Group reported a pre-tax **profit** of €4,565 thousand from continuing operations, a decrease of 69% from the same period last year. Higher impairment losses and provisions, higher administration costs, lower profits from investments in associates, and lower other operating net income contributed the most to a fall in gross profit.

Net profit of the Group totalling €5,092 thousand exceeds the profit of Nova KBM by €2,095 thousand. Apart from Nova KBM, which generated a net profit of €2,997 thousand, the following subsidiaries contributed the most to the net profit of the Group: PBS (€661 thousand), KBM Infond (€296 thousand) and Adria Bank (€257 thousand), as well as the associated company Zavarovalnica Maribor (€1,522 thousand).

In the period from January through March 2011, the Group generated a **net interest income** of €35,384 thousand, which accounts for 24.8% of the annual projection. Net interest income reported for the first quarter of 2011 is 0.1% below the figure reported for the same period last year. **Net fee and commission income** totalled €15,039 thousand, which is 26.1% of the annual projection and 0.3% above the figure reported for the same period last year.

Net gains on financial assets and liabilities held for trading amounted in the first quarter of 2011 to €2,633 thousand. For the period from January through March 2010, the Group reported a net loss of €2,205 thousand in this category. Net gains/losses result mainly from transactions in derivatives, the value of which is affected mostly by exchange rate fluctuations. **Net gain on financial assets and liabilities designated at fair value** through profit or loss was €320 thousand, while the **net loss on exchange rate differences** totalled €3,842 thousand. Due to the substance of transactions and the accounting method, the latter two items are related to net loss on derivatives, so it is therefore reasonable to observe the effects together.

Other operating net income, which includes mainly the income from the sale of real estate and other property, was €1,270 thousand.

Administration costs, including depreciation and amortisation, amounted to €28,293 thousand. The ratio of operating costs as a percentage of the average total assets was 1.93%, a decrease of 0.28 percentage points from the same period last year. The cost-to-income ratio improved as well, from 55.97% at the end of 2010 to 53.14% in the first quarter of 2011.

Net provisions and impairment losses totalled €20,383 thousand in the first three months of 2011.

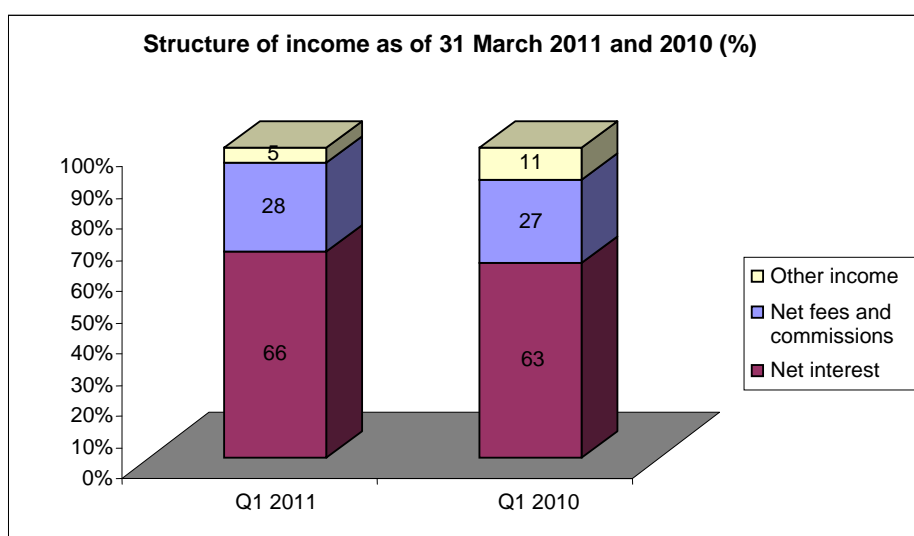
In the period from January through March 2011, the Group made a profit of €1,630 thousand from **investments in associated companies**. For the same period last year, the Group reported a profit of €2,135 thousand in this income category.

The Group's pre-tax **return on average equity** (ROAE) stood at 4.25%, up 0.11 percentage points from the 2010 year-end.

The Group's pre-tax **return on average assets** (ROAA) was 0.31%, the same as reported for the 2010 year-end.

Margin of financial intermediation on the Group's average total assets was 3.70% in the first three months of 2011. **Interest margin**, calculated on the average total assets, was 2.45%.

Structure of Group's income



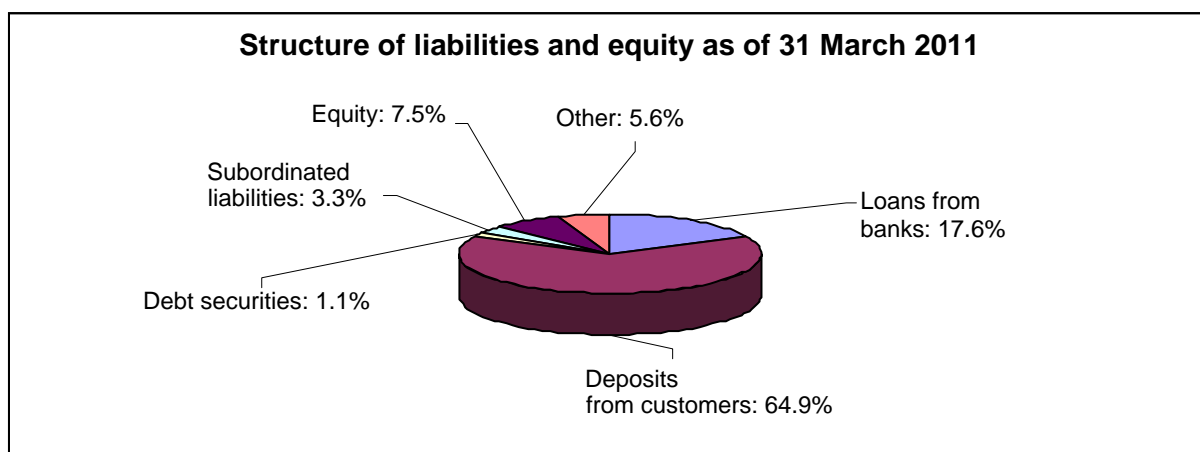
Financial position of the Nova KBM Group

The **Group's total assets** as of 31 March 2011 were €5,952,678 thousand, an increase of €86,021 thousand, or 1.5%, from the 2010 year-end. At the end of March 2011, the aggregate market share of Nova KBM and PBS in terms of total assets accounted for 11.0% of the Slovene banking system.

As regards the Group's structure of **liabilities and equity**, the most notable changes in the period from January through March 2011 were as follows:

- customer deposits increased by €152,249 thousand or 4.1%
- other liabilities increased by €29,343 thousand or 62.1%
- provisions rose by €5,097 thousand or 22.5%
- loans from banks decreased by €26,746 thousand or 2.5%
- financial liabilities due to the central bank decreased by €70,118 thousand or 53.9%.

Structure of Group's liabilities and equity



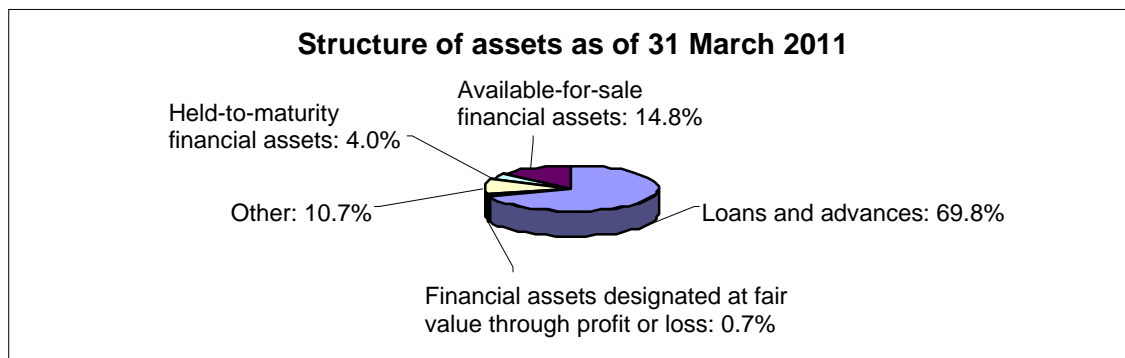
As regards the Group's structure of **assets**, the most notable changes in the period from January through March 2011 were as follows:

- cash and balances with the central bank increased by €71,832 thousand or 51.2%
- held-to-maturity financial assets increased by €56,077 thousand or 31.1%
- other assets increased by €49,306 thousand or 35.4%
- financial assets designated at fair value through profit or loss rose by €24,075 thousand or 144.1%
- loans and advances decreased by €125,159 thousand or 2.9%; loans and advances to banks decreased by €66,224 thousand and loans and advances to customers by €58,935 thousand.

As of 31 March 2011, the **equity** attributable to owners of the parent was €401,769 thousand, up €4,869 thousand, or 1.2%, on the 2010 year-end figure.

The Group's total capital adequacy ratio at the end of March 2011 was 11.07%.

Structure of Group's assets



Plans till the end of 2011

The planning of the business policy and financial plan of the Group and the Bank for the year 2011 was based on the strategy of the Group, as well as on the starting-points formulated in November 2010 and thereafter discussed and approved by the Bank's Supervisory Board. The latest forecasts with respect to the economic activity in the Euro-zone in the years 2011 and 2012 are more favourable, yet there is still some concern as to the speed and stability of economic growth.

In the first half of 2008, the Management Board of Nova KBM, together with the management of subsidiary and associated companies, formulated common strategic guidelines and objectives for the period until 2013. These were adjusted during 2009 and 2010 due to the global economic crisis and changes in the environment. The amended strategy was adopted by all Group companies and was approved by the Bank's Supervisory Board in May 2010. The Nova KBM Group will continue to pursue the guidelines and orientations set out in the strategy. Their implementation, however, will depend upon the operating conditions in the period of the crisis and gradual economic recovery. Both the Group and the Bank therefore favour stability over growth in accomplishing their 2011 business objectives, while considering prevailing economic and financial market conditions.

For 2011, the Group targets a pre-tax profit of €33,900 thousand from continuing operations. Net profit of the Group is projected at €27,996 thousand, of which €23,402 thousand is attributable to majority shareholders. Net interest income is projected at €142,412 thousand and net fee and commission income at €57,527 thousand. Administration costs, including depreciation and amortisation, are projected at €124,835 thousand. Net impairment losses and provisions of the Group are projected at €67,184 thousand. Due to the anticipated gradual improvement of the quality of the credit portfolio as a result of a moderate recovery of the real economy sector after the crisis, the projected expenses for impairment losses and provisions still exceed the income from reversed impairment losses and provisions, but are in nominal terms below the 2010 figure.

The Group's total assets for the 2011 year-end are projected at €5,959,182 thousand, up 1.6% on the 2010 year-end figure.

The Group's total equity at the end of 2011 will amount to €567,162 thousand, while the equity attributable to owners of the parent will total €523,111 thousand.

For 2011, the Group's pre-tax return on average equity (ROAE) is projected at 6.66%, while the pre-tax return on average assets (ROAA) will stand at 0.57%. Interest margin is projected to account for 2.38% of the average total assets, while net non-interest income is projected to account for 1.40% of the average total assets. Margin of financial intermediation is therefore projected at 3.78% of the average total assets. Compared to the 2010 figure, the ratio of operating costs as a percentage of the average total assets is projected to decrease by 0.12 percentage points to 2.09%.

Key performance indicators of Nova KBM d.d. – the parent bank

	2011	2010	Index
Statement of financial position (€000)	31 March	31 December	
Total assets	4,873,646	4,806,511	101
Total deposits from the non-banking sector	3,174,243	3,024,912	105
Total loans to the non-banking sector	3,471,673	3,505,866	99
Total equity	380,128	375,256	101
Total impairment losses and provisions	274,658	259,167	106
Statement of income (€000)	Q1 2011	Q1 2010	
Net interest income	26,849	27,371	98
Net fee and commission income	10,993	11,494	96
Net gains/losses from trading in securities and foreign exchange	(294)	1,771	
Other income/expense	133	(109)	
Operating costs	(19,371)	(19,658)	99
Impairment losses and provisions	(14,582)	(13,331)	109
Profit from continuing operations	3,728	7,538	49
Net profit for the reporting period	2,997	6,022	50
Ratios	31 March	31 December	
Net profit per share ⁸ (€)	0.46	0.36	
Share price (€)	10.16	10.20	
Share book value ⁹ (€)	14.57	14.39	
Total capital adequacy (%)	10.23	10.05	
Capital adequacy (original own funds) (%)	7.83	7.67	
ROAA before tax (%)	0.31	0.23	
ROAE before tax (%)	4.07	3.01	
Operating costs/Average total assets (%)	1.64	1.87	
Cost/Income (%)	51.41	53.17	
Ratings (long-term)	31 March	31 December	
	Baa1 (Moody's) A- (Fitch)	Baa1 (Moody's) A- (Fitch)	

⁸ Annualised net profit/Weighted average number of shares in the period.

⁹ Bank's total equity at the end of the period/Total number of ordinary no-par value shares.

At the end of March 2011, the Bank had a 9.4% market share in terms of total assets, which was 0.2 percentage points below the 2010 year-end figure.

The total assets of the Slovene banking system increased in the first quarter of 2011 by 3%, while the Bank's total assets registered a 1.4% increase in the same period.

Total deposits from the non-banking sector rose by 5%, while the equity of the Bank increased by 1% in the first quarter of 2011.

In the first three months of 2011, the Bank generated a profit of €3,728 thousand from continuing operations; the profit before provisions and impairment losses was €18,310 thousand.

Net interest income amounted to €26,849 thousand, down 1.9% from the same period last year.

The Bank's cost-effectiveness improved in the first three months of the year; the cost-to-income ratio came down from 53.17% at the end of 2010 to 51.41% at the end of March 2011. The Bank's cost-to-income ratio in the first three months of the year was comparable with the one reported for the Slovene banking system.

The Bank's ratio of operating costs as a percentage of the average total assets improved in the first quarter of the year as well, from 1.87% at the end of 2010 to 1.64% at the end of March 2011.

**INTERIM
FINANCIAL REPORT OF THE
NOVA KBM GROUP**

31 March 2011/31 March 2010

**INTERIM
FINANCIAL STATEMENTS OF THE
NOVA KBM GROUP**

Interim Statement of Income – Nova KBM Group

€000

ITEM DESCRIPTION	Notes	1 January to 31 March 2011	1 January to 31 March 2010
Interest income and similar income	1	64,857	60,883
Interest expense and similar expense	1	(29,473)	(25,449)
Net interest income	1	35,384	35,434
Fee and commission income	2	24,429	24,159
Fee and commission expense	2	(9,390)	(9,160)
Net fee and commission income	2	15,039	14,999
Realised gains on financial assets and liabilities not measured at fair value through profit or loss		731	883
Net gains/losses on financial assets and liabilities held for trading	3	2,633	(2,205)
Gains/losses on financial assets (and liabilities) designated at fair value through profit or loss		320	(538)
Net exchange differences	4	(3,842)	3,724
Net gains/losses on derecognition of assets excluding non-current assets held for sale		8	(32)
Other operating net income		1,270	2,102
Administration costs	5	(24,284)	(23,078)
Depreciation and amortisation		(4,009)	(3,608)
Provisions	6	(5,163)	(763)
Impairment losses	7	(15,220)	(14,279)
Share of profits of associates and joint ventures accounted for using the equity method	8	1,630	2,135
Total profit/loss from non-current assets and disposal groups classified as held for sale		68	(48)
PROFIT FROM CONTINUING OPERATIONS		4,565	14,726
Income tax expense related to profit from continuing operations		527	(3,465)
NET PROFIT FROM CONTINUING OPERATIONS		5,092	11,261
NET PROFIT FOR THE PERIOD		5,092	11,261
a) Attributable to owners of the parent		3,349	10,149
b) Attributable to non-controlling interest		1,743	1,112
Basic earnings per share (€)		0.13	0.39
Diluted earnings per share (€)		0.13	0.39

The notes are an integral part of these financial statements.

Interim Statement of Income – Nova KBM Group

€000

ITEM DESCRIPTION	2011	2010			
	Q1	Q4	Q3	Q2	Q1
Interest income and similar income	64,857	67,116	63,701	62,526	60,883
Interest expense and similar expense	(29,473)	(27,687)	(27,385)	(26,403)	(25,449)
Net interest income	35,384	39,429	36,316	36,123	35,434
Dividend income	0	32	1,595	104	0
Fee and commission income	24,429	26,781	26,173	26,946	24,159
Fee and commission expense	(9,390)	(11,132)	(10,119)	(10,566)	(9,160)
Net fee and commission income	15,039	15,649	16,054	16,380	14,999
Realised gains/losses on financial assets and liabilities not measured at fair value through profit or loss	731	2,359	(1,753)	(103)	883
Net gains/losses on financial assets and liabilities held for trading	2,633	(7,885)	1,312	(3,670)	(2,205)
Gains/losses on financial assets (and liabilities) designated at fair value through profit or loss	320	2,021	(109)	(2,802)	(538)
Net exchange differences	(3,842)	5,112	(1,329)	7,641	3,724
Net gains/losses on derecognition of assets excluding non-current assets held for sale	8	(54)	(14)	(10)	(32)
Other operating net income	1,270	4,915	835	1,434	2,102
Administration costs	(24,284)	(33,118)	(29,269)	(27,953)	(23,078)
Depreciation and amortisation	(4,009)	(3,960)	(3,905)	(3,779)	(3,608)
Provisions	(5,163)	(1,224)	7	(1,245)	(763)
Impairment losses	(15,220)	(32,003)	(20,318)	(13,397)	(14,279)
Share of profits of associates and joint ventures accounted for using the equity method	1,630	71	1,897	1,558	2,135
Total profit/loss from non-current assets and disposal groups classified as held for sale	68	61	(1)	271	(48)
PROFIT/LOSS FROM CONTINUING OPERATIONS	4,565	(8,595)	1,318	10,552	14,726
Income tax expense related to profit from continuing operations	527	(280)	1,729	(4,572)	(3,465)
NET PROFIT/LOSS FROM CONTINUING OPERATIONS	5,092	(8,875)	3,047	5,980	11,261
NET PROFIT/LOSS FOR THE PERIOD	5,092	(8,875)	3,047	5,980	11,261
a) Attributable to owners of the parent	3,349	(7,098)	2,857	4,872	10,149
b) Attributable to non-controlling interest	1,743	(1,777)	190	1,108	1,112
Basic earnings per share (€)	0.13	(0.28)	0.11	0.19	0.39
Diluted earnings per share (€)	0.13	(0.28)	0.11	0.19	0.39

Interim Statement of Comprehensive Income – Nova KBM Group

€000

ITEM DESCRIPTION	1 January to 31 March 2011	1 January to 31 March 2010
NET PROFIT FOR THE PERIOD AFTER TAX	5,092	11,261
OTHER COMPREHENSIVE INCOME AFTER TAX	1,171	8,007
Foreign currency translation differences arising from consolidation	927	(134)
Translation gains/losses taken to equity	927	(134)
Available-for-sale financial assets	1,072	9,413
Valuation gains taken to equity	1,092	9,413
Transferred to profit or loss	(20)	0
Share of other recognised comprehensive income of associates and joint ventures accounted for using the equity method	(790)	588
Income tax relating to components of other comprehensive income	(38)	(1,860)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD AFTER TAX	6,263	19,268
a) Attributable to owners of the parent	4,869	17,688
b) Attributable to non-controlling interest	1,394	1,580

The notes are an integral part of these financial statements.

Interim Statement of Comprehensive Income – Nova KBM Group

€000

ITEM DESCRIPTION	2011	2010			
	Q1	Q4	Q3	Q2	Q1
NET PROFIT/LOSS FOR THE PERIOD AFTER TAX	5,092	(8,875)	3,047	5,980	11,261
OTHER COMPREHENSIVE INCOME AFTER TAX	1,171	(6,686)	3,809	(8,253)	8,007
Foreign currency translation differences arising from consolidation	927	(71)	(465)	(428)	(134)
Translation gains/losses taken to equity	927	(71)	(465)	(428)	(134)
Available-for-sale financial assets	1,072	(7,424)	5,676	(9,922)	9,413
Valuation gains/losses taken to equity	1,092	(6,734)	4,369	(9,922)	9,413
Transferred to profit or loss	(20)	(690)	1,307	0	0
Share of other recognised comprehensive income of associates and joint ventures accounted for using the equity method	(790)	(848)	73	161	588
Income tax relating to components of other comprehensive income	(38)	1,657	(1,475)	1,936	(1,860)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD AFTER TAX	6,263	(15,561)	6,856	(2,273)	19,268
a) Attributable to owners of the parent	4,869	(13,181)	6,714	(3,403)	17,688
b) Attributable to non-controlling interest	1,394	(2,380)	142	1,130	1,580

Interim Statement of Financial Position – Nova KBM Group

€000

ITEM DESCRIPTION	Notes	31 March 2011	31 December 2010
Cash and balances with the central bank	9	212,230	140,398
Financial assets held for trading	10	4,736	3,148
Financial assets designated at fair value through profit or loss	11	40,780	16,705
Available-for-sale financial assets	12	880,377	878,006
Loans and advances		4,156,128	4,281,287
- loans and advances to banks	13	180,136	246,360
- loans and advances to customers	14	3,975,992	4,034,927
Held-to-maturity financial assets	15	236,297	180,220
Non-current assets and disposal groups classified as held for sale and discontinued operations		1,309	1,371
Property, plant and equipment		91,509	92,699
Investment property		49,966	44,966
Intangible assets		32,995	32,481
Investments in associates and joint ventures accounted for using the equity method		42,716	41,719
Tax assets		14,951	14,279
- current tax assets		4,756	3,739
- deferred tax assets		10,195	10,540
Other assets		188,684	139,378
TOTAL ASSETS		5,952,678	5,866,657
Financial liabilities due to the central bank		60,031	130,149
Financial liabilities held for trading		1,503	6,112
Financial liabilities measured at amortised cost	16	5,336,294	5,215,538
- deposits from banks		160,947	168,546
- deposits from customers		3,864,553	3,712,304
- loans from banks		1,050,083	1,076,829
- loans from customers		295	348
- debt securities		65,980	65,472
- subordinated liabilities		194,436	192,039
Provisions	17	27,717	22,620
Tax liabilities		5,314	6,023
- current tax liabilities		1,333	217
- deferred tax liabilities		3,981	5,806
Other liabilities		76,569	47,226
TOTAL LIABILITIES		5,507,428	5,427,668
Share capital		27,209	27,210
Share premium		78,314	78,314
Revaluation reserves		(4,852)	(5,542)
Translation reserves		(37)	(868)
Reserves from profit		297,010	297,010
Treasury shares		(1,412)	(1,412)
Retained earnings (including net profit for the period)		5,537	2,188
SHAREHOLDERS' EQUITY EXCLUDING NON-CONTROLLING INTEREST		401,769	396,900
Non-controlling interest		43,481	42,089
TOTAL SHAREHOLDERS' EQUITY		445,250	438,989
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,952,678	5,866,657

The notes are an integral part of these financial statements.

Interim Statement of Cash Flows – Nova KBM Group

€000

Designation	ITEM DESCRIPTION	1 January to 31 March 2011	1 January to 31 March 2010
A.	CASH FLOWS FROM OPERATING ACTIVITIES		
a)	Total profit or loss before tax	4,565	14,726
	Depreciation and amortisation	4,009	3,608
	Impairment of tangible assets, investment property, intangible assets and other assets	22	38
	Share of (profit) of associates and joint ventures accounted for using the equity method	(1,630)	(2,135)
	Net (gains)/losses from exchange differences	3,842	(3,724)
	Net (gains)/losses from held-to-maturity financial assets	13	(2)
	Net (gains)/losses from the sale of tangible assets and investment properties	(8)	32
	Net losses from the sale of intangible assets	0	0
	Other losses from investing activities	0	0
	Other losses from financing activities	2,837	2,738
	Net unrealised (gains) from non-current assets held for sale and discontinued operations and liabilities associated therewith	(68)	0
	Net unrealised gains in revaluation reserves from financial assets available for sale (excluding effect of deferred tax)	1,072	8,959
	Other adjustments to total profit or loss before tax	3,241	(2,067)
	Cash flow from operating activities before changes in operating assets and liabilities	17,895	22,173
b)	(Increase) in operating assets (excluding cash equivalents)	(35,734)	(66,160)
	Net (increase) in financial assets held for trading	(1,580)	(7,627)
	Net (increase)/decrease in financial assets designated at fair value through profit or loss	(24,062)	3,395
	Net (increase)/decrease in available-for-sale financial assets	(2,272)	57,458
	Net (increase)/decrease in loans and advances	41,414	(128,366)
	Net (increase)/decrease in non-current assets held for sale	134	(610)
	Net (increase)/decrease in other assets	(49,368)	9,590
c)	Increase in operating liabilities	75,695	36,452
	Net increase/(decrease) in financial liabilities to the central bank	(70,118)	474
	Net increase/(decrease) in financial liabilities held for trading	(4,609)	2,745
	Net increase in deposits and loans measured at amortised cost	120,044	59,756
	Net increase/(decrease) in debt securities in issue measured at amortised cost	508	(29,630)
	Net increase in other liabilities	29,870	3,107
d)	Cash flow from operating activities (a+b+c)	57,856	(7,535)
e)	Income taxes (paid) refunded	2,978	(2,479)
f)	Net cash flow from operating activities (d+e)	60,834	(10,014)

€000

Designation	ITEM DESCRIPTION	1 January to 31 March 2011	1 January to 31 March 2010
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
a)	Receipts from investing activities	1,905	10,712
	Receipts from the sale of tangible assets and investment properties	910	158
	Receipts from the sale of intangible fixed assets	0	253
	Receipts from non-current assets or liabilities held for sale	71	30
	Receipts from the sale of held-to-maturity financial assets	924	10,271
b)	Cash payments on investing activities	(64,470)	(34,393)
	(Cash payments to acquire tangible assets and investment properties)	(7,156)	(736)
	(Cash payments to acquire intangible assets)	(2,108)	(1,280)
	(Cash payments for the investments in associates and joint ventures)	0	(9,416)
	(Cash payments to acquire held-to-maturity financial assets)	(55,206)	(22,961)
c)	Net cash flow from investing activities (a-b)	(62,565)	(23,681)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
b)	Cash payments on financing activities	(396)	(411)
	(Dividends paid)	(1)	0
	(Repayments of subordinated liabilities)	(395)	(411)
c)	Net cash flow from financing activities (a-b)	(396)	(411)
D.	Effects of change in exchange rates on cash and cash equivalents	(521)	2,287
E.	Net increase in cash and cash equivalents (Af+Bc+Cc)	(2,127)	(34,106)
F.	Opening balance of cash and cash equivalents	324,734	319,859
G.	Closing balance of cash and cash equivalents (D+E+F)	322,086	288,040

Reconciliation of cash and cash equivalents with the statement of financial position items is presented in Note 9.

The notes are an integral part of these financial statements.

Interim Statement of Changes in Equity for the period from 1 January to 31 March 2011 – Nova KBM Group

€000

ITEM DESCRIPTION	Share capital	Share premium	Revaluation reserves	Translation reserves	Reserves from profit	Retained earnings (including net profit for the reporting period)	Treasury shares (capital deduction items)	Equity attributable to owners of the parent	Non-controlling interest	Total shareholders' equity
OPENING BALANCE FOR THE REPORTING PERIOD	27,210	78,314	(5,542)	(868)	297,010	2,188	(1,412)	396,900	42,089	438,989
Total comprehensive income for the period after tax	0	0	690	830	0	3,349	0	4,869	1,394	6,263
Other	(1)	0	0	1	0	0	0	0	(2)	(2)
CLOSING BALANCE FOR THE REPORTING PERIOD	27,209	78,314	(4,852)	(37)	297,010	5,537	(1,412)	401,769	43,481	445,250

The notes are an integral part of these financial statements.

Interim Statement of Changes in Equity for the period from 1 January to 31 March 2010 – Nova KBM Group

€000

ITEM DESCRIPTION	Share capital	Share premium	Revaluation reserves	Translation reserves	Reserves from profit	Retained earnings (including net profit for the reporting period)	Equity attributable to owners of the parent	Non-controlling interest	Total shareholders' equity
OPENING BALANCE FOR THE REPORTING PERIOD	27,210	78,314	(3,484)	26	281,138	9,161	392,365	38,909	431,274
Total comprehensive income for the period after tax	0	0	7,671	(132)	0	10,149	17,688	1,580	19,268
Takeover of Credy banka a.d.	0	0	0	26	0	0	26	3,134	3,160
Transfer of net profit to reserves from profit	0	0	0	0	1,654	(1,654)	0	0	0
Other	1	0	0	0	0	275	276	(179)	97
CLOSING BALANCE FOR THE REPORTING PERIOD	27,211	78,314	4,187	(80)	282,792	17,931	410,355	43,444	453,799

The notes are an integral part of these financial statements.

Notes to the financial statements of the Nova KBM Group

The financial statements of the Group for the period ended 31 March 2011 were authorised for issue on 17 May 2011 by the Management Board of Nova KBM d.d.

Statement of compliance

The consolidated financial statements of the Nova KBM Group are prepared in accordance with International Financial Reporting Standards (IFRSs) as endorsed by the European Union.

The interim financial report is prepared in a condensed form and includes selected explanatory notes as requested in accordance with IFRSs.

The interim financial statements are unaudited.

Presentation and functional currency

Items included in the consolidated financial statements are presented in euro, which is the functional and presentation currency of the Group.

All amounts in the consolidated financial statements and in notes to the consolidated financial statements are expressed in thousands of euros except where stated otherwise. Due to rounding off of individual amounts, calculation differences may occur upon data aggregation.

Significant accounting policies

Adopted accounting policies have been consistently applied in both reporting periods presented in these consolidated financial statements.

The accounting policies applied are presented in detail in the 2010 Annual Report of the Nova KBM Group.

Notes to the statement of income items

1 Interest income and expense

1.1 Analysis of interest by market segments

	Q1 2011		Q1 2010	
	Income	Expense	Income	Expense
Non-financial companies	32,975	1,254	31,615	1,242
State	5,084	5,299	5,026	4,393
Banks	3,998	9,204	3,533	7,317
Other financial organisations	2,161	2,536	1,806	2,495
Households	16,069	10,575	14,651	9,718
Foreign persons	4,492	546	4,151	214
Non-profit household service providers	78	59	101	70
Total	64,857	29,473	60,883	25,449
Net interest income	35,384		35,434	

1.2 Analysis of interest income and expense by type of assets and liabilities

	Q1 2011		Q1 2010	
	Current	Non-current	Current	Non-current
Interest income				
Balances with the central bank	184	0	185	0
Financial assets held for trading	0	0	48	0
Financial assets designated at fair value through profit or loss	0	30	0	29
Available-for-sale financial assets	4,578	1,225	1,796	4,883
Loans and advances (including finance leases)	19,785	36,957	19,770	32,485
Held-to-maturity financial assets	51	1,866	419	1,036
Other claims	181	0	232	0
Total by maturity	24,779	40,078	22,450	38,433
Total	64,857		60,883	
Interest expense				
Financial liabilities due to the central bank	216	0	100	375
Financial liabilities measured at amortised cost	7,992	21,264	6,583	18,391
Other financial liabilities (including finance leases)	1	0	0	0
Total by maturity	8,209	21,264	6,683	18,766
Total	29,473		25,449	
Net interest income	35,384		35,434	

2 Fee and commission income and expense

	Q1 2011	Q1 2010
Fee and commission income	24,429	24,159
Guarantees	1,112	1,196
Domestic payment transactions	12,099	12,591
International payment transactions	919	566
Brokerage and agency services	40	42
Transactions in securities for customers	123	1,022
Credit operations	3,058	3,168
Transactions under current accounts	2,365	2,360
Card operations	2,856	2,319
Electronic banking	342	254
Safekeeping of objects and valuables	22	17
Other services	1,493	624
Fee and commission expense	9,390	9,160
Domestic banking services	1,211	1,100
Banking services abroad	409	215
Brokerage and agency services	89	76
Stock exchange transactions and other transactions in securities	71	59
Payment transactions	6,948	7,497
Other services	662	213
Net fee and commission income	15,039	14,999

3 Net gains/losses on financial assets and liabilities held for trading

	Q1 2011			Q1 2010		
	Gains	Losses	Net gains/ losses	Gains	Losses	Net gains/ losses
Trading in equity instruments	252	180	72	677	294	383
Trading in debt securities	0	0	0	109	16	93
Trading in foreign exchange (purchase/sale)	541	373	168	450	324	126
Trading in derivatives	6,643	4,250	2,393	1,962	4,769	(2,807)
- futures/forwards	6,634	4,115	2,519	1,962	4,504	(2,542)
- swaps	9	135	(126)	0	265	(265)
Total	7,436	4,803	2,633	3,198	5,403	(2,205)

4 Net exchange differences

	Q1 2011	Q1 2010
Foreign exchange gains	8,757	10,072
Foreign exchange losses	12,599	6,348
Net foreign exchange gain	(3,842)	3,724

5 Administration costs

	Q1 2011	Q1 2010
Staff expenses		
Gross salaries	11,353	11,161
Social security and pension insurance contribution	2,019	1,826
Pay for annual leave	765	1,228
Other staff costs	1,229	1,248
Total	15,366	15,463
General and administrative expenses		
Cost of material	1,162	679
Cost of services	4,615	4,159
Maintenance costs of fixed assets	1,410	1,067
Advertising costs	915	1,076
Other administrative costs	816	634
Total	8,918	7,615
Total administration costs	24,284	23,078

6 Provisions

	Q1 2011	Q1 2010
Provisions for off-balance sheet liabilities	4,679	582
Provisions for pending legal issues	346	110
Other provisions	138	71
Total	5,163	763

7 Impairment losses

	Q1 2011	Q1 2010
Financial assets not measured at fair value through profit or loss	14,991	14,322
Other assets	229	(43)
Total impairment losses	15,220	14,279

Impairment of financial assets not measured at fair value through profit or loss

	Q1 2011	Q1 2010
Available-for-sale financial assets	154	86
Loans and advances measured at amortised cost	14,837	14,236
- loans and advances to banks	3	(349)
- loans and advances to customers	14,834	14,585
Total impairment of financial assets not measured at fair value through profit or loss	14,991	14,322

8 Share of profit of associates accounted for using the equity method

	Q1 2011	Q1 2010
Zavarovalnica Maribor d.d.	1,522	2,035
Moja naložba d.d.	108	100
Total	1,630	2,135

Notes to the statement of financial position items

9 Cash and cash equivalents

	31 Mar 2011	31 Dec 2010
Cash and balances with the central bank	212,230	140,398
Loans and advances to banks	109,856	184,336
Total	322,086	324,734

10 Financial assets held for trading

	31 Mar 2011	31 Dec 2010
Derivatives	2,031	2,705
Equity instruments	2,705	443
- of banks	484	169
- of other issuers	2,221	274
Total	4,736	3,148
Quoted	2,704	443
Unquoted	2,032	2,705
Total	4,736	3,148

Movement in financial assets held for trading

	Q1 2011	2010
1 January	3,148	17,308
Increase during the year	7,333	32,801
- assets acquired through business combination	0	3,062
- acquisition	7,815	27,741
- exchange differences	0	1
- change in fair value (increase in value)	(604)	699
- other (deferred interest, realised gains)	122	1,298
Decrease during the year	5,745	46,961
- disposal (sale and redemption)	5,613	46,042
- change in fair value (impairment)	25	(139)
- exchange differences	8	223
- other (deferred interest, realised losses)	99	835
31 March/31 December	4,736	3,148

11 Financial assets designated at fair value through profit or loss

	31 Mar 2011	31 Dec 2010
Equity instruments	37,582	13,488
Debt securities	3,198	3,217
Total	40,780	16,705
Quoted	27,727	4,197
Unquoted	13,053	12,508
Total	40,780	16,705

Movement in financial assets designated at fair value through profit or loss

	Q1 2011	2010
1 January	16,705	24,736
Increase during the year	24,068	20,741
- acquisition	23,821	19,878
- change in fair value (increase in value)	192	14
- deferred interest	30	120
- exchange differences	25	40
- other	0	689
Decrease during the year	(7)	28,772
- disposal (sale and redemption)	90	26,553
- change in fair value (impairment)	(97)	2,045
- interest received	0	120
- exchange differences	0	54
31 March/31 December	40,780	16,705

12 Available-for-sale financial assets

	31 Mar 2011	31 Dec 2010
Available-for-sale equity instruments designated at fair value	77,830	75,633
Available-for-sale equity instruments measured at cost	31,693	8,159
Available-for-sale debt securities	770,854	794,214
Total	880,377	878,006
Quoted	842,692	828,984
Unquoted	37,685	49,022
Total	880,377	878,006

Movement in available-for-sale financial assets

	Equity instruments		Debt securities	Total
	At fair value	At cost		
1 January 2011	75,633	8,159	794,214	878,006
Recognition of new financial assets	0	23,564	17,210	40,774
Interest	0	0	(6,680)	(6,680)
Net exchange rate differences	4	1	150	155
Net revaluation through equity	2,332	0	(1,260)	1,072
Net impairment through profit or loss	(124)	(30)	0	(154)
Derecognition of financial assets	(13)	(1)	(32,973)	(32,987)
Other	(2)	0	193	191
31 March 2011	77,830	31,693	770,854	880,377

	Equity instruments		Debt securities	Total
	At fair value	At cost		
1 January 2010	57,680	8,221	980,265	1,046,166
Assets acquired through business combination	134	0	0	134
Recognition of new financial assets	26,772	229	16,650	43,651
Interest	0	0	(3,243)	(3,243)
Net exchange rate differences	(10)	(12)	85	63
Net revaluation through equity	(4,255)	0	1,998	(2,257)
Net impairment through profit or loss	(1,021)	(253)	(1,334)	(2,608)
Derecognition of financial assets	(3,672)	(25)	(200,916)	(204,613)
Other	5	(1)	709	713
31 December 2010	75,633	8,159	794,214	878,006

13 Loans and advances to banks

	31 Mar 2011	31 Dec 2010
Sight deposits	32,101	38,390
Impairment of sight deposits	(142)	(144)
Current loans	111,589	168,605
Impairment of current loans	(3,172)	(3,101)
Non-current loans	40,370	43,230
Impairment of non-current loans	(610)	(620)
Total – net amount	180,136	246,360
Impairment	3,924	3,865
Total – gross amount	184,060	250,225

14 Loans and advances to customers

	31 Mar 2011	31 Dec 2010
Current loans	1,104,815	1,075,442
Impairment of current loans	(116,039)	(110,179)
Non-current loans	3,206,278	3,280,266
Impairment of non-current loans	(223,455)	(213,990)
Claims under guarantees	8,474	6,967
Impairment of claims under guarantees	(4,081)	(3,579)
Total – net amount	3,975,992	4,034,927
Impairment	343,575	327,748
Total – gross amount	4,319,567	4,362,675

Movement in impairment of loans and advances to customers

	Q1 2011	2010
1 January	327,748	275,523
Adjustment of opening balance	0	143
Assets acquired through business combination	0	9,443
Net impairment of principal	14,834	73,983
- additional impairment	43,476	239,097
- reversal of impairment	(28,642)	(165,114)
Additional impairment/reversal of impairment of interest	1,593	6,451
Additional impairment/reversal of impairment of fees	52	207
Write-offs of loans and advances to customers	(864)	(37,467)
Exchange differences	212	(535)
31 March/31 December	343,575	327,748

15 Held-to-maturity financial assets

	31 Mar 2011	31 Dec 2010
Held-to-maturity debt securities		
- non-current securities issued by the state and the central bank	123,140	92,516
- non-current securities issued by banks and savings banks	101,943	76,581
- current securities issued by other issuers	639	667
- non-current securities issued by other issuers	10,575	10,456
Total	236,297	180,220
Quoted	235,587	179,552
Unquoted	710	668
Total	236,297	180,220

Movement in held-to-maturity financial assets

	Q1 2011	2010
1 January	180,220	145,797
Increase during the year	57,396	53,783
- assets acquired through business combination	0	389
- acquisition	55,130	46,822
- exchange differences	27	0
- gains	20	18
- other (deferred interest)	2,219	6,554
Decrease during the year	1,319	19,360
- disposal (sale and redemption)	54	13,239
- losses	33	4
- impairment	6	18
- exchange differences	0	28
- other (interest received)	1,226	6,071
31 March/31 December	236,297	180,220

16 Financial liabilities measured at amortised cost

	31 Mar 2011	31 Dec 2010
Deposits	4,025,500	3,880,850
Loans	1,050,378	1,077,177
Debt securities	65,980	65,472
Subordinated liabilities	194,436	192,039
Total	5,336,294	5,215,538

Deposits by type of customers and maturity

	31 Mar 2011	31 Dec 2010
Deposits from banks	160,947	168,546
Sight deposits	1,060	3,344
Current deposits	158,504	164,825
Non-current deposits	1,383	377
Deposits from customers	3,864,553	3,712,304
Sight deposits	1,323,931	1,284,495
Current deposits	1,152,436	1,083,923
Non-current deposits	1,388,186	1,343,886
Total	4,025,500	3,880,850

Loans by type of customers and maturity

	31 Mar 2011	31 Dec 2010
Loans from banks	1,050,083	1,076,829
Current loans	16,519	17,233
Non-current loans	1,033,564	1,059,596
Loans from customers	295	348
Non-current loans	295	348
Total	1,050,378	1,077,177

Subordinated liabilities

ISIN code	Currency	Date of maturity	Interest rate	31 Mar 2011	31 Dec 2010
Subordinated debt					
ISIN: SI0022102279	EUR	30 Sep 2011	4.70%	4,269	4,219
	EUR		variable	1,306	1,294
Hybrid instruments as a component of additional own funds					
Pošta Slovenije d.o.o., payments 1 - 4	EUR	perpetual	6M EURIBOR + 2.70%	6,691	6,697
Pošta Slovenije d.o.o., 5 th payment	EUR	perpetual	6M EURIBOR + 3.50%	1,998	1,976
ISIN: XS0270427163	EUR	perpetual; call option after 5 Oct 2016	3M EURIBOR + 1.60%	50,311	50,311
ISIN: XS0325446903	EUR	perpetual; call option after 12 Oct 2012	7.02%	103,354	101,599
Hybrid instruments as a component of original own funds					
ISIN: SI0022103046	EUR	perpetual; call option after 29 Dec 2014	8.70%	26,507	25,943
Total				194,436	192,039

Subordinated liabilities are included in the calculation of capital adequacy. Hybrid instruments as a component of original own funds are included in the calculation of the total original own funds, while hybrid instruments as a component of additional own funds form a part of the total additional own funds. Capital risk is disclosed in Note 22.

17 Provisions

	Provisions for pensions and similar benefits	Provisions for off-balance sheet liabilities	Provisions for pending legal issues	Other provisions	Total
1 January 2011	8,092	11,479	2,003	1,046	22,620
Net provisions made during the year	109	4,679	346	29	5,163
- provisions made during the year	118	8,910	346	29	9,403
- provisions reversed during the year	(9)	(4,231)	0	0	(4,240)
Provisions used during the year	(7)	0	48	(42)	(1)
Exchange differences	(166)	21	(89)	169	(65)
31 March 2011	8,028	16,179	2,308	1,202	27,717

	Provisions for pensions and similar benefits	Provisions for off-balance sheet liabilities	Provisions for pending legal issues	Other provisions	Total
1 January 2010	7,432	9,117	4,940	1,785	23,274
Assets acquired through business combination	414	1,107	126	0	1,647
Net provisions made during the year	1,493	1,327	350	55	3,225
- provisions made during the year	1,721	26,700	898	62	29,381
- provisions reversed during the year	(228)	(25,373)	(548)	(7)	(26,156)
Provisions used during the year	(1,212)	(36)	(3,401)	(794)	(5,443)
Exchange differences	(35)	(36)	(12)	0	(83)
31 December 2010	8,092	11,479	2,003	1,046	22,620

Other notes

18 Commitments and contingent liabilities by type

	Current	Non-current	Total
31 March 2011			
Financial guarantees	33,452	96,684	130,136
Service guarantees	81,325	171,108	252,433
Total guarantees	382,569		382,569
Uncollateralised letters of credit	382	0	382
Approved and undrawn loans	97,547	49,407	146,954
Approved and undrawn overdrafts	198,140	0	198,140
Other	6,814	2	6,816
Total commitments and contingent liabilities	351,910		351,910
Derivatives	135,015	16,330	151,345
Total	886,206		886,206
31 December 2010			
Financial guarantees	42,826	98,983	141,809
Service guarantees	88,261	178,189	266,450
Total guarantees	408,259		408,259
Uncollateralised letters of credit	527	0	527
Approved and undrawn loans	138,791	69,155	207,946
Approved and undrawn overdrafts	204,260	0	204,260
Other	5,949	2	5,951
Total commitments and contingent liabilities	418,157		418,157
Derivatives	114,253	18,971	133,224
Total	960,167		960,167

19 Related party transactions

Statement of financial position and off-balance sheet items

	31 Mar 2011 Associates
Loans and advances to customers	3,011
Debt securities not held for trading	9,284
Debts due to customers	24,708
Off-balance sheet items	1,284
	31 Dec 2010 Associates
Loans and advances to customers	3,011
Debt securities not held for trading	9,370
Debts due to customers	21,286
Off-balance sheet items	1,296

Statement of income

Q1 2011 Associates	
Net interest income	(186)
Net fee and commission income	43
Cost of services	(158)
Total	(301)
Q1 2010 Associates	
Net interest income	(230)
Net fee and commission income	77
Cost of services	(162)
Total	(315)

Loans and guarantees

	Management Board members		Supervisory Board members		Other Group employees	
	31 Mar 2011	31 Dec 2010	31 Mar 2011	31 Dec 2010	31 Mar 2011	31 Dec 2010
Loans	65	67	17	18	3,653	3,847
Average interest rate on loans (%)	3.84	3.66	6.71	6.65	3.89	3.80
Repayments	2	12	0	202	216	800

20 Exposure to the Bank of Slovenia, Republic of Slovenia and state-owned institutions

Exposure to:	31 Mar 2011	31 Dec 2010
Bank of Slovenia	136,310	64,410
- settlement account	130,695	45,410
- other	5,615	19,000
Republic of Slovenia	664,199	670,207
- bonds, by type	441,842	460,852
- loans	7,323	8,122
- investments guaranteed by the Republic of Slovenia, by type	196,318	179,747
- other	10,375	12,063
State-owned institutions	651,714	547,432
- loans	264,006	197,582
- securities	264,998	248,524
- commitments and contingent liabilities	78,493	81,208
- other	44,217	20,118
Total exposure to the Bank of Slovenia, Republic of Slovenia and state-owned institutions	1,452,223	1,282,049
Share in total assets (%)	24.40	21.85
Off-balance sheet items covered by collateral provided by the Bank of Slovenia or the Republic of Slovenia	8,341	9,423
Total assets	5,952,678	5,866,657

21 Credit risk management

Analysis of exposure to credit risk

	Loans to customers		Loans to banks	
	31 Mar 2011	31 Dec 2010	31 Mar 2011	31 Dec 2010
Net disbursed loans	3,975,992	4,034,927	180,136	246,360
Individual impairment:				
Gross amount	811,172	772,661	47,068	38,218
Impairment	(218,489)	(201,237)	(3,924)	(3,865)
Net amount	592,683	571,424	43,144	34,353
Collective impairment:				
Credit rating A	1,782,298	1,737,518	0	0
Credit rating B	1,160,287	1,215,869	0	0
Credit rating C	357,284	362,694	0	0
Credit rating D	24,622	30,390	0	0
Credit rating E	46,808	44,286	0	0
Gross amount	3,371,299	3,390,757	0	0
Impairment	(125,086)	(126,511)	0	0
Net amount	3,246,213	3,264,246	0	0
Net non-impaired loans	137,096	199,257	136,992	212,007
Total net loans	3,975,992	4,034,927	180,136	246,360

Overdue and unpaid claims

	31 Mar 2011				Total
	Up to 30 days	From 31 to 60 days	From 61 to 90 days	Over 90 days	
Banks	0	0	0	3,488	3,488
State	59	0	1	0	60
Legal entities	23,938	13,999	41,048	421,461	500,446
Households	4,318	1,689	1,090	31,304	38,401
Total	28,315	15,688	42,139	456,253	542,395

	31 Dec 2010				Total
	Up to 30 days	From 31 to 60 days	From 61 to 90 days	Over 90 days	
Banks	1	0	0	3,487	3,488
State	2	0	0	0	2
Legal entities	29,005	10,664	13,102	347,995	400,766
Households	3,861	1,052	870	27,148	32,931
Total	32,869	11,716	13,972	378,630	437,187

NPLs of the total loan portfolio of the Group

	31 Mar 2011	31 Dec 2010
Gross NPLs (D, E)*	571,748	556,484
Impairment losses for NPLs (D, E)	240,029	219,084
Net NPLs (D, E)	331,719	337,400
Total gross loan portfolio	4,503,627	4,612,900
Total net loan portfolio	4,156,128	4,281,287
Gross NPLs/Total gross loan portfolio (%)	12.70	12.06
Net NPLs/Total net loan portfolio (%)	7.98	7.88

* Included are all collectively impaired loans (credit rating D and E), without considering prime collateral provided, and all individually impaired loans, without considering prime collateral provided, the basic credit rating of which is D or E.

Analysis of loans and percentage of NPLs by industry sectors

Industry sector	31 Mar 2011			31 Dec 2010		
	Total loans	NPLs	Share of NPLs	Total loans	NPLs	Share of NPLs
Households, natural persons	1,105,473	28,312	2.56%	1,093,796	25,557	2.34%
Agriculture and hunting, forestry, fishing	24,146	2,358	9.77%	25,104	2,346	9.35%
Mining	3,372	530	15.72%	2,952	0	0.00%
Manufacturing industry	841,996	132,748	15.77%	837,033	138,438	16.54%
Electricity, gas and steam supply	72,235	302	0.42%	68,315	0	0.00%
Water supply, waste and sewage management, rehabilitation of the environment	12,009	464	3.86%	11,432	484	4.23%
Construction	449,017	138,341	30.81%	459,487	130,441	28.39%
Trade, maintenance and repair of motor vehicles	450,196	83,123	18.46%	453,535	103,454	22.81%
Transportation and storage	89,690	5,524	6.16%	89,879	3,900	4.34%
Accommodation and food service activities	137,673	17,352	12.60%	126,126	12,941	10.26%
Information and communication activities	63,404	26,262	41.42%	64,541	4,879	7.56%
Financial intermediation	356,936	17,988	5.04%	437,635	17,807	4.07%
Real estate activities	76,716	3,575	4.66%	77,577	2,689	3.47%
Professional, scientific and technical activities	169,616	31,675	18.67%	174,957	34,943	19.97%
Other various business activities	20,198	3,371	16.69%	20,957	4,186	19.97%
Public administration and defence services, compulsory social security activities	20,373	194	0.95%	22,060	0	0.00%
Education	5,662	294	5.19%	5,235	306	5.85%
Health and welfare security	30,696	66	0.22%	29,341	67	0.23%
Arts, entertainment and recreation	78,765	3,450	4.38%	84,114	3,321	3.95%
Other activities	10,548	1,785	16.92%	10,727	1,828	17.01%
Foreign legal persons	484,906	74,034	15.27%	518,097	68,897	13.30%
Total gross loans	4,503,627	571,748	12.70%	4,612,900	556,484	12.06%

22 Composition of capital and capital requirements

ITEM DESCRIPTION	31 Mar 2011	31 Dec 2010
Original own funds		
Paid-up capital	27,209	27,210
(-) Treasury shares	(2,444)	(2,473)
Share premium	78,314	78,314
Reserves and retained earnings or loss	297,075	288,420
Revaluation excesses (PP) – prudential filters	(3,966)	(13,031)
Non-controlling interest	43,482	42,088
Hybrid instruments as a component of original own funds	26,030	26,030
(-) Intangible long-term assets	(32,995)	(32,481)
(-) Other country specific deductions	(4)	(2)
Total	432,701	414,075
Additional own funds I		
Hybrid instruments and preferential cumulative shares	158,346	158,346
Subordinated debt I	1,000	1,000
Other	9,879	8,827
Total	169,225	168,173
(-) Deductions from original own funds and additional own funds I		
(-) Deductions from original own funds	(22,258)	(21,759)
(-) Deductions from additional own funds I	(22,258)	(21,759)
Total	(44,516)	(43,518)
Total equity (for solvency purposes)	557,410	538,730
Capital requirements		
Risk-adjusted assets	370,150	362,677
Central governments and central banks	2,136	3,628
Regional governments and local authorities	476	511
Administrative bodies	287	254
Institutions	21,053	23,136
Corporates	173,015	186,761
Retail banking	92,306	93,085
Past due items	23,438	23,241
Items belonging to regulatory high-risk categories	22,911	13,544
Collective investment undertakings	2,332	3,023
Other items	32,196	15,494
Total capital requirements for market risks	3,390	4,174
Debt securities	425	520
Equity instruments	1,180	1,999
Foreign exchange	1,785	1,655
Capital requirements for operational risk	29,413	28,778
Total	402,953	395,629
Capital adequacy (total regulatory equity)	11.07%	10.89%
Capital adequacy (original own funds)	8.15%	7.93%

23 Fair value of financial assets and liabilities

	31 Mar 2011		31 Dec 2010	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash and balances with the central bank	212,230	212,230	140,398	140,398
Financial assets held for trading	4,736	4,736	3,148	3,148
Financial assets designated at fair value through profit or loss	40,780	40,780	16,705	16,705
Available-for-sale financial assets	880,377	880,377	878,006	878,006
Loans and advances to banks	180,136	180,136	246,360	246,360
Loans and advances to customers	3,975,992	3,981,746	4,034,927	4,041,759
Held-to-maturity financial assets	236,297	237,450	180,220	183,801
Other assets	188,684	188,684	139,378	139,378
Financial liabilities				
Financial liabilities due to the central bank	60,031	60,031	130,149	130,149
Financial liabilities held for trading	1,503	1,503	6,112	6,112
Deposits from banks	160,947	160,962	168,546	168,561
Deposits from customers	3,864,553	3,869,579	3,712,304	3,724,714
Loans from banks	1,050,083	1,050,083	1,076,829	1,076,829
Loans from customers	295	284	348	332
Debt securities	65,980	66,337	65,472	65,933
Subordinated liabilities	194,436	198,812	192,039	200,382
Other liabilities	76,569	76,569	47,226	47,226

24 Analysis by operating segments

Segmental reporting – operating segments as of 31 March 2011

	Banking	Leasing	Fund management	Real estate activity	Other	Adjustment	TOTAL
A. Net external income/expense	46,292	3,315	917	1,015	4	0	51,543
Net interest income	32,531	2,415	0	438	0	0	35,384
Net fee and commission income	14,065	26	929	19	0	0	15,039
Realised gains on financial assets and liabilities not measured at fair value through profit or loss	729	0	0	2	0	0	731
Net gains on financial assets and liabilities held for trading	2,633	0	0	0	0	0	2,633
Gains/losses on financial assets (and liabilities) designated at fair value through profit or loss	334	0	(14)	0	0	0	320
Net gains/losses from exchange differences	(3,874)	13	0	19	0	0	(3,842)
Net gains/losses on derecognition of assets excluding non-current assets held for sale	15	(4)	0	(3)	0	0	8
Other operating net income/loss	(141)	865	2	540	4	0	1,270
B. Net intra-segment income/expense	3,370	(2,179)	(21)	(951)	1	(220)	0
TOTAL FINANCIAL OPERATING INCOME AND EXPENSE (A+B)	49,662	1,136	896	64	5	(220)	51,543
C. Other items by segments							
Depreciation and amortisation	(3,712)	(264)	(20)	(13)	0	0	(4,009)
Provisions and impairment losses	(17,810)	(2,556)	0	(17)	0	0	(20,383)
Share of profit from investments in associates and joint ventures accounted for using the equity method	1,630	0	0	0	0	0	1,630
Net gains from non-current assets held for sale and liabilities associated therewith	68	0	0	0	0	0	68
D. Profit							
Profit/loss from continuing operations	4,043	(349)	396	471	4	0	4,565
Income tax related to profit from continuing operations	544	103	(79)	(40)	(1)	0	527
NET PROFIT/LOSS FOR THE PERIOD	4,587	(246)	317	431	3	0	5,092
E. Segment assets and liabilities							
Total assets	5,585,568	262,250	9,332	95,522	6	0	5,952,678
- segment assets	5,542,852	262,250	9,332	95,522	6	0	5,909,962
- investments in associates and joint ventures accounted for using the equity method	42,716	0	0	0	0	0	42,716
Liabilities (excluding equity) by segments	5,442,035	61,710	765	2,917	1	0	5,507,428
Capital expenditure	2,831	234	4	0	36		3,105

The column 'Adjustment' shows the non-adjusted items of net intra-segment income and expense. The discrepancies are a result of the fact that the income of certain segments is not necessarily the expense of others, but is accounted for as 'Administration costs', which is not included in the 'Analysis by operating segments'.



Non-consolidated net profit of the **banking segment**, without taking into consideration consolidation entries, amounts to €5,074 thousand. The impact of consolidation entries, such as net operating profit of associates, payment of dividends of subsidiaries, income or expense on impairment due to transition to the uniform classification, and of other entries, on profit or loss amounts to €2,695 thousand. The profit of this segment, taking into account the consolidation entries, thus amounts to €7,769 thousand. After excluding inter-segment income, expense and costs of €3,182 thousand, and taking into account the consolidation entries, the consolidated net profit of the banking segment amounts to €4,587 thousand.

Non-consolidated net loss of the **leasing segment** is €2,431 thousand. After excluding inter-segment income, expense and costs of €2,185 thousand, the net loss of the leasing segment, on a consolidated basis, amounts to €246 thousand.

The **fund management** segment reported a non-consolidated net profit of €296 thousand. After excluding inter-segment income, expense and costs of €21 thousand, the net profit of the fund management segment, on a consolidated basis, amounts to €317 thousand.

Non-consolidated net loss of the **real estate segment** amounts to €545 thousand. After excluding inter-segment income, expense and costs of €976 thousand, the net profit of the real estate segment, on a consolidated basis, amounts to €431 thousand.

The **segment of other activities**, which includes mobile payments, reported a non-consolidated net operating profit of €3 thousand, which equals net profit of this segment on a consolidated basis.

Segmental reporting – operating segments as of 31 March 2010

	Banking	Leasing	Fund management	Real estate activity	Other	Adjustment	TOTAL
A. Net external income/expense	48,961	3,159	873	1,370	4	0	54,367
Net interest income	32,623	2,589		222	0	0	35,434
Net fee and commission income	14,049	59	856	35	0	0	14,999
Realised gains on financial assets and liabilities not measured at fair value through profit or loss	883	0	0	0	0	0	883
Net gains/losses on financial assets and liabilities held for trading	(2,213)	(4)	12	0	0	0	(2,205)
Losses on financial assets (and liabilities) designated at fair value through profit or loss	(538)	0	0	0	0	0	(538)
Net gains from exchange differences	3,447	19	0	258	0	0	3,724
Net gains/losses on derecognition of assets excluding non-current assets held for sale	(20)	(13)	0	1	0	0	(32)
Other operating net income	730	509	5	854	4	0	2,102
B. Net intra-segment income/expense	2,930	(1,827)	(43)	(891)	1	(170)	0
TOTAL FINANCIAL OPERATING INCOME AND EXPENSE (A+B)	51,891	1,332	830	479	5	(170)	54,367
C. Other items by segments							
Depreciation and amortisation	(3,255)	(317)	(21)	(15)	0	0	(3,608)
Provisions and impairment losses	(14,274)	(702)	(9)	(57)	0	0	(15,042)
Share of profit from investments in associates and joint ventures accounted for using the equity method	2,135	0	0	0	0	0	2,135
Net losses from non-current assets held for sale and liabilities associated therewith	(48)	0	0	0	0	0	(48)
D. Profit							
Profit from continuing operations	12,089	1,521	309	806	1	0	14,726
Income tax related to profit from continuing operations	(3,361)	(15)	(53)	(35)	(1)	0	(3,465)
NET PROFIT FOR THE PERIOD	8,728	1,506	256	771	0	0	11,261
E. Segment assets and liabilities							
Total assets	5,471,871	254,485	12,478	111,154	5	0	5,849,993
- segment assets	5,432,962	254,485	12,478	111,154	5	0	5,811,084
- investments in associates and joint ventures accounted for using the equity method	38,909	0	0	0	0	0	38,909
Liabilities (excluding equity) by segments	5,314,868	73,112	596	7,617	1	0	5,396,194

**INTERIM
FINANCIAL REPORT OF
NOVA KBM d.d.**

31 March 2011/31 March 2010

**INTERIM
FINANCIAL STATEMENTS OF
NOVA KBM d.d.**

Interim Statement of Income – Nova KBM d.d.

€000

ITEM DESCRIPTION	Notes	1 January to 31 March 2011	1 January to 31 March 2010
Interest income and similar income	1	51,854	49,569
Interest expense and similar expense	1	(25,005)	(22,198)
Net interest income	1	26,849	27,371
Fee and commission income	2	12,244	12,185
Fee and commission expense	2	(1,251)	(691)
Net fee and commission income	2	10,993	11,494
Realised gains on financial assets and liabilities not measured at fair value through profit or loss		729	884
Net gains/losses on financial assets and liabilities held for trading	3	2,679	(1,996)
Gains/losses on financial assets (and liabilities) designated at fair value through profit or loss		333	(538)
Net exchange differences	4	(4,035)	3,421
Net losses on derecognition of assets excluding non-current assets held for sale		0	(21)
Other operating net income		65	(88)
Administration costs	5	(16,187)	(16,720)
Depreciation and amortisation		(3,184)	(2,938)
Provisions	6	(4,015)	(643)
Impairment losses	7	(10,567)	(12,688)
Total profit/loss from non-current assets and disposal groups classified as held for sale		68	0
PROFIT FROM CONTINUING OPERATIONS		3,728	7,538
Income tax expense related to profit from continuing operations		(731)	(1,516)
NET PROFIT FROM CONTINUING OPERATIONS		2,997	6,022
NET PROFIT FOR THE PERIOD		2,997	6,022
Basic earnings per share (€)		0.11	0.23
Diluted earnings per share (€)		0.11	0.23

The notes are an integral part of these financial statements.

Interim Statement of Income – Nova KBM d.d.

€000

ITEM DESCRIPTION	2011	2010			
	Q1	Q4	Q3	Q2	Q1
Interest income and similar income	51,854	52,886	50,650	48,965	49,569
Interest expense and similar expense	(25,005)	(24,392)	(23,113)	(22,262)	(22,198)
Net interest income	26,849	28,494	27,537	26,703	27,371
Dividend income	0	32	1,571	3,897	0
Fee and commission income	12,244	13,973	13,134	13,476	12,185
Fee and commission expense	(1,251)	(2,514)	(1,299)	(1,421)	(691)
Net fee and commission income	10,993	11,459	11,835	12,055	11,494
Realised gains/losses on financial assets and liabilities not measured at fair value through profit or loss	729	2,379	(1,749)	(119)	884
Net gains/losses on financial assets and liabilities held for trading	2,679	(8,475)	1,045	(3,384)	(1,996)
Gains/losses on financial assets (and liabilities) designated at fair value through profit or loss	333	2,009	(109)	(2,804)	(538)
Net exchange differences	(4,035)	6,072	(487)	7,142	3,421
Net gains/losses on derecognition of assets excluding non-current assets held for sale	0	(29)	(5)	2	(21)
Other operating net income	65	4,165	40	(256)	(88)
Administration costs	(16,187)	(23,961)	(18,573)	(18,949)	(16,720)
Depreciation and amortisation	(3,184)	(3,121)	(3,073)	(2,996)	(2,938)
Provisions	(4,015)	(736)	(259)	(698)	(643)
Impairment losses	(10,567)	(23,134)	(16,638)	(13,387)	(12,688)
Total profit from non-current assets and disposal groups classified as held for sale	68	61	0	271	0
PROFIT/LOSS FROM CONTINUING OPERATIONS	3,728	(4,785)	1,135	7,477	7,538
Income tax expense related to profit from continuing operations	(731)	400	2,436	(3,313)	(1,516)
NET PROFIT/LOSS FROM CONTINUING OPERATIONS	2,997	(4,385)	3,571	4,164	6,022
NET PROFIT/LOSS FOR THE PERIOD	2,997	(4,385)	3,571	4,164	6,022
Basic earnings per share (€)	0.11	(0.17)	0.14	0.16	0.23
Diluted earnings per share (€)	0.11	(0.17)	0.14	0.16	0.23

Interim Statement of Comprehensive Income – Nova KBM d.d.

€000

ITEM DESCRIPTION	1 January to 31 March 2011	1 January to 31 March 2010
NET PROFIT FOR THE PERIOD AFTER TAX	2,997	6,022
OTHER COMPREHENSIVE INCOME AFTER TAX	1,875	6,414
Available-for-sale financial assets	2,344	8,018
Valuation gains taken to equity	2,344	8,018
Income tax relating to components of other comprehensive income	(469)	(1,604)
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD AFTER TAX	4,872	12,436

The notes are an integral part of these financial statements.

Interim Statement of Comprehensive Income – Nova KBM d.d.

€000

ITEM DESCRIPTION	2011	2010			
	Q1	Q4	Q3	Q2	Q1
NET PROFIT/LOSS FOR THE PERIOD AFTER TAX	2,997	(4,385)	3,571	4,164	6,022
OTHER COMPREHENSIVE INCOME AFTER TAX	1,875	(4,697)	4,321	(8,039)	6,414
Available-for-sale financial assets	2,344	(5,871)	5,401	(10,049)	8,018
Valuation gains/losses taken to equity	2,344	(5,871)	4,439	(10,049)	8,018
Transferred to profit or loss	0	0	962	0	0
Income tax relating to components of other comprehensive income	(469)	1,174	(1,080)	2,010	(1,604)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD AFTER TAX	4,872	(9,082)	7,892	(3,875)	12,436

Interim Statement of Financial Position – Nova KBM d.d.

€000

ITEM DESCRIPTION	Notes	31 March 2011	31 December 2010
Cash and balances with the central bank	8	165,456	78,724
Financial assets held for trading	9	4,323	2,784
Financial assets designated at fair value through profit or loss	10	40,258	16,266
Available-for-sale financial assets	11	683,512	685,918
Loans and advances		3,623,838	3,719,578
- loans and advances to banks	12	152,165	213,712
- loans and advances to customers	13	3,471,673	3,505,866
Held-to-maturity financial assets	14	119,858	78,894
Non-current assets and disposal groups classified as held for sale and discontinued operations		541	575
Property, plant and equipment		64,470	65,682
Investment property		1,777	1,777
Intangible assets		26,778	27,008
Investments in subsidiaries, associates and joint ventures		94,352	94,352
Tax assets		9,929	9,962
- current tax assets		3,579	3,072
- deferred tax assets		6,350	6,890
Other assets		38,554	24,991
TOTAL ASSETS		4,873,646	4,806,511
Financial liabilities due to the central bank		60,031	130,149
Financial liabilities held for trading		1,402	5,842
Financial liabilities measured at amortised cost	15	4,361,808	4,252,256
- deposits from banks	15	46,065	66,200
- deposits from customers	15	3,173,948	3,024,563
- loans from banks	15	916,380	938,787
- loans from customers	15	295	349
- debt securities	15	44,847	44,404
- subordinated liabilities	15	180,273	177,953
Provisions	16	19,665	15,660
Tax liabilities		1,773	1,113
- current tax liabilities		748	2
- deferred tax liabilities		1,025	1,111
Other liabilities		48,839	26,235
TOTAL LIABILITIES		4,493,518	4,431,255
Share capital		27,209	27,210
Share premium		78,314	78,314
Revaluation reserves		(6,828)	(8,704)
Reserves from profit		275,044	275,044
Retained earnings (including net profit for the period)		6,389	3,392
TOTAL SHAREHOLDERS' EQUITY		380,128	375,256
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,873,646	4,806,511

The notes are an integral part of these financial statements.

Interim Statement of Cash Flows – Nova KBM d.d.

€000

Designation	ITEM DESCRIPTION	1 January to 31 March 2011	1 January to 31 March 2010
A.	CASH FLOWS FROM OPERATING ACTIVITIES		
a)	Total profit or loss before tax	3,728	7,538
	Depreciation and amortisation	3,184	2,938
	Net (gains)/losses from exchange differences	4,035	(3,421)
	Net (gains)/losses from held-to-maturity financial assets	13	(2)
	Net losses from the sale of tangible assets and investment properties	0	21
	Other losses from financing activities	2,646	2,606
	Net unrealised (gains) from non-current assets held for sale and discontinued operations and liabilities associated therewith	(68)	0
	Net unrealised gains in revaluation reserves from financial assets available for sale (excluding effect of deferred tax)	2,344	8,018
	Other adjustments to total profit or loss before tax	3,109	193
	Cash flow from operating activities before changes in operating assets and liabilities	18,991	17,891
b)	(Increase)/decrease in operating assets (excluding cash equivalents)	(1,207)	14,211
	Net (increase) in financial assets held for trading	(1,539)	(4,598)
	Net (increase)/decrease in financial assets designated at fair value through profit or loss	(23,967)	3,411
	Net decrease in available-for-sale financial assets	2,406	47,778
	Net (increase)/decrease in loans and advances	35,495	(35,423)
	Net decrease in non-current assets held for sale	105	30
	Net (increase)/decrease in other assets	(13,707)	3,013
c)	Increase/(decrease) in operating liabilities	55,231	(43,263)
	Net increase/(decrease) in financial liabilities to the central bank	(70,118)	375
	Net increase/(decrease) in financial liabilities held for trading	(4,440)	2,608
	Net increase/(decrease) in deposits and loans measured at amortised cost	106,654	(13,681)
	Net increase/(decrease) in debt securities in issue measured at amortised cost	443	(29,852)
	Net increase/(decrease) in other liabilities	22,692	(2,713)
d)	Cash flow from operating activities (a+b+c)	73,015	(11,161)
e)	Income taxes (paid) refunded	3,938	(1,970)
f)	Net cash flow from operating activities (d+e)	76,953	(13,131)

€000

Designation	ITEM DESCRIPTION	1 January to 31 March 2011	1 January to 31 March 2010
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
a)	Receipts from investing activities	582	63
	Receipts from the sale of tangible assets and investment properties	24	1
	Receipts from non-current assets or liabilities held for sale	71	30
	Receipts from the sale of held-to-maturity financial assets	487	32
b)	Cash payments on investing activities	(42,746)	(25,028)
	(Cash payments to acquire tangible assets and investment properties)	(941)	(559)
	(Cash payments to acquire intangible assets)	(1,246)	(1,108)
	(Cash payments for the investments in subsidiaries, associates and joint ventures)	0	(9,416)
	(Cash payments to acquire held-to-maturity financial assets)	(40,559)	(13,945)
c)	Net cash flow from investing activities (a-b)	(42,164)	(24,965)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
b)	Cash payments on financing activities	(326)	(301)
	(Dividends paid)	(1)	0
	(Repayments of subordinated liabilities)	(325)	(301)
c)	Net cash flow from financing activities (a-b)	(326)	(301)
D.	Effects of change in exchange rates on cash and cash equivalents	(2,014)	2,247
E.	Net increase in cash and cash equivalents (Af+Bc+Cc)	34,463	(38,397)
F.	Opening balance of cash and cash equivalents	210,000	246,311
G.	Closing balance of cash and cash equivalents (D+E+F)	242,449	210,161

The balance of cash and cash equivalents as of 31 March 2010 amounted to €210,161 thousand and was made up of cash and balances with the central bank, in the amount of €91,041 thousand, and loans and advances to banks, in the amount of €119,120 thousand.

The notes are an integral part of these financial statements.

Interim Statement of Changes in Equity for the period from 1 January to 31 March 2011 – Nova KBM d.d.

€000

ITEM DESCRIPTION	Share capital	Share premium	Revaluation reserves	Reserves from profit	Retained earnings (including net profit for the reporting period)	Total shareholders' equity
OPENING BALANCE FOR THE REPORTING PERIOD	27,210	78,314	(8,704)	275,044	3,392	375,256
Total comprehensive income for the period after tax	0	0	1,875	0	2,997	4,872
Other	(1)	0	1	0	0	0
CLOSING BALANCE FOR THE REPORTING PERIOD	27,209	78,314	(6,828)	275,044	6,389	380,128

Other decrease in the item 'Share capital' and increase in the item 'Revaluation reserves' arise from the rounding to thousands of euros.

The notes are an integral part of these financial statements.

Interim Statement of Changes in Equity for the period from 1 January to 31 March 2010 – Nova KBM d.d.

€000

ITEM DESCRIPTION	Share capital	Share premium	Revaluation reserves	Reserves from profit	Retained earnings (including net profit for the reporting period)	Total shareholders' equity
OPENING BALANCE FOR THE REPORTING PERIOD	27,210	78,314	(6,703)	266,180	2,885	367,886
Total comprehensive income for the period after tax	0	0	6,414	0	6,022	12,436
Other	1	0	0	0	0	1
CLOSING BALANCE FOR THE REPORTING PERIOD	27,211	78,314	(289)	266,180	8,907	380,323

Other increase in the item 'Share capital' arises from the rounding to thousands of euros.

The notes are an integral part of these financial statements.

Notes to the financial statements of Nova KBM d.d.

The financial statements of the Bank for the period ended 31 March 2011 were authorised for issue on 22 April 2011 by the Management Board of Nova KBM d.d.

Statement of compliance

The financial statements of Nova KBM d.d. are prepared in accordance with International Financial Reporting Standards (IFRSs) as endorsed by the European Union.

The interim financial report is prepared in a condensed form and includes selected explanatory notes as requested in accordance with IFRSs.

The interim financial statements are unaudited.

Presentation and functional currency

Items included in the financial statements are presented in euro, which is the functional and presentation currency of the Bank.

All amounts in the financial statements and in notes to the financial statements are expressed in thousands of euros except where stated otherwise. Due to rounding off of individual amounts, calculation differences may occur upon data aggregation.

Significant accounting policies

Adopted accounting policies have been consistently applied in both reporting periods presented in these financial statements.

The accounting policies applied are presented in detail in the 2010 Annual Report of Nova KBM d.d.

Notes to the statement of income items

1 Interest income and expense

1.1 Analysis of interest by market segments

	Q1 2011		Q1 2010	
	Income	Expense	Income	Expense
Non-financial companies	25,056	1,084	23,874	1,089
State	3,213	5,000	3,163	4,226
Banks	2,884	7,785	2,611	6,057
Other financial organisations	3,633	1,922	3,094	2,076
Households	13,305	8,990	12,494	8,488
Foreign persons	3,701	175	4,248	204
Non-profit household service providers	62	49	85	58
Total	51,854	25,005	49,569	22,198
Net interest income	26,849		27,371	

1.2 Analysis of interest income and expense by type of assets and liabilities

	Q1 2011		Q1 2010	
	Current	Non-current	Current	Non-current
Interest income				
Balances with the central bank	125	0	129	0
Financial assets held for trading	0	0	48	0
Financial assets designated at fair value through profit or loss	0	30	0	29
Available-for-sale financial assets	4,290	0	1,693	3,511
Loans and advances (including finance leases)	12,501	33,990	16,609	27,089
Held-to-maturity financial assets	0	906	0	450
Other claims	12	0	11	0
Total by maturity	16,928	34,926	18,490	31,079
Total	51,854		49,569	
Interest expense				
Financial liabilities due to the central bank	216	0	0	375
Financial liabilities measured at amortised cost	5,029	19,760	5,088	16,735
Total by maturity	5,245	19,760	5,088	17,110
Total	25,005		22,198	
Net interest income	26,849		27,371	

2 Fee and commission income and expense

	Q1 2011	Q1 2010
Fee and commission income	12,244	12,185
Guarantees	963	1,079
Services provided to banks in the Group	237	163
Services provided to other Group subsidiaries	62	98
Domestic payment transactions	3,498	3,438
International payment transactions	522	438
Brokerage and agency services	40	42
Transactions in securities for customers	119	144
Credit operations	1,974	2,392
Transactions under current accounts	1,911	1,930
Card operations	2,280	1,886
Electronic banking	292	221
Safekeeping of objects and valuables	19	17
Other services	327	337
Fee and commission expense	1,251	691
Domestic banking services	247	249
Banking services abroad	398	196
Brokerage and agency services	13	21
Stock exchange transactions and other transactions in securities	48	51
Payment transactions	129	147
Services of banks in the Group	7	7
Other services	409	20
Net fee and commission income	10,993	11,494

3 Net gains/losses on financial assets and liabilities held for trading

	Q1 2011			Q1 2010		
	Gains	Losses	Net gains/losses	Gains	Losses	Net gains/losses
Trading in equity instruments	187	112	75	616	220	396
Trading in debt securities	0	0	0	109	16	93
Trading in foreign exchange (purchase/sale)	423	347	76	420	321	99
Trading in derivatives	6,643	4,115	2,528	1,962	4,546	(2,584)
- futures/forwards	6,634	4,115	2,519	1,962	4,504	(2,542)
- swaps	9	0	9	0	42	(42)
Total	7,253	4,574	2,679	3,107	5,103	(1,996)

4 Net exchange differences

	Q1 2011	Q1 2010
Foreign exchange gains	7,066	9,357
Foreign exchange losses	11,101	5,936
Net foreign exchange gain	(4,035)	3,421

5 Administration costs

	Q1 2011	Q1 2010
Staff expenses		
Gross salaries	7,821	8,094
Social security and pension insurance contribution	1,268	1,312
Pay for annual leave	565	997
Other staff costs	838	922
Total	10,492	11,325
General and administrative expenses		
Cost of material	537	468
Cost of services	3,108	3,124
Maintenance costs of fixed assets	910	639
Advertising costs	676	773
Other administrative costs	464	391
Total	5,695	5,395
Total administration costs	16,187	16,720

6 Provisions

	Q1 2011	Q1 2010
Provisions for off-balance sheet liabilities	3,678	668
Provisions for pending legal issues	346	0
Other provisions	(9)	(25)
Total	4,015	643

7 Impairment losses

	Q1 2011	Q1 2010
Financial assets not measured at fair value through profit or loss	10,490	12,654
Other assets	77	34
Total impairment losses	10,567	12,688

Impairment of financial assets not measured at fair value through profit or loss

	Q1 2011	Q1 2010
Available-for-sale financial assets	87	0
Loans and advances measured at amortised cost	10,403	12,654
- loans and advances to banks	(12)	(85)
- loans and advances to customers	10,415	12,739
Total impairment of financial assets not measured at fair value through profit or loss	10,490	12,654

Notes to the statement of financial position items

8 Cash and cash equivalents

	31 Mar 2011	31 Dec 2010
Cash and balances with the central bank	165,456	78,724
Loans and advances to banks	76,993	131,276
Total	242,449	210,000

9 Financial assets held for trading

	31 Mar 2011	31 Dec 2010
Derivatives	2,031	2,705
Equity instruments	2,292	79
- of banks	335	79
- of other issuers	1,957	0
Total	4,323	2,784
Quoted	2,292	79
Unquoted	2,031	2,705
Total	4,323	2,784

Movement in financial assets held for trading

	Q1 2011	2010
1 January	2,784	16,754
Increase during the year	7,266	29,716
- acquisition	7,753	27,717
- exchange differences	0	1
- change in fair value (increase in value)	(606)	699
- other (deferred interest, realised gains)	119	1,299
Decrease during the year	5,727	43,686
- disposal (sale and redemption)	5,613	43,401
- change in fair value (impairment)	15	(258)
- other (deferred interest, realised losses)	99	543
31 March/31 December	4,323	2,784

10 Financial assets designated at fair value through profit or loss

	31 Mar 2011	31 Dec 2010
Equity instruments	37,062	13,051
Debt securities	3,196	3,215
Total	40,258	16,266
Quoted	27,727	3,758
Unquoted	12,531	12,508
Total	40,258	16,266

Movement in financial assets designated at fair value through profit or loss

	Q1 2011	2010
1 January	16,266	24,736
Increase during the year	23,971	20,252
- acquisition	23,724	19,695
- change in fair value (increase in value)	192	0
- deferred interest	30	120
- exchange differences	25	40
- other	0	397
Decrease during the year	(21)	28,722
- disposal (sale and redemption)	90	26,503
- change in fair value (impairment)	(111)	2,045
- interest received	0	120
- exchange differences	0	54
31 March/31 December	40,258	16,266

11 Available-for-sale financial assets

	31 Mar 2011	31 Dec 2010
Available-for-sale equity instruments designated at fair value	69,358	66,913
Available-for-sale equity instruments measured at cost	30,563	7,015
Available-for-sale debt securities	583,591	611,990
- issued by the state and the central bank	245,057	272,785
- issued by banks	313,342	314,169
- issued by other issuers	25,192	25,036
Total	683,512	685,918
Quoted	652,949	678,482
Unquoted	30,563	7,436
Total	683,512	685,918

Movement in available-for-sale financial assets

	Equity instruments		Debt securities	Total
	At fair value	At cost		
1 January 2011	66,913	7,015	611,990	685,918
Recognition of new financial assets	0	23,548	0	23,548
Interest	0	0	(4,581)	(4,581)
Net revaluation through equity	2,532	0	(187)	2,345
Net impairment through profit or loss	(87)	0	0	(87)
Derecognition of financial assets	0	0	(23,920)	(23,920)
Net gains on sale	0	0	289	289
31 March 2011	69,358	30,563	583,591	683,512

	Equity instruments		Debt securities	Total
	At fair value	At cost		
1 January 2010	45,384	6,786	781,237	833,407
Recognition of new financial assets	26,712	229	5,079	32,020
Interest	0	0	(2,414)	(2,414)
Net exchange rate differences	0	0	85	85
Net revaluation through equity	(4,096)	0	1,595	(2,501)
Net impairment through profit or loss	(676)	0	(962)	(1,638)
Derecognition of financial assets	(438)	0	(173,654)	(174,092)
Net gains on sale	27	0	1,024	1,051
31 December 2010	66,913	7,015	611,990	685,918

12 Loans and advances to banks

	31 Mar 2011	31 Dec 2010
Sight deposits	24,634	28,688
Impairment of sight deposits	(9)	(3)
Current loans	57,118	107,300
Impairment of current loans	(671)	(675)
Non-current loans	71,633	78,953
Impairment of non-current loans	(540)	(551)
Total – net amount	152,165	213,712
Impairment	1,220	1,229
Total – gross amount	153,385	214,941

13 Loans and advances to customers

	31 Mar 2011	31 Dec 2010
Current loans	886,256	864,472
Impairment of current loans	(65,702)	(56,378)
Non-current loans	2,831,333	2,877,618
Impairment of non-current loans	(184,292)	(182,832)
Claims under guarantees	7,125	5,559
Impairment of claims under guarantees	(3,047)	(2,573)
Total – net amount	3,471,673	3,505,866
Impairment	253,041	241,783
Total – gross amount	3,724,714	3,747,649

Movement in impairment of loans and advances to customers

	Q1 2011	2010
1 January	241,783	205,489
Net impairment of principal	10,415	63,573
- additional impairment	34,410	205,203
- reversal of impairment	(23,995)	(141,630)
Additional impairment/reversal of impairment of interest	1,593	6,884
Additional impairment/reversal of impairment of fees	52	207
Write-offs of loans and advances to customers	(802)	(34,370)
31 March/31 December	253,041	241,783

14 Held-to-maturity financial assets

	31 Mar 2011	31 Dec 2010
Held-to-maturity debt securities		
- non-current securities issued by the state and the central bank	56,140	25,559
- non-current securities issued by banks and savings banks	59,787	49,450
- non-current securities issued by other issuers	3,931	3,885
Total	119,858	78,894
Quoted	118,127	77,178
Unquoted	1,731	1,716
Total	119,858	78,894

Movement in held-to-maturity financial assets

	Q1 2011	2010
1 January	78,894	43,043
Increase during the year	41,484	37,520
- acquisition	40,559	35,002
- gains	20	18
- other (deferred interest)	905	2,500
Decrease during the year	520	1,669
- losses	33	3
- other (interest received)	487	1,666
31 March/31 December	119,858	78,894

15 Financial liabilities measured at amortised cost

	31 Mar 2011	31 Dec 2010
Deposits	3,220,013	3,090,763
Loans	916,675	939,136
Debt securities	44,847	44,404
Subordinated liabilities	180,273	177,953
Total	4,361,808	4,252,256

Deposits by type of customers and maturity

	31 Mar 2011	31 Dec 2010
Deposits from banks	46,065	66,200
Sight deposits	2,044	10,638
Current deposits	42,637	55,185
Non-current deposits	1,384	377
Deposits from customers	3,173,948	3,024,563
Sight deposits	981,183	937,311
Current deposits	913,189	845,145
Non-current deposits	1,279,576	1,242,107
Total	3,220,013	3,090,763

Loans by type of customers and maturity

	31 Mar 2011	31 Dec 2010
Loans from banks	916,380	938,787
Non-current loans	916,380	938,787
Loans from customers	295	349
Non-current loans	295	349
Total	916,675	939,136

Subordinated liabilities

ISIN code	Currency	Date of maturity	Interest rate	31 Mar 2011	31 Dec 2010
Hybrid instruments as a component of additional own funds					
ISIN: XS0270427163	EUR	perpetual; call option after 5 Oct 2016	3M EURIBOR + 1.60%	50,311	50,311
ISIN: XS0325446903	EUR	perpetual; call option after 12 Oct 2012	7.02%	103,354	101,599
Innovative instruments as a component of original own funds					
ISIN: SI0022103046	EUR	perpetual; call option after 29 Dec 2014	8.70%	26,608	26,043
Total				180,273	177,953

Subordinated liabilities are included in the calculation of capital adequacy. Hybrid instruments as a component of original own funds are included in the calculation of the total original own funds, while hybrid instruments as a component of additional own funds form a part of the total additional own funds. Capital risk is disclosed in Note 21.

16 Provisions

	Provisions for pensions and similar benefits	Provisions for off- balance sheet liabilities	Provisions for pending legal issues	Other provisions	Total
1 January 2011	4,786	9,031	1,031	812	15,660
Net provisions made during the year	(9)	3,678	346	0	4,015
- provisions made during the year	0	7,373	346	0	7,719
- provisions reversed during the year	(9)	(3,695)	0	0	(3,704)
Provisions used during the year	(10)	0	0	0	(10)
31 March 2011	4,767	12,709	1,377	812	19,665

	Provisions for pensions and similar benefits	Provisions for off- balance sheet liabilities	Provisions for pending legal issues	Other provisions	Total
1 January 2010	4,770	7,257	4,321	1,483	17,831
Net provisions made during the year	479	1,774	90	(7)	2,336
- provisions made during the year	672	23,500	502	0	24,674
- provisions reversed during the year	(193)	(21,726)	(412)	(7)	(22,338)
Provisions used during the year	(463)	0	(3,380)	(664)	(4,507)
31 December 2010	4,786	9,031	1,031	812	15,660

Other notes

17 Commitments and contingent liabilities by type

	Current	Non-current	Total
31 March 2011			
Financial guarantees	17,009	87,451	104,460
Service guarantees	73,449	154,870	228,319
Total guarantees	332,779		332,779
Uncollateralised letters of credit	383	0	383
Approved and undrawn loans	84,472	47,270	131,742
Approved and undrawn overdrafts	175,441	0	175,441
Other	32	2	34
Total commitments and contingent liabilities	307,217		307,217
Derivatives	135,015	16,330	151,345
Total	791,724		791,724
31 December 2010			
Financial guarantees	26,003	89,984	115,987
Service guarantees	81,001	160,874	241,875
Total guarantees	357,862		357,862
Uncollateralised letters of credit	409	0	409
Approved and undrawn loans	125,100	67,638	192,738
Approved and undrawn overdrafts	181,942		181,942
Other	32	2	34
Total commitments and contingent liabilities	374,714		374,714
Derivatives	114,253	18,971	133,224
Total	866,209		866,209

18 Related party transactions

Statement of financial position and off-balance sheet items

	31 Mar 2011	
	Subsidiaries	Associates
Loans and advances to banks	85,906	0
Loans and advances to customers	281,965	0
Debt securities not held for trading	1,660	1,814
Debts due to banks	9,156	0
Debts due to customers	4,288	24,661
Off-balance sheet items	6,278	1,284
	31 Dec 2010	
	Subsidiaries	Associates
Loans and advances to banks	88,950	0
Loans and advances to customers	279,734	0
Debt securities not held for trading	1,716	1,814
Debts due to banks	23,061	0
Debts due to customers	5,522	19,951
Off-balance sheet items	6,848	1,296

Statement of income

	Q1 2011	
	Subsidiaries	Associates
Net interest income	3,509	(137)
Dividend income	0	0
Net fee and commission income	264	103
Cost of services	(130)	(137)
Total	3,642	(171)
	Q1 2010	
	Subsidiaries	Associates
Net interest income	3,168	(136)
Dividend income	0	0
Net fee and commission income	230	117
Cost of services	(134)	(150)
Total	3,264	(169)

Loans and guarantees

	Management Board members		Supervisory Board members		Other Bank employees	
	31 Mar 2011	31 Dec 2010	31 Mar 2011	31 Dec 2010	31 Mar 2011	31 Dec 2010
Loans	65	67	17	18	2,268	2,307
Average interest rate on loans (%)	3.84	3.66	6.71	6.65	3.63	3.56
Repayments	2	12	0	202	112	491

19 Exposure to the Bank of Slovenia, Republic of Slovenia and state-owned institutions

Exposure to:	31 Mar 2011	31 Dec 2010
Bank of Slovenia	124,716	39,836
Republic of Slovenia	434,398	452,095
State-owned institutions	602,000	518,490
Total exposure to the Bank of Slovenia, Republic of Slovenia and state-owned institutions	1,161,114	1,010,421
Share in total assets (%)	23.82	21.02
Off-balance sheet items covered by collateral provided by the Bank of Slovenia or the Republic of Slovenia	8,341	9,423
Total assets	4,873,646	4,806,511

20 Credit risk management

Analysis of exposure to credit risk

	Loans to customers		Loans to banks	
	31 Mar 2011	31 Dec 2010	31 Mar 2011	31 Dec 2010
Net disbursed loans	3,471,673	3,505,866	152,165	213,712
Individual impairment:				
Gross amount	538,073	540,255	76,780	80,425
Impairment	(160,075)	(153,307)	(1,220)	(1,229)
Net amount	377,998	386,948	75,560	79,196
Collective impairment:				
Credit rating A	1,706,822	1,659,903	0	0
Credit rating B	971,625	980,152	0	0
Credit rating C	327,609	331,949	0	0
Credit rating D	19,148	16,188	0	0
Credit rating E	28,849	25,204	0	0
Gross amount	3,054,053	3,013,396	0	0
Impairment	(92,966)	(88,476)	0	0
Net amount	2,961,087	2,924,920	0	0
Net non-impaired loans	132,588	193,998	76,605	134,516
Total net loans	3,471,673	3,505,866	152,165	213,712

Overdue and unpaid claims

	31 Mar 2011				
	Up to 30 days	From 31 to 60 days	From 61 to 90 days	Over 90 days	Total
Banks	0	0	0	3	3
State	60	0	1	0	61
Legal entities	9,555	3,883	29,872	321,914	365,224
Households	3,352	668	834	19,910	24,764
Total	12,967	4,551	30,707	341,827	390,052

	31 Dec 2010				
	Up to 30 days	From 31 to 60 days	From 61 to 90 days	Over 90 days	Total
Banks	1	0	0	2	3
State	2	0	0	0	2
Legal entities	15,456	4,806	8,712	257,753	286,727
Households	2,870	624	267	16,198	19,959
Total	18,329	5,430	8,979	273,953	306,691

NPLs of the total loan portfolio of the Bank

	31 Mar 2011	31 Dec 2010
Gross NPLs (D, E)*	414,429	396,774
Impairment losses for NPLs (D, E)	163,029	147,519
Net NPLs (D, E)	251,400	249,255
Total gross loan portfolio	3,878,099	3,962,590
Total net loan portfolio	3,623,838	3,719,578
Gross NPLs/Total gross loan portfolio (%)	10.69	10.01
Net NPLs/Total net loan portfolio (%)	6.94	6.70

* Included are all collectively impaired loans (credit rating D and E), without considering prime collateral provided, and all individually impaired loans, without considering prime collateral provided, the basic credit rating of which is D or E.

Analysis of loans and percentage of NPLs by industry sectors

Industry sector	31 Mar 2011			31 Dec 2010		
	Total loans	NPLs	Share of NPLs	Total loans	NPLs	Share of NPLs
Households, natural persons	980,493	23,372	2.38%	980,403	21,213	2.16%
Agriculture and hunting, forestry, fishing	18,806	215	1.14%	19,519	203	1.04%
Mining	2,796	530	18.96%	2,360	0	0.00%
Manufacturing industry	695,903	106,003	15.23%	692,783	110,047	15.88%
Electricity, gas and steam supply	66,975	0	0.00%	62,071	0	0.00%
Water supply, waste and sewage management, rehabilitation of the environment	9,614	174	1.81%	8,790	200	2.28%
Construction	339,137	101,115	29.82%	328,006	84,381	25.73%
Trade, maintenance and repair of motor vehicles	332,546	68,204	20.51%	343,182	89,134	25.97%
Transportation and storage	80,548	4,558	5.66%	80,645	3,015	3.74%
Accommodation and food service activities	116,633	11,723	10.05%	108,627	11,650	10.72%
Information and communication activities	59,071	25,918	43.88%	60,218	4,538	7.54%
Financial intermediation	427,369	16,704	3.91%	498,065	16,529	3.32%
Real estate activities	95,724	1,153	1.20%	95,877	965	1.01%
Professional, scientific and technical activities	122,088	14,046	11.50%	120,591	13,833	11.47%
Other various business activities	12,607	2,978	23.62%	13,192	3,501	26.54%
Public administration and defence services, compulsory social security activities	11,263	0	0.00%	13,496	0	0.00%
Education	5,248	223	4.25%	4,798	228	4.75%
Health and welfare security	25,126	66	0.26%	23,639	67	0.28%
Arts, entertainment and recreation	62,648	1,596	2.55%	67,239	1,504	2.24%
Other activities	4,964	172	3.46%	4,905	175	3.57%
Foreign legal persons	408,540	35,679	8.73%	434,184	35,591	8.20%
Total gross loans	3,878,099	414,429	10.69%	3,962,590	396,774	10.01%

21 Composition of capital and capital requirements

ITEM DESCRIPTION	31 Mar 2011	31 Dec 2010
Original own funds		
Paid-up capital	27,209	27,210
(-) Treasury shares	(1,062)	(1,086)
Share premium	78,314	78,314
Reserves and retained earnings or loss	275,044	269,065
Revaluation excesses (PP) – prudential filters	(3,821)	(4,590)
Hybrid instruments as a component of original own funds	26,030	26,030
(-) Intangible long-term assets	(26,778)	(27,008)
(-) Other country specific deductions	(2)	0
Total	374,934	367,935
Additional own funds I		
Hybrid instruments and preferential cumulative shares	150,000	150,000
Other	1,164	158
Total	151,164	150,158
(-) Deductions from original own funds and additional own funds I		
(-) Deductions from original own funds	(52,529)	(52,529)
(-) Deductions from additional own funds I	(52,529)	(52,529)
Total	(105,058)	(105,058)
Total equity (for solvency purposes)	421,040	413,035
Capital requirements		
Risk-adjusted assets	304,247	303,403
Central governments and central banks	756	746
Regional governments and local authorities	301	358
Administrative bodies	22	13
Institutions	18,731	20,123
Corporates	154,727	166,096
Retail banking	77,939	78,741
Past due items	18,969	13,725
Items belonging to regulatory high-risk categories	17,221	10,001
Collective investment undertakings	2,321	2,373
Other items	13,260	11,227
Total capital requirements for market risks	2,393	2,475
Debt securities	425	520
Equity instruments	1,212	1,955
Foreign exchange	756	0
Capital requirements for operational risk	22,773	23,017
Total	329,413	328,895
Capital adequacy (total regulatory equity)	10.23%	10.05%
Capital adequacy (original own funds)	7.83%	7.67%

22 Fair value of financial assets and liabilities

	31 Mar 2011		31 Dec 2010	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash and balances with the central bank	165,456	165,456	78,724	78,724
Financial assets held for trading	4,323	4,323	2,784	2,784
Financial assets designated at fair value through profit or loss	40,258	40,258	16,266	16,266
Available-for-sale financial assets	683,512	683,512	685,918	685,918
Loans and advances to banks	152,165	152,165	213,712	213,712
Loans and advances to customers	3,471,673	3,477,533	3,505,866	3,512,703
Held-to-maturity financial assets	119,858	119,192	78,894	78,060
Other assets	38,554	38,554	24,991	24,991
Financial liabilities				
Financial liabilities due to the central bank	60,031	60,031	130,149	130,149
Financial liabilities held for trading	1,402	1,402	5,842	5,842
Deposits from banks	46,065	46,080	66,200	66,215
Deposits from customers	3,173,948	3,179,000	3,024,563	3,036,918
Loans from banks	916,380	916,380	938,787	938,787
Loans from customers	295	284	349	333
Debt securities	44,847	45,041	44,404	44,593
Subordinated liabilities	180,273	184,649	177,953	186,238
Other liabilities	48,839	48,839	26,235	26,235

Financial calendar of Nova KBM d.d. for the year 2011

All notices and announcements will be available in the electronic dissemination system of the Ljubljana Stock Exchange, SEOnet (www.ljse.si), and on the Bank's website (www.nkbm.si).

Type of announcement or event	Anticipated date of announcement or event
Convocation of the 20 th regular Shareholders' Meeting of Nova KBM d.d.	Friday, 17 June 2011
20 th regular Shareholders' Meeting of Nova KBM d.d.	Tuesday, 19 July 2011
Resolutions adopted at the 20 th regular Shareholders' Meeting of Nova KBM d.d.	Wednesday, 20 July 2011
Preliminary information on results for the period January – June 2011	Tuesday, 26 July 2011
Report on operations and unaudited financial statements of Nova KBM d.d. and the Nova KBM Group for the period January – June 2011	Tuesday, 30 August 2011
Preliminary information on results for the period January – September 2011	Tuesday, 25 October 2011
Report on operations and unaudited financial statements of Nova KBM d.d. and the Nova KBM Group for the period January – September 2011	Tuesday, 29 November 2011
The 2012 Business Plan of Nova KBM d.d. and the Nova KBM Group	Wednesday, 21 December 2011

The above stated dates are provisional and are subject to change. Possible changes of release dates will be published on the Nova KBM d.d.'s website.