

JANUARY TO SEPTEMBER 2011

3/4

UNAUDITED RESULTS OF OPERATIONS
OF THE NOVA KBM GROUP

NOVEMBER 2011

 **Nova KBM**
A thousand stories. One bank.

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

Dušan Jovanovič	Chairman
Franc Škufca	Deputy Chairman
Anton Guzej	Member
Janez Košak	Member
Aleš Krisper	Member
Vida Lebar	Member
Darjan Petrič	Member
Ivan Simič	Member
Andrej Svetina	Member

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:	€40,814,313.65



NOVA KBM GROUP

Total assets: €5,856.9 million
 Net loss: €4.4 million
 Number of employees: 3,025
 ROAE: (1.66%)
 ROAA: (0.14%)

BANKING

Number of employees: 2,044
 Share of Group assets: 82.2%
 ROAE: 2.19%
 ROAA: 0.19%

Nova KBM d.d.

Total assets: €4,780.0 million
 Net profit: €6.2 million
 ROAE: 1.94%
 ROAA: 0.17%

PBS d.d.

55% ownership
 Total assets: €819.8 million
 Net profit: €2.0 million
 ROAE: 6.01%
 ROAA: 0.32%

ADRIA BANK AG

50.54% ownership
 Total assets: €214.6 million
 Net profit: €0.2 million
 ROAE: 0.73%
 ROAA: 0.13%

CREDY BANKA a.d.

76.64% ownership
 Total assets: €131.6 million
 Net profit: €0.3 million
 ROAE: 1.80%
 ROAA: 0.34%

INSURANCE

Number of employees: 880
 Share of Group assets: 10.6%
 ROAE: 8.19%
 ROAA: 0.87%

Zavarovalnica Maribor d.d.*

51% ownership
 Total assets: €765.7 million
 Net profit: €4.9 million
 ROAE: 8.19%
 ROAA: 0.87%

MANAGEMENT OF FUNDS AND PENSION SAVINGS

Number of employees: 43
 Share of Group assets: 2.0%
 ROAE: 11.33%
 ROAA: 1.10%

KBM Infond d.o.o.

72% ownership
 Total assets: €7.9 million
 Net profit: €0.7 million
 Assets under management: €161.7 million
 ROAE: 12.90%
 ROAA: 10.44%

Moja naložba d.d.*

45% ownership
 Total assets: €132.1 million
 Net profit: €0.5 million
 ROAE: 9.49%
 ROAA: 0.47%

LEASING, REAL ESTATE AND OTHER SERVICES

Number of employees: 58
 Share of Group assets: 5.2%
 ROAE: (16.40%)
 ROAA: (0.74%)

KBM Leasing d.o.o.

100% ownership
 Total assets: €142.9 million
 Net loss: €2.4 million
 ROAE: (87.60%)
 ROAA: (2.35%)

Gorica Leasing d.o.o.

100% ownership
 Total assets: €86.3 million
 Net loss: €0.4 million
 ROAE: (20.81%)
 ROAA: (0.61%)

KBM Leasing Hrvatska d.o.o.

100% ownership
 Total assets: €44.5 million
 Net loss: €0.3 million
 ROAE: negative capital
 ROAA: (0.84%)

KBM Fineko d.o.o.

100% ownership
 Total assets: €5.3 million
 Net profit: €0.2 million
 ROAE: 14.01%
 ROAA: 5.51%

KBM Invest d.o.o.

100% ownership
 Total assets: €49.2 million
 Net loss: €1.0 million
 ROAE: (28.19%)
 ROAA: (3.06%)

KBM Projekt d.o.o.

76% ownership
 Total assets: €48.6 million
 Net loss: €2.5 million
 ROAE: negative capital
 ROAA: (6.67%)

M-PAY d.o.o.

50% ownership
 Total assets: €0.183 million
 Net profit: €0.009 million
 ROAE: 6.88%
 ROAA: 6.84%

* Associated company



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Key performance indicators of the Nova KBM Group

	2011	2010	Index
Statement of financial position (€000)	30.09.	31.12.	
Total assets	5,856,923	5,866,657	100
Total deposits from the non-banking sector	3,855,684	3,712,652	104
Total loans to the non-banking sector	3,915,230	4,034,927	97
Total equity	525,018	438,989	120

	9M 2011	9M 2010	
Statement of income (€000)	9M 2011	9M 2010	
Net interest income	101,850	107,873	94
Net fee and commission income	45,114	47,433	95
Net gains/(losses) from trading in securities and foreign exchange	(3,353)	1,051	
Other income/expense	10,044	11,826	85
Operating costs	(89,948)	(91,592)	98
Impairment losses and provisions	(69,781)	(49,995)	140
Profit/(loss) from continuing operations	(6,074)	26,596	
Net profit/(loss) for the reporting period	(4,436)	20,288	

	30.09.	31.12.
Ratios	30.09.	31.12.
Net profit per share ¹ (€)	(0.19)	0.41
Share price (€)	4.50	10.20
Share book value ² (€)	12.36	15.22
Total capital adequacy (%)	12.78	10.89
Capital adequacy (original own funds) (%)	9.92	7.93
ROAA before tax (%)	(0.14)	0.31
ROAE before tax (%)	(1.66)	4.14
Operating costs/Average total assets (%)	2.04	2.21
Cost/Income (%)	58.54	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 – September 2011

Operating results for the first nine months of 2011

- The Nova KBM Group (hereafter also referred to as the 'Group') reported a **profit from continuing operations before impairment charges and provisions** of €63,707 thousand, which was 63.0% of the figure projected for the year as a whole. Operations of the Group are still affected by deteriorated economic conditions and sluggish recovery of the global economy. Despite some optimistic projections, economic conditions have not yet stabilised. Consequently, as a result of increased credit risk, the Group had to recognise **high provisions and impairment losses**. In the period from January through September 2011, net provisions and impairment losses totalled €69,781 thousand, which accounted for 103.9% of the annual projection.
- In the first nine months of 2011, the **Nova KBM Group generated a pre-tax loss** of €6,074 thousand from continuing operations. The negative result must primarily be attributed to the following factors: higher than projected provisions and impairment losses; a decrease in other operating net income; a decrease in net interest income; losses on financial assets and liabilities not measured at fair value through profit or loss; lower than projected profits from investment in the equity of associates;
- The Group's **total assets** were €5,856,923 thousand as of 30 September 2011, a decrease of 0.2% from the end of 2010, mainly as a result of the repayment of loans borrowed in the international market in the previous years, which was partially offset by an increase in customer deposits and equity. The size of the Group's loan portfolio shrank, while its investments in financial assets increased.
- The Group generated **net interest income** of €101,850 thousand in the first nine months of 2011, which was 71.5% of the annual projection.
- The Group's **net fee and commission income** totalled €45,114 thousand, which accounted for 78.4% of the annual projection.
- **Administration costs, including depreciation and amortisation**, amounted to €89,948 thousand, or 72.1% of the annual projection. The ratio of operating costs as a percentage of the average total assets was 2.04%, a decrease of 0.17 percentage points from 2010.
- For the first nine months of 2011, the Group reported a profit of €2,856 thousand from **investment in the equity of associates**, which made up 57% of the annual projection.
- As a result of loss reported for the first nine months of the year, the Group's **pre-tax return on average equity (ROAE)** was negative and stood at 1.66%. The Group's **pre-tax return on average assets (ROAA)** was negative as well, at 0.14%.
- As of 30 September 2011, the **total equity of the Nova KBM Group** amounted to €525,018 thousand, an increase of €86,029 thousand, or 19.6%, from the end of 2010, as a result of the H1 2011 capital increase. The Group's total adequacy ratio was 12.78% at the end of September 2011.

Other important events

January

- On 19 January, Nova KBM was awarded the '*Naj Mariborčan*' prize (the best large company in the region), while Matjaž Kovačič, President of Nova KBM's Management Board, won the '*Naj direktor*' prize (the best manager).

April

- In the period from 4 to 13 April, within the scope of capital raising activities, the representatives of the Bank held individual meetings with a number of potential investors.
- On 8 April, the representatives of the Bank participated in the investors' conference in Zürs, Austria, where they held several meetings with the investors.
- On 21 April, the representatives of the Bank participated in the Slovene Capital Market Days, where several meetings with the investors were held as well.

May

- On 3 May, the representatives of the Bank participated in the investors' conference in Stockholm, where they also met with several potential investors.
- 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.

June

- On 8 June, Moody's Investors Service, one of the leading rating agencies, downgraded the rating of Nova KBM from Baa1/P-2/D to Baa3/P-3/D- (long-term; short-term; financial strength). The outlook was changed to negative.
- On 22 June, the Bank announced its intention to take over all the shares of Zavarovalnica Maribor d.d.

July

- On 11 July, the Bank announced a takeover bid for Zavarovalnica Maribor d.d.
- On 18 July, it was published that Nova KBM passed the EBA stress test. According to the common baseline scenario, the Bank's Core Tier 1 capital ratio (CT1R) would be 10.2% at the end of 2012, while the ratio would stand at 8.0% under the assumption of the adverse scenario.
- On 19 July, KBM Infond d.o.o. started taking over 'Krekovi skladi' (mutual funds of Krekova Družba).
- The Shareholders' Meeting of Nova KBM took place on 22 July. The following three Supervisory Board members were recalled: Danilo Toplek, Ivan Vizjak and Alenka Bratušek. Darjan Petrič, Ivan Simič and Vida Lebar were appointed as new Supervisory Board members for the next four-year period. The Shareholders' Meeting resolved to pay a gross dividend of €0.08 per share for the financial year 2010.
- Nova KBM injected additional capital of €5,000 thousand into Credy banka a.d., thus increasing its shareholding from 72.38% to 76.64%.
- Nova KBM injected additional capital of €6,922 thousand into Zavarovalnica Maribor d.d. and thus increased its shareholding from 49.96% to 50.70%.

August

- On 12 August, it was published that a total of 6 accepting parties, which in aggregate held 73,800 shares of Zavarovalnica Maribor d.d., or 0.59% of its total outstanding shares, accepted the takeover bid.

- On 29 August, Dušan Jovanovič was appointed as the new Chairman of the Bank's Supervisory Board.

September

- On 30 September, Fitch, one of the leading rating agencies, downgraded the long-term and short-term ratings of Nova KBM from BBB+ to BBB and from F2 to F3, respectively. The outlook remained stable.

Events after the end of the reporting period

October

- On 15 October, KBM Infond completed the takeover of the umbrella fund of Krekova Družba. Since then, KBM Infond has been managing 17 funds and sub-funds in total.
- The Bank's Management Board and the Coordination Body of Nova KBM's trade union signed a new collective agreement on 21 October. This agreement is valid for an unlimited period with effect from 1 November 2011. The tariff schedule of the agreement will remain in force for two years, i.e. until 31 October 2013. Both parties to the agreement were of the opinion that the new collective agreement does not reduce the most important labour standards at Nova KBM, but, in general, preserves them. Moreover, the new agreement sets out more clearly the objective provisions and criteria for enforcing certain rights, thus setting up the conditions for reducing labour costs while providing greater flexibility for rewarding individual employees.
- At its meeting held on 27 October, the European Banking Association (EBA) reached a decision on measures to restore the confidence in the banking sector. Banks are required to establish a buffer such that a Core Tier I Capital ratio reaches 9% by the end of June 2012. The plans with respect to the capital target have to be agreed with the National Supervisory Authorities and discussed with the EBA. As of 30 September 2011, the Nova KBM Group's Core Tier I Capital ratio stood at 9.40%, meaning that the Bank already meets the criteria set by the EBA.

November

- On 14 October, the representative of Nova KBM held a meeting in Ljubljana with several investors and analysts.

Changes in the Supervisory Board of the Bank

A change in the composition of the Bank's Supervisory Board was made in the third quarter of the year. At the Shareholders' Meeting taking place on 22 July 2011, a decision was reached to recall the following three Supervisory Board members: Danilo Toplek, Ivan Vizjak and Alenka Bratušek. Darjan Petrič, Ivan Simič and Vida Lebar were appointed as new Supervisory Board members for the next four-year period. Dušan Jovanovič was appointed as the new Chairman of the Bank's Supervisory Board on 29 August.

Letter to Shareholders

Dear Shareholders and Business Partners,



In the third quarter of 2011, we saw the global capital market experience its most difficult time since the collapse of Lehman Brothers in 2008. The projections for the eurozone were becoming rapidly worse. The increased economic risk due to the unsustainability of the Greek foreign debt spread to other countries of the eurozone and affected the European banking system. In September, Moody's downgraded Slovenia from Aa2 to Aa3. This was followed by a downgrade of larger Slovene banks, which adversely affected their funding costs and competitive position. As a result of difficult conditions faced by the corporate sector and because a number of companies were filing for bankruptcy, the quality of the banks' loan portfolios continued to decline. The operations of Nova KBM and the performance of its shares were negatively affected by these factors.

Nevertheless, Nova KBM remains a stable financial institution; a fact that can be attributed to the strategic decisions we have taken in the past. The May 2011 capital increase significantly reduced the risk of non-compliance with the capital adequacy requirements. Further, we must point out the activities of the European Central Bank (ECB) which, by introducing one-year refinancing operations, helped ease the liquidity crunch for many banks. Based on a thorough economic and monetary analysis, the ECB Council resolved to cut the key interest rates by 25 basis points to 1.25%.

The results of the Nova KBM Group for the first three quarters of 2011 were affected by an increased number of bankruptcy proceedings and, consequently, by provisioning expenses, which were significantly higher than projected. The level of provisions and impairment losses already exceeded the annual projection for 2011 in the first three quarters of the year. In the first nine months of 2011, the Nova KBM Group delivered a profit before provisions and impairment losses of €63.7 million, while it posted a pre-tax loss of €6.1 million from continuing operations. Net loss totalled €4.4 million or €0.15 per share. As of 30 September 2011, the total capital adequacy of the Nova KBM Group was 12.78%, while the total shareholders' equity at the end of September 2011 amounted to €525.0 million, up 19.6% on the 2010 year-end figure. Nova KBM delivered a pre-tax profit of €7.3 million from continuing operations in the first three quarters, while the Bank's net profit totalled €6.2 million.

Due to pressure on the interest rate margin, and especially due to high provisioning expenses, the Bank focused particularly on cost reduction; administration costs fell by 3.4% compared to the same period last year. Further, special attention was paid to risk management with respect to financial

investments. The exposure of Nova KBM to financial institutions and countries from the so-called PIIGS group is minor and does not constitute a systemic risk. Nova KBM is not exposed to Greece which, due to its high indebtedness, is currently considered the country most at risk within the eurozone. Consolidation of ownership of Group companies was another challenge dealt with by the Bank. To that effect, the Bank successfully increased its shareholding in Zavarovalnica Maribor d.d. to the current 51.0%.

The expected improvement of the economic environment did not take place. Economic prospects continue to be affected by great uncertainty and enhanced risk of recovery slowdown. Some of these risks are already materialising, so it is highly probable the forecasts and projections of the average growth in gross domestic product (GDP) for 2012 will be revised considerably downwards. The global economy and financial markets will be exposed to many uncertainties going forward. The prospects for the eurozone depend on the extent to which the debt crisis can be solved, as

well as on the budget deficits of PIIGS and of some other eurozone countries.

The worsening of economic conditions caused higher than projected provisions and impairment losses, and a fall in real estate and security prices. Consequently, both Nova KBM and the Nova KBM Group will not meet their operating targets for the end of 2011. We estimate the provisioning expenses at the Nova KBM Group level to be between 30% and 40% above the projection, which will lead to a proportionally lower pre-tax profit. Further, we may expect the value of seized securities to fall by about 30%, which will have a negative effect on our performance as well. As a result of the aforementioned factors, both Nova KBM and the Nova KBM Group are expected to end the year with a loss from continuing operations.

Maribor, November 2011

Matjaž Kovačič

President of the Management Board



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

Nova KBM d.d. (in this report also referred to as 'Nova KBM' or the 'Bank') 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 the Bank's shareholding in them are presented in the table below.

Nova KBM 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.

Composition of the Nova KBM Group, including associated companies, as of 30 September 2011:

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	76.64
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	51.00
Moja naložba d.d.	associated company	45.00

In July 2011, Nova KBM injected additional capital of €5,000 thousand into Credy banka a.d., Kragujevac, thus increasing its shareholding from 72.38% to 76.64%.

In the capital raising by Zavarovalnica Maribor d.d., and pursuant to Nova KBM's takeover bid for Zavarovalnica Maribor d.d. shares, the Bank paid up €7,344 thousand and thus increased its shareholding in the insurance company from 49.96% to 51.29%. New shares were issued on 4 July 2011, and the takeover bid ended on 10 August 2011. In accordance with the contract of sale, Nova KBM sold to Pozavarovalnica Sava d.d. 37,076 shares of Zavarovalnica Maribor d.d. worth €212 thousand, thereby reducing its shareholding from 51.29% to 51.00%.

Key performance indicators of individual Group members as of 30 September 2011

COMPANY	Number of employees	Net profit or loss (€000)	Total assets (€000)	ROAE after tax (%)	ROAA after tax (%)
Poštna banka Slovenije d.d.	242	1,986	819,835	6.01	0.32
Adria Bank AG	29	207	214,578	0.73	0.13
Credy banka a.d.	403	297	131,581	1.80	0.34
KBM Fineko d.o.o.	11	227	5,297	14.01	5.51
KBM Infond d.o.o.	29	677	7,923	12.90	10.44
KBM Leasing d.o.o.	11	(2,383)	142,866	(87.60)	(2.35)
KBM Invest d.o.o.	10	(1,036)	49,182	(28.19)	(3.06)
Gorica Leasing d.o.o.	15	(405)	86,263	(20.81)	(0.61)
M-Pay d.o.o.	0	9	183	6.88	6.84
KBM Projekt d.o.o.	3	(2,491)	48,637	negative capital	(6.67)
KBM Leasing Hrvatska d.o.o.	8	(270)	44,524	negative capital	(0.84)
Zavarovalnica Maribor d.d.	880	4,933	765,719	8.19	0.87
Moja naložba d.d.	14	457	132,135	9.49	0.47

Shareholder structure and information on shares

The Bank's shareholder structure as of 30 September 2011 was as follows: the Republic of Slovenia held 27.7% of shares; Pošta Slovenije d.o.o. – 6.6%; Gen d.o.o. – 6.4%; Kapitalska družba d.d. – 4.8%; Slovenska odškodninska družba d.d. – 3.2%; ELES d.o.o. – 2.4%; the shareholding of the Republic of Slovenia remained at 51.1%, of which 35.7% was a direct and 15.4% an indirect shareholding of the state in the Bank; households held 16.3% (down 6.7 percentage points from the beginning of the year); other financial organisations held 6.4% (down 4.4 percentage points from the beginning of the year); foreign investors held 22.2% (up 13.0 percentage points from the beginning of the year); non-financial companies held 2.5% (down 1.2 percentage points from the beginning of the year); banks held 1.5% (down 0.8 percentage points from the beginning of the year).

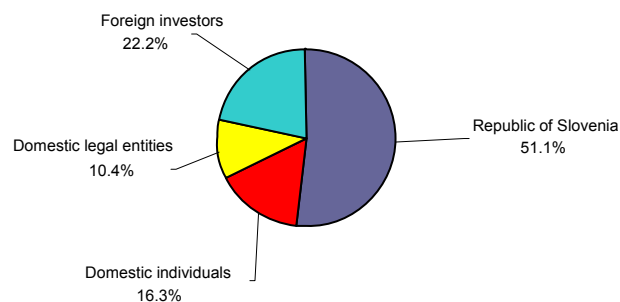
10 largest shareholders as of 30 September 2011

Number of shares	% of ownership ¹	Shareholder
10,822,770	27.7	REPUBLIC OF SLOVENIA
4,824,199	12.3	KDPW – TRUST ACCOUNT
2,599,192	6.6	POŠTA SLOVENIJE d.o.o.
2,500,000	6.4	GEN d.o.o.
1,875,920	4.8	KAPITALSKA DRUŽBA d.d.
1,250,614	3.2	SLOVENSKA ODŠKODNINSKA DRUŽBA d.d.
937,500	2.4	ELES d.o.o.
801,572	2.1	NFD 1 DELNIŠKI INVESTICIJSKI SKLAD d.d.
693,745	1.8	EAST CAPITAL BALKAN FUND
539,972	1.4	EAST CAPITAL EASTERN EUROPEAN FUND

Number of Nova KBM shares held by members of the Bank's Management and Supervisory Board as of 30 September 2011

Shareholder	Number of shares	% of ownership
Matjaž Kovačič	3,644	0.009314
Andrej Plos	1,304	0.003333
Manja Skernišak	872	0.002229
Dušan Jovanovič	499	0.001275
Anton Guzej	440	0.001125
Krisper Aleš	56	0.000143
Andrej Svetina	27	0.000069
Franc Škufca	10	0.000026

Shareholder structure of Nova KBM as of 30 September 2011



¹ Voting rights equal ownership share.

Information on shares

As of 30 September 2011, the Bank's share capital amounted to €40,814,313.65 and was split into 39,122,968 ordinary no-par value shares. A total of 13,040,989 new shares were allocated to investors participating in the capital raising which was completed in May 2011.

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

	30.09.2011	31.12.2010	31.12.2009	31.12.2008	31.12.2007
Number of shareholders	98,744	100,295	102,514	102,531	107,034
Number of ordinary shares	39,122,968	26,081,979	26,081,979	26,081,979	23,357,984
Share price on the last trading date (€)	4.50	10.20	11.44	9.43	41.91
Market capitalisation (€000)	176,053	266,036	298,378	245,953	978,933

	Nova KBM				Nova KBM Group			
	30.09.2011	31.12.2010	31.12.2009	31.12.2008	30.09.2011	31.12.2010	31.12.2009	31.12.2008
Share book value ¹ (€)	12.10	14.39	14.10	12.80	12.36	15.22	15.04	13.72
Net earnings per share ² (€)	0.24	0.36	0.47	0.68	(0.19)	0.41	0.40	0.57
P/E ratio ³	18.75	28.33	24.34	13.87	(23.68)	24.88	30.11	16.54
P/B ratio ⁴	0.37	0.71	0.81	0.74	0.36	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.

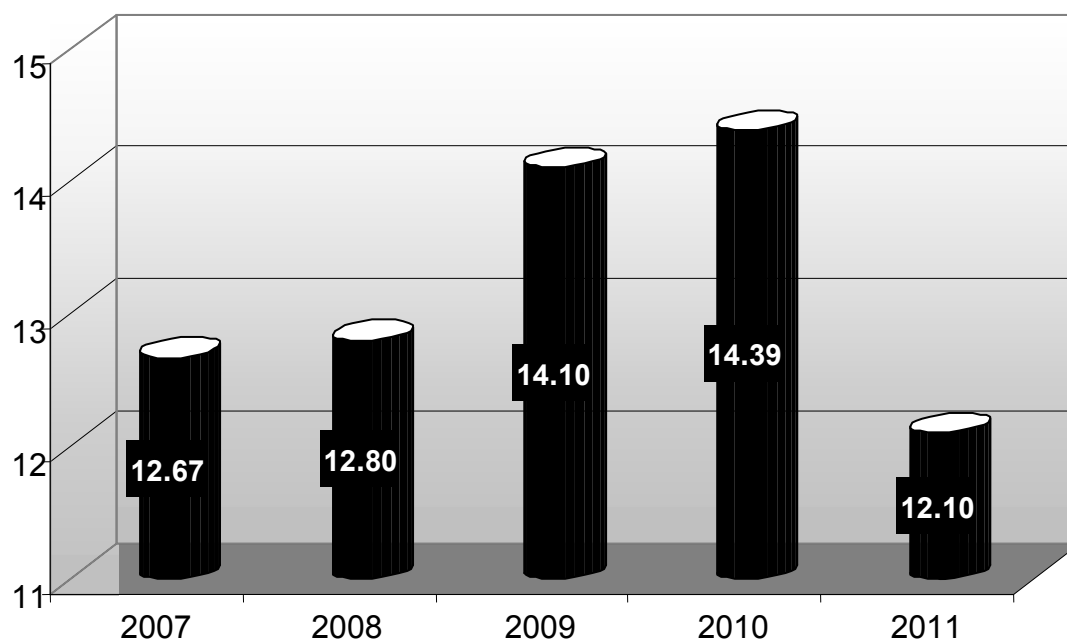
³ P/E ratio is calculated as the ratio between the share price on the last trading date and the Bank's net profit (for the Group: net profit attributable to owners of the parent) per share.

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

Following the May 2011 capital raising, the book value of a Nova KBM share has fallen below the 2007 level².



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	0.08	-	-
Dividend yield ³ (%)	-	1.5	2.1	0	0.8	-	-
Projected share of dividend in net profit of the Bank (%)	-	10	20	30	35	35	35
Share of dividend in net profit of the Bank ⁴ (%)	44.3	11.0	29.4	0	36.2	-	-

² Measured by the book value of Nova KBM.

³ Gross dividend per share/Share price on the last day of the financial year.

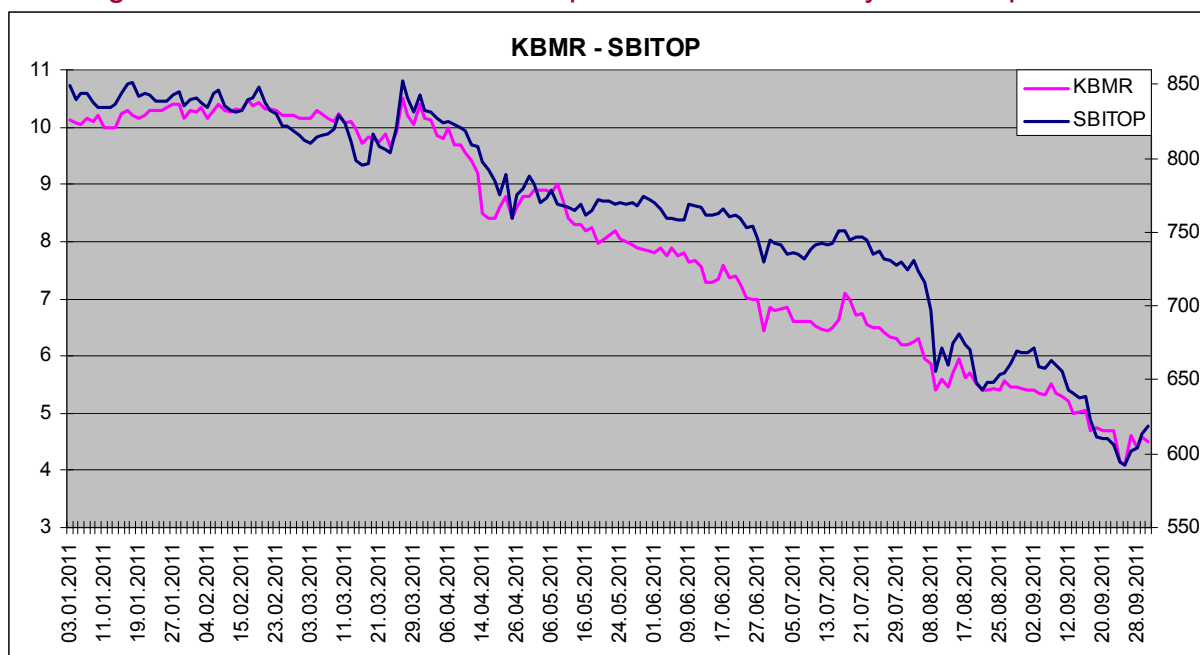
⁴ Gross dividend/Net profit of the Bank.

Share performance

In the period from 3 January to 30 September 2011, the price of a KBMR share traded on the Ljubljana Stock Exchange, being the prime market for KBMR shares, ranged between €4.02 and €10.50. The following factors had the most adverse effect on the performance of KBMR shares: (i) the price of KBMR shares issued in the May 2011 capital raising, which was set at €8.00; (ii) the negative political and economic climate; and (iii) uncoordinated action and the attitude of the state, as the largest indirect shareholder of the Bank, during the capital raising process. During the reporting period, the highest share price was reached on 9 February 2011, at €10.50, while the lowest point was reached on 26 September 2011 when it closed at €4.02 and €3.76 in Ljubljana and Warsaw, respectively.

In the first nine months of 2011, the combined trading volume in KBMR shares on the Ljubljana and Warsaw Stock Exchange reached 2,010,200 shares. The average daily turnover was 22,587 shares per trading day. As of 30 September 2011, Nova KBM had 98,744 shareholders in total.

Nova KBM (trading symbol: KBMR; in €) share performance on the Ljubljana Stock Exchange and the SBITOP Index in the period from 3 January to 30 September 2011



Operating result of the Nova KBM Group

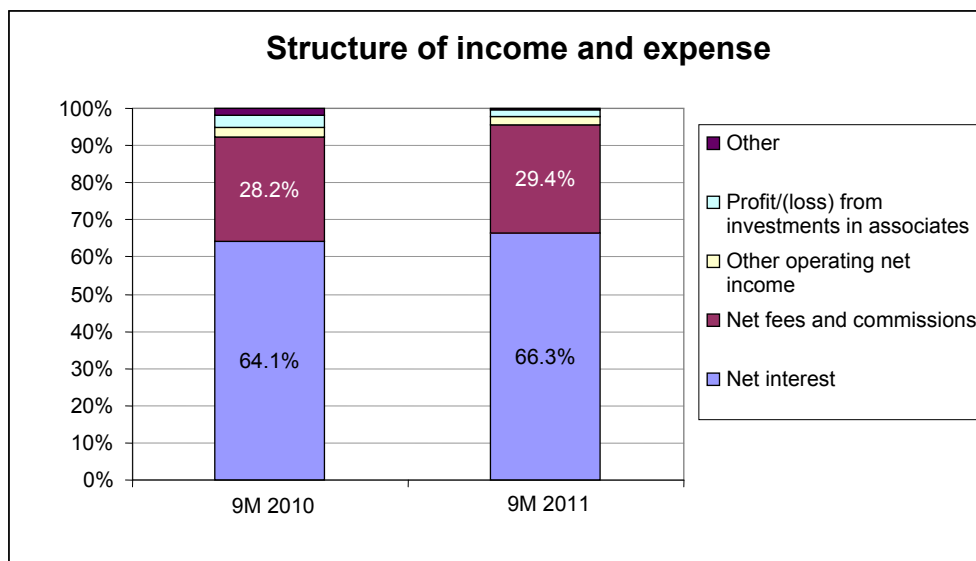
For the period from January through September 2011, the Nova KBM Group reported a **pre-tax loss of €6,074 thousand from continuing operations**. A pre-tax profit of €33,900 thousand was projected for 2011. The negative result must primarily be attributed to the following factors: higher than projected provisions and impairment losses; a decrease in other operating net income; a decrease in net interest income; losses on financial assets and liabilities not measured at fair value through profit or loss; lower than projected profits from investment in the equity of associates.

The Group's **net loss totalled €4,436 thousand**, which was €1,638 thousand less than the Group's loss from continuing operations, due to the positive effect of deferred taxes. The net result of the Group is €10,593 thousand lower than the net result reported by Nova KBM, mainly due to the impact of consolidation entries on the profit and loss account, and losses posted by Group members engaged in leasing and real estate activities.

The **Group's profit from continuing operations before impairment charges and provisions** amounted to €63,707 thousand. Operations of the Group are still affected by deteriorated economic conditions and sluggish recovery of the global economy. Despite some optimistic projections, economic conditions have not yet stabilised. Consequently, as a result of increased credit risk, the Group had to recognise high provisions and impairment losses. In the period from January through September 2011, net provisions and impairment losses totalled €69,781 thousand, which accounted for 103.9% of the annual projection. Provisions and impairment losses recognised in the first nine months of 2011 exceeded the figure reported for the same period last year by 39.6%.

In the period from January through September 2011, the Group generated **net interest income** of €101,850 thousand, which accounted for 71.5% of the annual projection. Lower than projected net interest income was mainly the result of changes in the structure of the Group assets, an increasing proportion of which is made up of investments that provide lower returns (portfolio of securities). Impairment of interest on loans granted to companies which have run into financial difficulties also had a negative effect on interest income. On the funding side, we have seen a trend of households shifting towards long-term deposits with higher rate of interest. Also, the refinancing of long-term loans obtained from banks in the past has become more costly.

Net fee and commission income generated by the Group in the first nine months of the year totalled €45,114 thousand, which made up 78.4% of the annual projection, mainly as a result of higher than projected fees and lower fee and commission expense. The reason for somewhat lower fee and commission expense are the costs associated with the Nova KBM's capital increase, which were partially (in the amount of actual costs incurred) transferred to the share premium (€3,263 thousand) and partially charged to administration costs (€227 thousand).



The **dividend income** earned in the first nine months of 2011 made up 97.6% of the annual projection. This income totalled €2,955 thousand and pertains mainly to the dividends from Mercator d.d. (€1,578 thousand), Gorenjska banka d.d. (€574 thousand), Petrol d.d. (€322 thousand) and Cinkarna Celje d.d. (€139 thousand).

Losses on financial assets and liabilities not measured at fair value through profit or loss totalled €4,509 thousand in the first nine months of 2011, while a gain of €100 thousand was projected for the year as a whole. A substantial part of this loss is related to loan write-offs.

Net gains on financial assets and liabilities held for trading totalled €6,464 thousand, mainly as result of net gain on trading in derivatives in the amount of €5,564 thousand. Valuation of currency forwards, which the Group uses for the economic hedging of foreign currency exposure and the effects of which are linked to the effects of exchange differences, had the largest impact on net gains on derivatives.

Net loss on financial assets and liabilities designated at fair value through profit or loss amounted to €6,442 thousand (9M 2010: net loss of €3,449 thousand) and related to the impairment of securities designated at fair value.

Net gains on exchange rate differences were €1,134 thousand, compared to a net gain of €10,036 thousand reported for the same period last year. For 2011, the Group had projected to post a gain of €8,335 thousand in this category of income.

Other operating net income, which includes mainly the income from the sale of real estate, totalled €3,342 thousand, or 22.3% of the annual projection. The lower than expected result was due to the Group's engagement in the real estate operations which are affected by the difficulties in the construction industry.

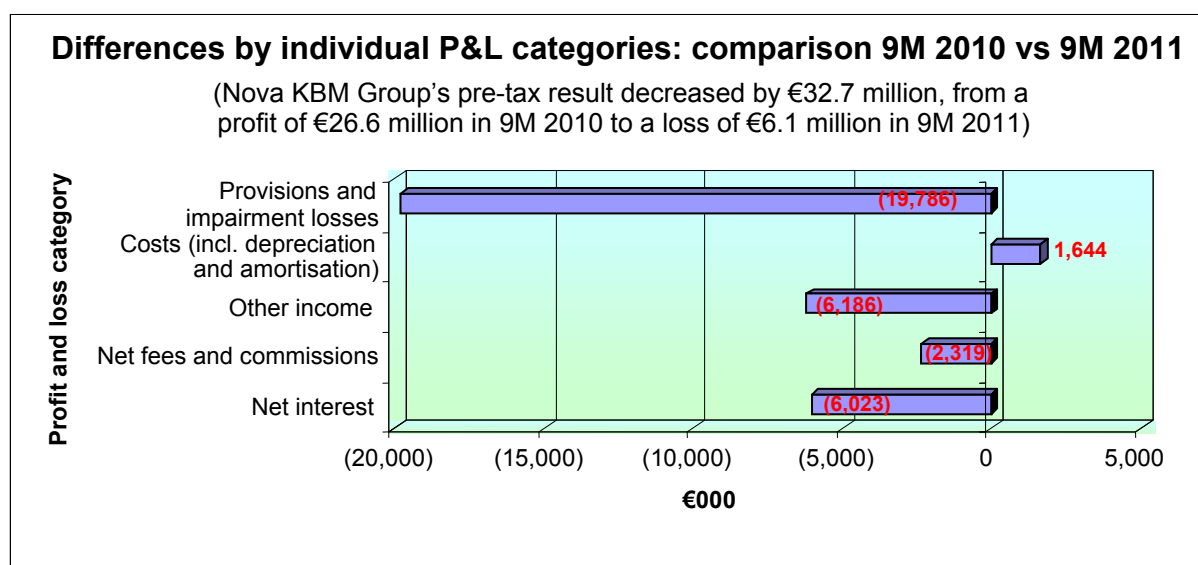
Administration costs, including depreciation and amortisation, reached €89,948 thousand, which made up 72.1% of the annual projection. Compared to the same period last year, administration costs, including depreciation and amortisation, decreased by 1.8%, despite the fact that Credy banka a.d. was not included in the Group's accounts for the first three months of 2010. The ratio of operating costs as a percentage of the average total assets was 2.04%, a decrease of 0.17 percentage points from 2010.

In the period from January through September 2011, the Group made a profit of €2,856 thousand from **investment in associated companies**, which accounted for 57.0% of the annual projection.

Total profit from non-current assets and disposal groups classified as held for sale amounted to €287 thousand, as a result of selling holiday apartments of Nova KBM above their book value.

As a result of loss reported for the first nine months of the year, the Group's **return on average equity** (ROAE) after tax was negative and stood at 1.22%. For the financial year 2011, the ratio was projected at 5.50%.

Margin of financial intermediation, calculated on the average total assets, was 3.51%, down 0.44 percentage points from the end of 2010, and 0.27 percentage points below the projection for 2011. **Interest margin**, calculated on the average total assets, was 2.32%, a decrease of 0.21 percentage points from the end of 2010, and 0.06 percentage points below the margin projected for 2011.



Financial position of the Nova KBM Group

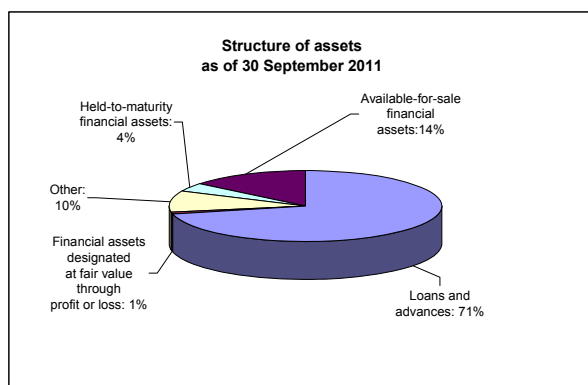
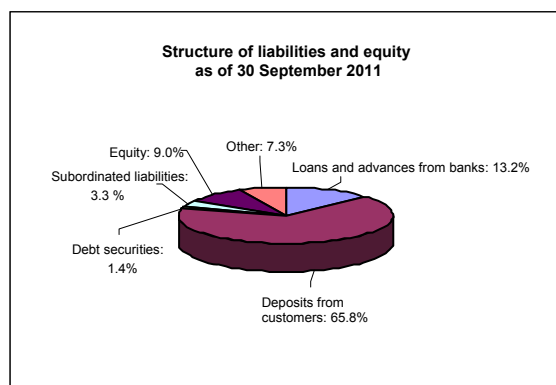
The **Group's total assets** amounted to **€5,856,923** thousand as of 30 September 2011, a decrease of 0.2% from the 2010 year-end. The decrease in total assets is mainly due to the repayment of loans raised in the interbank market in the previous years, which was partially offset by an increase in customer deposits and equity. The Group's loan portfolio shrank, while its investments in financial assets registered an increase in the first three quarters of 2011. At the end of September 2011, the aggregate market share of Nova KBM and PBS in terms of total assets accounted for 11.3% of the Slovene banking system.

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

- debts due to banks decreased by €307,190 thousand
- deposits from customers went up by €143,032 thousand
- total equity increased by €86,029 thousand (mainly as a result of capital raising)
- debt securities in issue increased by €14,338 thousand (issue of certificates of deposit)
- provisions rose by €11,161 thousand.

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

- held-to-maturity financial assets increased by €52,076 thousand (purchase of bonds)
- other assets increased by €32,186 thousand
- financial assets designated at fair value through profit or loss increased by €25,751 thousand
- loans and advances to banks increased by €21,146 thousand
- loans and advances to customers fell by €119,697 thousand (more restrictive lending conditions and reallocation of assets from the loan portfolio to the securities portfolio)
- available-for-sale financial assets decreased by €45,853 thousand (bonds falling due).



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 eurozone at the end of 2011 and in 2012 are less favourable and there is an increased 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. As a result of economic conditions, which were much worse during the year than those projected when the business plan was formulated, neither the Group nor the Bank will meet the 2011 operating targets.

In the second half of 2011, we have witnessed an increased number of Slovene companies filing for bankruptcy, leading to a further deterioration of banks' loan portfolios. Consequently, according to the Bank analysts, provisioning for bad loans is projected to increase even more in the last quarter of the year, both at the Group and at the Bank level. Based on the first assessment, impairment losses and provisions are expected to exceed the annual projection by one-third or even one-half as a result of increased credit risk. Lower than projected net interest income and net fee and commission income will also have a negative effect on the 2011 revenues of the Nova KBM Group. The analysts estimate that an increase in default and late payments is likely to continue throughout the third and fourth quarters of the year. In addition, realisation of collateral provided as security for loans can sometimes be very unpredictable in terms of time, which is a result of long-lasting court procedures and limited functioning of the markets. Due to the impact of the aforementioned negative factors, a loss from continuing operations is expected to be reported by both the Bank and the Nova KBM Group at the 2011 year-end.

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

	2011	2010	Index
Statement of financial position (€000)	30.09.	31.12.	
Total assets	4,779,993	4,806,511	99
Total deposits from the non-banking sector	3,136,541	3,024,912	104
Total loans to the non-banking sector	3,433,606	3,505,866	98
Total equity	473,342	375,256	126
Total impairment losses and provisions	298,119	259,167	115
Statement of income (€000)	9M 2011	9M 2010	
Net interest income	76,285	81,611	93
Net fee and commission income	33,076	35,384	93
Net gains/(losses) from trading in securities and foreign exchange	(3,153)	1,306	
Other income/expense	9,296	5,411	172
Operating costs	(63,012)	(63,249)	100
Impairment losses and provisions	(45,157)	(44,313)	102
Profit from continuing operations	7,335	16,150	45
Net profit for the reporting period	6,157	13,757	45
Ratios	30.09.	31.12.	
Net profit per share ⁵ (€)	0.24	0.36	
Share price (€)	4.50	10.2	
Share book value ⁶ (€)	12.10	14.39	
Total capital adequacy (%)	12.42	10.05	
Capital adequacy (original own funds) (%)	10.17	7.67	
ROAA before tax (%)	0.20	0.23	
ROAE before tax (%)	2.31	3.01	
Operating costs/Average total assets (%)	1.75	1.87	
Cost/Income (%)	54.55	53.17	
Ratings (long-term)	30.09.	31.12.	
	Baa3/P-3/D- (Moody's) BBB/F3 (Fitch)	Baa1 (Moody's) A- (Fitch)	

⁵ Annualised net profit/Weighted average number of shares in the period.

⁶ Bank's total equity at the end of the period/Total number of ordinary no-par value shares.

The Bank's market share in terms of total assets increased by 0.1 percentage point, from 9.6% at the end of 2010 to 9.7% at the end of September 2011. Compared to the 2010 year-end, deposits from the non-banking sector went up by 4%, while the Bank's equity increased by 26%.

For the first nine months of 2011, the Bank reported a pre-tax profit of €7,335 thousand from continuing operations.

Net interest income totalled €76,285 thousand, down 7% from the same period last year.

The Bank managed to improve the ratio of operating costs to the average total assets from 1.87% at the end of 2010 to 1.75% at the end of September 2011.

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

30.09.2011/30.09.2010

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

Interim Statement of Income – Nova KBM Group

€000

ITEM DESCRIPTION	Notes	Nine months ended 30.09.2011	Nine months ended 30.09.2010
Interest income and similar income	1	196,488	187,110
Interest expense and similar expense	1	(94,638)	(79,237)
Net interest income	1	101,850	107,873
Dividend income	2	2,955	1,699
Fee and commission income	3	74,117	77,278
Fee and commission expense	3	(29,003)	(29,845)
Net fee and commission income	3	45,114	47,433
Realised losses on financial assets and liabilities not measured at fair value through profit or loss		(4,509)	(973)
Net gains/(losses) on financial assets and liabilities held for trading	4	6,464	(4,563)
Net losses on financial assets (and liabilities) designated at fair value through profit or loss	5	(6,442)	(3,449)
Net exchange differences	6	1,134	10,036
Net gains/(losses) on derecognition of assets excluding non-current assets held for sale		604	(56)
Other operating net income		3,342	4,371
Administration costs	7	(77,581)	(80,300)
Depreciation and amortisation		(12,367)	(11,292)
Provisions	8	(11,885)	(2,001)
Impairment losses	9	(57,896)	(47,994)
Share of profits of associates and joint ventures accounted for using the equity method	10	2,856	5,590
Total profit from non-current assets and disposal groups classified as held for sale		287	222
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		(6,074)	26,596
Income tax expense related to profit from continuing operations		1,638	(6,308)
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS		(4,436)	20,288
NET PROFIT/(LOSS) FOR THE PERIOD		(4,436)	20,288
a) Attributable to owners of the parent		(5,062)	17,878
b) Attributable to non-controlling interest		626	2,410
Basic earnings/(loss) per share (€)		(0.15)	0.69
Diluted earnings/(loss) per share (€)		(0.15)	0.69

The notes are an integral part of these financial statements.

Interim Statement of Income – Nova KBM Group

€000

ITEM DESCRIPTION	2011			2010			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Interest income and similar income	66,592	65,039	64,857	67,116	63,701	62,526	60,883
Interest expense and similar expense	(33,087)	(32,078)	(29,473)	(27,687)	(27,385)	(26,403)	(25,449)
Net interest income	33,505	32,961	35,384	39,429	36,316	36,123	35,434
Dividend income	235	2,720	0	32	1,595	104	0
Fee and commission income	24,602	25,086	24,429	26,781	26,173	26,946	24,159
Fee and commission expense	(9,894)	(9,719)	(9,390)	(11,132)	(10,119)	(10,566)	(9,160)
Net fee and commission income	14,708	15,367	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	(5,346)	106	731	2,359	(1,753)	(103)	883
Net gains/(losses) on financial assets and liabilities held for trading	5,835	(2,004)	2,633	(7,885)	1,312	(3,670)	(2,205)
Net gains/(losses) on financial assets (and liabilities) designated at fair value through profit or loss	(4,281)	(2,481)	320	2,021	(109)	(2,802)	(538)
Net exchange differences	(2,381)	7,357	(3,842)	5,112	(1,329)	7,641	3,724
Net gains/(losses) on derecognition of assets excluding non-current assets held for sale	44	552	8	(54)	(14)	(10)	(32)
Other operating net income	576	1,496	1,270	4,915	835	1,434	2,102
Administration costs	(25,622)	(27,675)	(24,284)	(33,118)	(29,269)	(27,953)	(23,078)
Depreciation and amortisation	(4,182)	(4,176)	(4,009)	(3,960)	(3,905)	(3,779)	(3,608)
Provisions	(4,749)	(1,973)	(5,163)	(1,224)	7	(1,245)	(763)
Impairment losses	(16,122)	(26,554)	(15,220)	(32,003)	(20,318)	(13,397)	(14,279)
Share of profits of associates and joint ventures accounted for using the equity method	55	1,171	1,630	71	1,897	1,558	2,135
Total profit/(loss) from non-current assets and disposal groups classified as held for sale	17	202	68	61	(1)	271	(48)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	(7,708)	(2,931)	4,565	(8,595)	1,318	10,552	14,726
Income tax expense related to profit from continuing operations	447	664	527	(280)	1,729	(4,572)	(3,465)
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	(7,261)	(2,267)	5,092	(8,875)	3,047	5,980	11,261
NET PROFIT/(LOSS) FOR THE PERIOD	(7,261)	(2,267)	5,092	(8,875)	3,047	5,980	11,261
a) Attributable to owners of the parent	(6,883)	(1,528)	3,349	(7,098)	2,857	4,872	10,149
b) Attributable to non-controlling interest	(378)	(739)	1,743	(1,777)	190	1,108	1,112
Basic earnings/(loss) per share (€)	(0.21)	(0.08)	0.13	(0.28)	0.11	0.19	0.39
Diluted earnings/(loss) per share (€)	(0.21)	(0.08)	0.13	(0.28)	0.11	0.19	0.39

Interim Statement of Comprehensive Income – Nova KBM Group

€000

ITEM DESCRIPTION	Nine months ended 30.09.2011	Nine months ended 30.09.2010
NET PROFIT/(LOSS) FOR THE PERIOD AFTER TAX	(4,436)	20,288
OTHER COMPREHENSIVE INCOME/(LOSS) AFTER TAX	(6,687)	3,563
Foreign currency translation differences arising from consolidation	1,441	(1,027)
Translation gains/(losses) taken to equity	1,441	(1,027)
Available-for-sale financial assets	(9,596)	5,167
Valuation gains/(losses) taken to equity	(9,297)	3,860
Transferred to profit or loss	(299)	1,307
Share of other recognised comprehensive income/(loss) of associates and joint ventures accounted for using the equity method	(587)	822
Income tax relating to components of other comprehensive income	2,055	(1,399)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD AFTER TAX	(11,123)	23,851
a) Attributable to owners of the parent	(11,383)	20,999
b) Attributable to non-controlling interest	260	2,852

Interim Statement of Comprehensive Income – Nova KBM Group

€000

ITEM DESCRIPTION	2011			2010			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
NET PROFIT/(LOSS) FOR THE PERIOD AFTER TAX	(7,261)	(2,267)	5,092	(8,875)	3,047	5,980	11,261
OTHER COMPREHENSIVE INCOME/(LOSS) AFTER TAX	(4,462)	(3,396)	1,171	(6,686)	3,809	(8,253)	8,007
Foreign currency translation differences arising from consolidation	(1,101)	1,615	927	(71)	(465)	(428)	(134)
Translation gains/(losses) taken to equity	(1,101)	1,615	927	(71)	(465)	(428)	(134)
Available-for-sale financial assets	(4,477)	(6,191)	1,072	(7,424)	5,676	(9,922)	9,413
Valuation gains/(losses) taken to equity	(4,283)	(6,106)	1,092	(6,734)	4,369	(9,922)	9,413
Transferred to profit or loss	(194)	(85)	(20)	(690)	1,307	0	0
Share of other recognised comprehensive income/(loss) of associates and joint ventures accounted for using the equity method	242	(39)	(790)	(848)	73	161	588
Income tax relating to components of other comprehensive income	874	1,219	(38)	1,657	(1,475)	1,936	(1,860)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD AFTER TAX	(11,393)	(5,993)	6,263	(15,561)	6,856	(2,273)	19,268
a) Attributable to owners of the parent	(10,867)	(5,385)	4,869	(13,181)	6,714	(3,403)	17,688
b) Attributable to non-controlling interest	(856)	(278)	1,394	(2,380)	142	1,130	1,580

Interim Statement of Financial Position – Nova KBM Group

€000

ITEM DESCRIPTION	Notes	30.09.2011	31.12.2010
Cash and balances with the central bank	11	147,383	140,398
Financial assets held for trading	12	12,049	3,148
Financial assets designated at fair value through profit or loss	13	42,456	16,705
Available-for-sale financial assets	14	832,153	878,006
Loans and advances		4,182,736	4,281,287
- loans and advances to banks	15	267,506	246,360
- loans and advances to customers	16	3,915,230	4,034,927
Held-to-maturity financial assets	17	232,296	180,220
Non-current assets and disposal groups classified as held for sale and discontinued operations		6,404	1,371
Property, plant and equipment		89,974	92,699
Investment property		44,292	44,966
Intangible assets		32,727	32,481
Investments in associates and joint ventures accounted for using the equity method		46,841	41,719
Tax assets		16,048	14,279
- current tax assets		2,112	3,739
- deferred tax assets		13,936	10,540
Other assets		171,564	139,378
TOTAL ASSETS		5,856,923	5,866,657
Financial liabilities due to the central bank		170,262	130,149
Financial liabilities held for trading		2,660	6,112
Financial liabilities measured at amortised cost	18	5,068,533	5,215,538
- deposits from banks	18	166,642	168,546
- deposits from customers	18	3,855,538	3,712,304
- loans from banks	18	771,543	1,076,829
- loans from customers	18	146	348
- debt securities		79,810	65,472
- subordinated liabilities	18	194,854	192,039
Financial liabilities associated to transferred assets		5,754	0
Provisions	19	33,781	22,620
Tax liabilities		5,329	6,023
- current tax liabilities		2,220	217
- deferred tax liabilities		3,109	5,806
Other liabilities		45,586	47,226
TOTAL LIABILITIES		5,331,905	5,427,668
Share capital		40,815	27,210
Share premium		165,775	78,314
Revaluation reserves		(13,080)	(5,542)
Translation reserves		349	(868)
Reserves from profit		298,636	297,010
Treasury shares		(1,412)	(1,412)
Retained earnings/(loss) (including net profit/(loss) for the period)		(7,349)	2,188
SHAREHOLDERS' EQUITY EXCLUDING NON-CONTROLLING INTEREST		483,734	396,900
Non-controlling interest		41,284	42,089
TOTAL SHAREHOLDERS' EQUITY		525,018	438,989
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,856,923	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	Nine months ended 30.09.2011	Nine months ended 30.09.2010
A.	CASH FLOWS FROM OPERATING ACTIVITIES		
a)	Total profit or loss before tax	(6,074)	26,596
	Depreciation and amortisation	12,367	11,292
	(Derecognition of impairment) of held-to-maturity financial assets	(18)	0
	Impairment of tangible assets, investment property, intangible assets and other assets	65	77
	Share of (profit) of associates and joint ventures accounted for using the equity method	(2,856)	(5,590)
	Net (gains) from exchange differences	(1,134)	(10,036)
	Net (gains)/losses from held-to-maturity financial assets	29	(10)
	Net (gains)/losses from the sale of tangible assets and investment properties	(926)	56
	Other losses from financing activities	8,571	8,384
	Net unrealised (gains) from non-current assets held for sale and discontinued operations and liabilities associated therewith	(287)	(222)
	Net unrealised gains/(losses) in revaluation reserves from financial assets available for sale (excluding effect of deferred tax)	(9,596)	5,167
	Other adjustments to total profit or loss before tax	5,670	(2,615)
	Cash flow from operating activities before changes in operating assets and liabilities	5,811	33,099
b)	(Increase)/decrease in operating assets (excluding cash equivalents)	91,151	(20,207)
	Net (increase)/decrease in financial assets held for trading	(8,888)	8,148
	Net (increase) in financial assets designated at fair value through profit or loss	(25,708)	(4,461)
	Net decrease in available-for-sale financial assets	45,927	126,215
	Net (increase)/decrease in loans and advances	108,320	(137,077)
	Net (increase)/decrease in non-current assets held for sale	522	(31)
	Net (increase) in other assets	(29,022)	(13,001)
c)	(Decrease) in operating liabilities	(114,628)	(7,782)
	Net increase/(decrease) in financial liabilities to the central bank	40,113	(69,460)
	Net increase/(decrease) in financial liabilities held for trading	(3,452)	2,551
	Net increase/(decrease) in deposits and loans measured at amortised cost	(159,951)	61,356
	Net increase/(decrease) in debt securities in issue measured at amortised cost	14,338	(23,324)
	Net increase/(decrease) in other liabilities	(5,676)	21,095
d)	Cash flow from operating activities (a+b+c)	(17,666)	5,110
e)	Income taxes (paid)/refunded	5,949	(2,934)
f)	Net cash flow from operating activities (d+e)	(11,717)	2,176

€000

Designation	ITEM DESCRIPTION	Nine months ended 30.09.2011	Nine months ended 30.09.2010
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
a)	Receipts from investing activities	22,360	40,228
	Receipts from the sale of tangible assets and investment properties	7,622	1,837
	Receipts from the disposal of subsidiaries, associates and joint ventures	212	0
	Receipts from non-current assets or liabilities held for sale	421	320
	Receipts from the sale of held-to-maturity financial assets	9,659	16,578
	Cash assets acquired through business combination	0	21,490
	Other receipts from investing activities	4,446	3
b)	Cash payments on investing activities	(86,690)	(80,380)
	(Cash payments to acquire tangible assets and investment properties)	(19,316)	(19,707)
	(Cash payments to acquire intangible assets)	(4,637)	(4,578)
	(Cash payments for the investments in subsidiaries)	(7,344)	(9,416)
	(Cash payments to acquire held-to-maturity financial assets)	(55,393)	(46,676)
	(Other cash payments related to investing activities)	0	(3)
c)	Net cash flow from investing activities (a+b)	(64,330)	(40,152)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
a)	Cash proceeds from financing activities	104,328	0
	Cash proceeds from issuing shares and other equity instruments	104,328	0
b)	Cash payments on financing activities	(13,413)	(3,909)
	(Dividends paid)	(4,288)	(2,333)
	(Repayments of subordinated liabilities)	(5,863)	(1,576)
	(Other payments related to financing activities)	(3,262)	0
c)	Net cash flow from financing activities (a+b)	90,915	(3,909)
D.	Effects of change in exchange rates on cash and cash equivalents	1,536	1,032
E.	Net increase in cash and cash equivalents (Af+Bc+Cc)	14,868	(41,885)
F.	Opening balance of cash and cash equivalents	324,734	319,859
G.	Closing balance of cash and cash equivalents (D+E+F)	341,138	279,006

Reconciliation of cash and cash equivalents with the statement of financial position items as of 30 September 2011 is presented in Note 11.

The balance of cash and cash equivalents as of 30 September 2010 amounted to €279,006 thousand and was made up of cash and balances with the central bank, in the amount of €138,604 thousand, and loans and advances to banks with original maturity of up to three months, in the amount of €140,402 thousand.

Cash Flows from Interest and Dividends

€000

	Nine months ended 30.09.2011	Nine months ended 30.09.2010
Interest paid	(81,763)	(75,528)
Interest received	179,539	168,020
Dividends paid	(4,288)	(2,333)
Dividends received	2,898	1,699

Interim Statement of Changes in Equity for the period from 01.01.2011 to 30.09.2011 – 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 item)	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	(7,539)	1,218	0	(5,062)	0	(11,383)	260	(11,123)
New share capital subscribed (paid)	13,605	90,723	0	0	0	(162)	0	104,166	162	104,328
Appropriation of (accounting for) dividends	0	0	0		0	(3,119)	0	(3,119)	(1,209)	(4,328)
Transfer of net profit to reserves from profit	0	0	0		1,626	(1,626)	0	0		0
Other	0	(3,262)	1	(1)	0	432	0	(2,830)	(18)	(2,848)
CLOSING BALANCE FOR THE REPORTING PERIOD	40,815	165,775	(13,080)	349	298,636	(7,349)	(1,412)	483,734	41,284	525,018

Other decrease in the item 'Share premium' relates to direct costs associated with the capital raising.

Interim Statement of Changes in Equity for the period from 01.01.2010 to 30.09.2010 – 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	3,994	(873)	0	17,878	20,999	2,852	23,851
Takeover of Credy banka a.d.	0	0	0		0	0	0	3,140	3,140
Appropriation of (accounting for) dividends	0	0	0	0	0	0	0	(2,330)	(2,330)
Transfer of net profit to reserves from profit	0	0	0	0	5,965	(5,965)	0	0	0
Other	(1)	0	(11)	0		(196)	(208)	98	(110)
CLOSING BALANCE FOR THE REPORTING PERIOD	27,209	78,314	499	(847)	287,103	20,878	413,156	42,669	455,825

Notes to the financial statements of the Nova KBM Group

The financial statements of the Group for the period ended 30 September 2011 were authorised for issue on 10 November 2011 by the Management Board of Nova KBM d.d.

Statement of compliance

The consolidated financial statements 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 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

Analysis of interest by market segments

	9M 2011		9M 2010	
	Income	Expense	Income	Expense
Non-financial companies	97,756	3,702	95,625	3,751
State	14,925	17,361	14,996	13,965
Banks	13,506	29,241	9,789	24,248
Other financial organisations	5,734	8,086	5,801	6,766
Households	49,034	33,715	45,078	28,886
Foreign persons	15,300	2,345	15,542	1,443
Non-profit household service providers	233	188	279	178
Total	196,488	94,638	187,110	79,237
Net interest income	101,850		107,873	

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

	9M 2011		9M 2010	
	Current	Non-current	Current	Non-current
Interest income				
Balances with the central bank	684	0	578	0
Financial assets held for trading	0	0	133	0
Financial assets designated at fair value through profit or loss	1	90	10	79
Available-for-sale financial assets	13,920	3,714	4,370	14,661
Loans and advances (including finance leases)	57,802	113,459	63,845	98,176
Held-to-maturity financial assets	149	6,103	146	4,470
Other claims	566	0	642	0
Total by maturity	73,122	123,366	69,724	117,386
Total	196,488		187,110	
Interest expense				
Financial liabilities due to the central bank	1,187	0	506	1,010
Financial liabilities held for trading	0	39	0	22
Financial liabilities measured at amortised cost	24,951	68,460	21,805	55,882
Other financial liabilities (including finance leases)	1	0	12	0
Total by maturity	26,139	68,499	22,323	56,914
Total	94,638		79,237	
Net interest income	101,850		107,873	

2 Dividend income

	9M 2011	9M 2010
Financial assets held for trading	31	20
Financial assets designated at fair value through profit or loss	708	241
Available-for-sale financial assets	2,216	1,438
Total	2,955	1,699

3 Fee and commission income and expense

	9M 2011	9M 2010
Fee and commission income	74,117	77,278
Guarantees	3,305	3,635
Domestic payment transactions	39,029	38,870
International payment transactions	2,992	1,764
Brokerage and agency services	162	161
Transactions in securities for customers	275	269
Credit operations	9,184	11,905
Transactions under current accounts	5,492	6,895
Card operations	8,539	8,046
Electronic banking	878	860
Safekeeping of objects and valuables	59	42
Other services	4,202	4,831
Fee and commission expense	29,003	29,845
Domestic banking services	3,900	4,167
Banking services abroad	2,654	1,173
Brokerage and agency services	260	297
Stock exchange transactions and other transactions in securities	453	229
Payment transactions	20,760	23,043
Other services	976	936
Net fee and commission income	45,114	47,433

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

	9M 2011			9M 2010		
	Gains	Losses	Net gains/losses	Gains	Losses	Net gains/losses
Trading in equity instruments	608	565	43	1,073	717	356
Trading in debt securities	0	0	0	384	78	306
Trading in foreign exchange (purchase/sale)	2,335	1,478	857	1,844	1,113	731
Trading in derivatives	17,231	11,666	5,565	5,952	11,908	(5,956)
- futures/forwards	17,181	11,472	5,709	5,952	11,336	(5,384)
- swaps	50	194	(144)	0	572	(572)
Trading in financial liabilities	0	1	(1)	0	0	0
Total	20,174	13,710	6,464	9,253	13,816	(4,563)

5 Net losses on financial assets (and liabilities) designated at fair value through profit or loss

	9M 2011			9M 2010		
	Gains	Losses	Net losses	Gains	Losses	Net losses
Financial assets designated at fair value through profit or loss	1,214	7,656	(6,442)	539	3,988	(3,449)
Total	1,214	7,656	(6,442)	539	3,988	(3,449)

6 Net exchange differences

	9M 2011	9M 2010
Foreign exchange gains	47,441	48,511
Foreign exchange losses	46,307	38,475
Net foreign exchange gain	1,134	10,036

7 Administration costs

	9M 2011	9M 2010
Staff expenses		
Gross salaries	34,611	35,468
Social security and pension insurance contribution	6,266	6,418
Pay for annual leave	2,264	2,326
Other staff costs	3,704	6,717
Total	46,845	50,929
General and administrative expenses		
Cost of material	3,257	2,540
Cost of services	16,686	16,822
Maintenance costs of fixed assets	4,931	4,653
Advertising costs	3,354	3,164
Other administrative costs	2,508	2,162
Total	30,736	29,371
Total administration costs	77,581	80,300

8 Provisions

	9M 2011	9M 2010
Provisions for off-balance sheet liabilities	11,067	1,224
Provisions for pending legal issues	706	349
Other provisions	112	428
Total	11,885	2,001

9 Impairment losses

	9M 2011	9M 2010
Financial assets not measured at fair value through profit or loss	56,976	48,780
Other assets	920	(786)
Total impairment losses	57,896	47,994

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

	9M 2011	9M 2010
Financial assets measured at cost	1,080	0
Available-for-sale financial assets	1,603	2,496
Loans and advances measured at amortised cost	54,311	46,284
- loans and advances to banks	17	(1,381)
- loans and advances to customers	54,294	47,665
Held-to-maturity financial assets measured at amortised cost	(18)	0
Total impairment of financial assets not measured at fair value through profit or loss	56,976	48,780

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

	9M 2011	9M 2010
Zavarovalnica Maribor d.d.	2,650	5,306
Moja naložba d.d.	206	284
Total	2,856	5,590

Notes to the statement of financial position items

11 Cash and cash equivalents

	30.09.2011	31.12.2010
Cash and balances with the central bank	147,383	140,398
Loans and advances to banks	193,755	184,336
Total	341,138	324,734

12 Financial assets held for trading

	30.09.2011	31.12.2010
Derivatives	11,737	2,705
Equity instruments	312	443
- of banks	80	169
- of other issuers	232	274
Total	12,049	3,148
Quoted	312	443
Unquoted	11,737	2,705
Total	12,049	3,148

Movement in financial assets held for trading

	9M 2011	2010
As of 01.01.2011/01.01.2010	3,148	17,308
Increase during the year	24,265	32,801
- assets acquired through business combination	0	3,062
- acquisition	14,792	27,741
- exchange differences	13	1
- change in fair value (increase in value)	9,032	699
- other (deferred interest, realised gains)	428	1,298
Decrease during the year	15,364	46,961
- disposal (sale and redemption)	15,022	46,042
- change in fair value (impairment)	48	(139)
- exchange differences	0	223
- other (deferred interest, realised losses)	294	835
As of 30.09.2011/31.12.2010	12,049	3,148

13 Financial assets designated at fair value through profit or loss

	30.09.2011	31.12.2010
Equity instruments	39,339	13,488
Debt securities	3,117	3,217
Total	42,456	16,705
Quoted	29,176	4,197
Unquoted	13,280	12,508
Total	42,456	16,705

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

	9M 2011	2010
As of 01.01.2011/01.01.2010	16,705	24,736
Increase during the year	33,763	20,741
- acquisition	32,323	19,878
- change in fair value (increase in value)	1,281	14
- deferred interest	89	120
- exchange differences	49	40
- other	21	689
Decrease during the year	8,012	28,772
- disposal (sale and redemption)	210	26,553
- change in fair value (impairment)	7,773	2,045
- interest received	0	120
- exchange differences	27	54
- other	2	0
As of 30.09.2011/31.12.2010	42,456	16,705

14 Available-for-sale financial assets

	30.09.2011	31.12.2010
Available-for-sale equity instruments designated at fair value	68,171	75,633
Available-for-sale equity instruments measured at cost	37,600	8,159
Available-for-sale debt securities	726,382	794,214
- issued by the state and the central bank	345,896	373,296
- issued by banks	345,433	386,871
- issued by other issuers	35,053	34,047
Total	832,153	878,006
Quoted	763,589	828,984
Unquoted	68,564	49,022
Total	832,153	878,006

Movement in available-for-sale financial assets

	Equity instruments		Debt securities	Total
	At fair value	At cost		
As of 01.01.2011	75,633	8,159	794,214	878,006
Recognition of new financial assets	0	30,539	22,097	52,636
Interest	0	0	(4,070)	(4,070)
Net exchange rate differences	7	(17)	229	219
Net revaluation through equity	(5,474)	0	(4,122)	(9,596)
Net impairment through profit or loss	(1,603)	(1,080)	0	(2,683)
Derecognition of financial assets	(497)	(1)	(81,342)	(81,840)
Net gains/losses on sale	105	0	(624)	(519)
As of 30.09.2011	68,171	37,600	726,382	832,153

	Equity instruments		Debt securities	Total
	At fair value	At cost		
As of 01.01.2010	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
As of 31.12.2010	75,633	8,159	794,214	878,006

15 Loans and advances to banks

	30.09.2011	31.12.2010
Sight deposits	40,229	38,390
Impairment of sight deposits	(265)	(144)
Current loans	183,654	168,605
Impairment of current loans	(3,503)	(3,101)
Non-current loans	47,632	43,230
Impairment of non-current loans	(241)	(620)
Total – net amount	267,506	246,360
Impairment	4,009	3,865
Total – gross amount	271,515	250,225

16 Loans and advances to customers

	30.09.2011	31.12.2010
Current loans	1,019,593	1,075,442
Impairment of current loans	(128,153)	(110,179)
Non-current loans	3,261,809	3,280,266
Impairment of non-current loans	(244,153)	(213,990)
Claims under guarantees	11,376	6,967
Impairment of claims under guarantees	(5,242)	(3,579)
Total – net amount	3,915,230	4,034,927
Impairment	377,548	327,748
Total – gross amount	4,292,778	4,362,675

Movement in impairment of loans and advances to customers

	9M 2011	2010
As of 01.01.2011/01.01.2010	327,748	275,523
Adjustment of opening balance	(678)	143
Assets acquired through business combination	0	9,443
Net impairment of principal	54,294	73,983
- additional impairment	156,273	239,097
- reversal of impairment	(101,979)	(165,114)
Additional impairment of interest	5,390	6,451
Additional impairment of fees	103	207
Write-offs of loans and advances to customers	(9,659)	(37,467)
Exchange differences	350	(535)
As of 30.09.2011/31.12.2010	377,548	327,748

17 Held-to-maturity financial assets

	30.09.2011	31.12.2010
Held-to-maturity debt securities		
- non-current securities issued by the state and the central bank	124,235	92,516
- non-current securities issued by banks and savings banks	98,853	76,581
- current securities issued by other issuers	618	667
- non-current securities issued by other issuers	8,590	10,456
Total	232,296	180,220
Quoted	231,678	179,552
Unquoted	618	668
Total	232,296	180,220

Movement in held-to-maturity financial assets

	9M 2011	2010
As of 01.01.2011/01.01.2010	180,220	145,797
Increase during the year	61,782	53,783
- assets acquired through business combination	0	389
- acquisition	55,393	46,822
- exchange differences	43	0
- gains	95	18
- other (deferred interest)	6,251	6,554
Decrease during the year	9,706	19,360
- disposal (sale and redemption)	4,010	13,239
- losses	124	4
- impairment	(18)	18
- exchange differences	0	28
- other (interest received)	5,590	6,071
As of 30.09.2011/31.12.2010	232,296	180,220

18 Financial liabilities measured at amortised cost

	30.09.2011	31.12.2010
Deposits	4,022,180	3,880,850
Loans	771,689	1,077,177
Debt securities	79,810	65,472
Subordinated liabilities	194,854	192,039
Total	5,068,533	5,215,538

Deposits by type of customers and maturity

	30.09.2011	31.12.2010
Deposits from banks	166,642	168,546
Sight deposits	2,567	3,344
Current deposits	162,824	164,825
Non-current deposits	1,251	377
Deposits from customers	3,855,538	3,712,304
Sight deposits	1,353,455	1,284,495
Current deposits	991,745	1,083,923
Non-current deposits	1,510,338	1,343,886
Total	4,022,180	3,880,850

Loans by type of customers and maturity

	30.09.2011	31.12.2010
Loans from banks	771,543	1,076,829
Current loans	15,095	17,233
Non-current loans	756,448	1,059,596
Loans from customers	146	348
Current loans	0	0
Non-current loans	146	348
Total	771,689	1,077,177

Subordinated liabilities

ISIN code	Currency	Date of maturity	Interest rate	30.09.2011	31.12.2010
Subordinated debt					
ISIN: SI0022102279	EUR	30.09.2011	4.70%	0	4,219
	EUR		variable	1,286	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%	6,648	6,697
Pošta Slovenije d.o.o., 5 th payment	EUR	perpetual	6M EURIBOR + 3.50%	1,958	1,976
ISIN: XS0270427163	EUR	perpetual; call option after 05.10.2016	3M EURIBOR + 1.60%	50,386	50,311
ISIN: XS0325446903	EUR	perpetual; call option after 12.10.2012	7.02%	106,922	101,599
Hybrid instruments as a component of original own funds					
ISIN: SI0022103046	EUR	perpetual; call option after 29.12.2014	8.70%	27,654	25,943
Total				194,854	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 total original own funds, while hybrid instruments as a component of additional own funds form a part of total additional own funds. Capital risk is disclosed in Note 24.

19 Provisions

	Provisions for pensions and similar benefits	Provisions for off-balance sheet liabilities	Provisions for pending legal issues	Other provisions	Total
As of 01.01.2011	8,092	11,479	2,003	1,046	22,620
Net provisions made during the year	357	11,067	706	(245)	11,885
- provisions made during the year	465	25,297	706	20	26,488
- provisions reversed during the year	(108)	(14,230)	0	(265)	(14,603)
Provisions used during the year	(495)	0	(157)	(137)	(789)
Exchange differences	23	32	10	0	65
As of 30.09.2011	7,977	22,578	2,562	664	33,781

	Provisions for pensions and similar benefits	Provisions for off-balance sheet liabilities	Provisions for pending legal issues	Other provisions	Total
As of 01.01.2010	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)
As of 31.12.2010	8,092	11,479	2,003	1,046	22,620

Other notes

20 Commitments and contingent liabilities by type

	Current	Non-current	Total
As of 30.09.2011			
Financial guarantees	82,316	52,679	134,995
Service guarantees	118,773	117,545	236,318
Total guarantees	371,313		371,313
Uncollateralised letters of credit	229	0	229
Approved and undrawn loans	116,333	52,516	168,849
Approved and undrawn overdrafts	197,723	0	197,723
Approved credit lines	12,187	0	12,187
Other	7,024	0	7,024
Total commitments and contingent liabilities	385,783		385,783
Derivatives	152,238	13,691	165,929
Total	923,254		923,254
As of 31.12.2010			
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
Approved credit lines	0	0	0
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

21 Related party transactions

Statement of financial position and off-balance sheet items

	30.09.2011
	Associates
Loans and advances to banks	0
Loans and advances to customers	3,011
Debt securities not held for trading	9,437
Debts due to banks	0
Debts due to customers	16,926
Off-balance sheet items	2,185
	31.12.2010
	Associates
Loans and advances to banks	0
Loans and advances to customers	3,011
Debt securities not held for trading	9,370
Debts due to banks	0
Debts due to customers	21,286
Off-balance sheet items	1,296

	30.09.2011	
	Key management personnel	Other related parties
Loans and advances to customers	591	52,011
Debts due to customers	747	1,581
Off-balance sheet items	98	2,395
	31.12.2010	
	Key management personnel	Other related parties
Loans and advances to customers	576	66,404
Debts due to customers	789	4,255
Off-balance sheet items	252	17,858

Statement of income

	9M 2011
	Associates
Net interest income	(655)
Dividend income	0
Net fee and commission income	160
Cost of services	(525)
Total	(1,020)
	9M 2010
	Associates
Net interest income	(694)
Dividend income	0
Net fee and commission income	212
Cost of services	(466)
Total	(948)

	9M 2011	
	Key management personnel	Other related parties
Net interest income	0	2,072
Dividend income	0	1,593
Net fee and commission income	0	282
Cost of services	(50)	(481)
Individual impairment	0	(3,438)
Total	(50)	28

Loans and guarantees

	Management Board members		Supervisory Board members		Other Group employees on individual contract	
	30.09.2011	31.12.2010	30.09.2011	31.12.2010	30.09.2011	31.12.2010
Loans	63	67	48	18	3,510	3,847
Average interest rate on loans (%)	4.34	3.66	4.11	6.65	4.31	3.80
Repayments	7	12	2	202	620	800

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

Exposure to:	30.09.2011	31.12.2010
Bank of Slovenia	68,477	64,410
Republic of Slovenia	635,154	670,207
State-owned institutions	624,068	547,432
Total exposure to the Bank of Slovenia, Republic of Slovenia and state-owned institutions	1,327,699	1,282,049
Share in total assets (%)	22.67	21.85
Off-balance sheet items covered by collateral provided by the Bank of Slovenia or the Republic of Slovenia	17,055	9,423
Total assets	5,856,923	5,866,657

23 Credit risk management

Analysis of exposure to credit risk

	Loans to customers		Loans to banks	
	30.09.2011	31.12.2010	30.09.2011	31.12.2010
Net disbursed loans	3,915,230	4,034,927	267,506	246,360
Individual impairment:				
Gross amount	848,539	772,661	98,654	38,218
Impairment	(247,322)	(201,237)	(4,009)	(3,865)
Net amount	601,217	571,424	94,645	34,353
Collective impairment:				
Credit rating A	1,704,293	1,737,518	0	0
Credit rating B	1,165,289	1,215,869	0	0
Credit rating C	387,102	362,694	0	0
Credit rating D	24,269	30,390	0	0
Credit rating E	48,763	44,286	0	0
Gross amount	3,329,716	3,390,757	0	0
Impairment	(130,226)	(126,511)	0	0
Net amount	3,199,490	3,264,246	0	0
Net non-impaired loans	114,523	199,257	172,861	212,007
Total net loans	3,915,230	4,034,927	267,506	246,360

Overdue and unpaid claims

	30.09.2011				
	Up to 30 days	From 31 to 60 days	From 61 to 90 days	Over 90 days	Total
Banks	0	0	0	3,560	3,560
State	21	0	0	3	24
Legal entities	35,089	8,904	17,492	487,034	548,519
Households	4,070	791	826	34,649	40,336
Total	39,180	9,695	18,318	525,246	592,439

	31.12.2010				
	Up to 30 days	From 31 to 60 days	From 61 to 90 days	Over 90 days	Total
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 Group's total loan portfolio

	30.09.2011	31.12.2010
Gross NPLs (D, E)*	633,661	556,484
Impairment losses for NPLs (D, E)	272,005	219,084
Net NPLs (D, E)	361,656	337,400
Total gross loan portfolio	4,564,294	4,612,900
Total net loan portfolio	4,182,736	4,281,287
Gross NPLs/Total gross loan portfolio (%)	13.88	12.06
Net NPLs/Total net loan portfolio (%)	8.65	7.88

* Included are all collectively impaired loans (credit rating D and E) for which prime collateral has not been provided, and all individually impaired loans, the basic credit rating of which is D or E.

Analysis of loans and percentage of NPLs by industry sectors

Industry sector	30.09.2011			31.12.2010		
	Total loans	NPLs	Share of NPLs	Total loans	NPLs	Share of NPLs
Households, natural persons	1,099,351	27,261	2.48%	1,093,796	25,557	2.34%
Agriculture and hunting, forestry, fishing	25,345	2,509	9.90%	25,104	2,346	9.35%
Mining	3,381	522	15.44%	2,952	0	0.00%
Manufacturing industry	822,325	149,687	18.20%	837,033	138,438	16.54%
Electricity, gas and steam supply	79,993	0	0.00%	68,315	0	0.00%
Water supply, waste and sewage management, rehabilitation of the environment	12,981	475	3.66%	11,432	484	4.23%
Construction	474,417	173,606	36.59%	459,487	130,441	28.39%
Trade, maintenance and repair of motor vehicles	420,375	47,351	11.26%	453,535	103,454	22.81%
Transportation and storage	87,673	12,610	14.38%	89,879	3,900	4.34%
Accommodation and food service activities	142,455	17,561	12.33%	126,126	12,941	10.26%
Information and communication activities	68,657	33,166	48.31%	64,541	4,879	7.56%
Financial intermediation	390,213	46,634	11.95%	437,635	17,807	4.07%
Real estate activities	80,626	5,412	6.71%	77,577	2,689	3.47%
Professional, scientific and technical activities	170,037	33,091	19.46%	174,957	34,943	19.97%
Other various business activities	16,648	4,360	26.19%	20,957	4,186	19.97%
Public administration and defence services, compulsory social security activities	15,039	202	1.34%	22,060	0	0.00%
Education	6,411	283	4.41%	5,235	306	5.85%
Health and welfare security	30,896	71	0.23%	29,341	67	0.23%
Arts, entertainment and recreation	78,709	2,999	3.81%	84,114	3,321	3.95%
Other activities	9,073	761	8.39%	10,727	1,828	17.01%
Foreign legal persons	529,689	75,100	14.18%	518,097	68,897	13.30%
Total gross loans	4,564,294	633,661	13.88%	4,612,900	556,484	12.06%

24 Composition of capital and capital requirements

	30.09.2011	31.12.2010
Original own funds		
Paid-up capital	40,815	27,210
(-) Treasury shares	(1,073)	(2,473)
Share premium	165,775	78,314
Reserves and retained earnings or loss	295,032	288,420
(-) Interim loss (unaudited)	(6,801)	0
Revaluation excesses (PP) – prudential filters	(8,297)	(13,031)
Non-controlling interest	41,285	42,088
Hybrid instruments as a component of original own funds	26,030	26,030
(-) Intangible long-term assets	(32,727)	(32,481)
(-) Other country specific deductions	0	(2)
Total	520,039	414,075
Additional own funds I		
Hybrid instruments and preferential cumulative shares	158,346	158,346
Subordinated debt I	1,000	1,000
Other	7,859	8,827
Total	167,205	168,173
(-) Deductions from original own funds and additional own funds I		
(-) Deductions from original own funds	(24,319)	(21,759)
(-) Deductions from additional own funds I	(24,319)	(21,759)
Total	(48,638)	(43,518)
Total equity (for solvency purposes)	638,606	538,730
Capital requirements		
Capital requirements for credit risk	366,977	362,677
Central governments and central banks	2,099	3,628
Regional governments and local authorities	386	511
Administrative bodies	373	254
Institutions	19,748	23,136
Corporates	167,669	186,761
Retail banking	88,619	93,085
Past due items	34,872	23,241
Items belonging to regulatory high-risk categories	18,647	13,544
Collective investment undertakings	2,580	3,023
Other items	31,984	15,494
Capital requirements for market risks	3,415	4,174
Debt securities	489	520
Equity instruments	990	1,999
Foreign exchange	1,936	1,655
Capital requirements for operational risk	29,413	28,778
Total	399,805	395,629
Capital adequacy ratio (total equity)	12.78%	10.89%
Capital adequacy ratio (original own funds)	9.92%	7.93%
Common equity capital ratio	9.40%	7.41%

25 Fair value of financial assets and liabilities

	30.09.2011		31.12.2010	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash and balances with the central bank	147,383	147,383	140,398	140,398
Financial assets held for trading	12,049	12,049	3,148	3,148
Financial assets designated at fair value through profit or loss	42,456	42,456	16,705	16,705
Available-for-sale financial assets	832,153	832,153	878,006	878,006
Loans and advances to banks	267,506	267,728	246,360	246,360
Loans and advances to customers	3,915,230	3,921,908	4,034,927	4,041,759
Held-to-maturity financial assets	232,296	233,436	180,220	183,801
Other assets	171,564	171,564	139,378	139,378
Financial liabilities				
Financial liabilities due to the central bank	170,262	170,262	130,149	130,149
Financial liabilities held for trading	2,660	2,660	6,112	6,112
Deposits from banks	166,642	166,648	168,546	168,561
Deposits from customers	3,855,538	3,872,907	3,712,304	3,724,714
Loans from banks	771,543	771,543	1,076,829	1,076,829
Loans from customers	146	146	348	332
Debt securities	79,810	80,257	65,472	65,933
Subordinated liabilities	194,854	198,393	192,039	200,382
Other liabilities	45,586	45,586	47,226	47,226

26 Analysis by operating segments

Segmental reporting – operating segments as of 30.09.2011

	Banking	Leasing	Fund management	Real estate activity	Other	Total	Inter-segment relationships	Relationships to third parties
A. Net income/expense	152,428	2,510	2,412	(1,150)	16	156,216	5,704	150,512
Interest and similar income	200,422	7,585	7	696	4	208,714	12,226	196,488
Interest and similar expense	(96,150)	(7,928)	(41)	(2,745)	0	(106,864)	(12,226)	(94,638)
Net interest income	104,272	(343)	(34)	(2,049)	4	101,850	0	101,850
Dividend income	8,819	0	1	8	0	8,828	5,873	2,955
Fee and commission income	72,025	149	2,852	52	0	75,078	961	74,117
Fee and commission expense	(29,180)	(114)	(436)	(91)	0	(29,821)	(818)	(29,003)
Net fee and commission income	42,845	35	2,416	(39)	0	45,257	143	45,114
Realised gains on financial assets and liabilities not measured at fair value through profit or loss	(4,633)	0	110	14	0	(4,509)	0	(4,509)
Net gains on financial assets and liabilities held for trading	5,689	0	0	0	0	5,689	(775)	6,464
Losses on financial assets (and liabilities) designated at fair value through profit or loss	(6,342)	0	(100)	0	0	(6,442)	0	(6,442)
Net exchange differences	1,984	(40)	0	(809)	0	1,135	1	1,134
Net gains/(losses) on derecognition of assets excluding non-current assets held for sale	(335)	959	0	(20)	0	604	0	604
Other operating net income	129	1,899	19	1,745	12	3,804	462	3,342
B. Other items by segments	(144,262)	(6,148)	(1,553)	(2,054)	(4)	(154,021)	2,565	(156,586)
Administration costs	(73,219)	(1,771)	(1,493)	(1,702)	(3)	(78,188)	(607)	(77,581)
Depreciation and amortisation	(11,479)	(790)	(60)	(38)	(1)	(12,368)	(1)	(12,367)
Provisions	(11,261)	0	0	0	0	(11,261)	624	(11,885)
Impairment losses	(48,590)	(3,587)	0	(314)	0	(52,491)	5,405	(57,896)
Share of profit from investments in associates and joint ventures accounted for using the equity method	0	0	0	0	0	0	(2,856)	2,856
Net gains from non-current assets held for sale and liabilities associated therewith	287	0	0	0	0	287	0	287
C. Profit								
Profit/(loss) from continuing operations	8,166	(3,638)	859	(3,204)	12	2,195	8,269	(6,074)
Income tax related to profit from continuing operations	478	579	(183)	(96)	(2)	776	(862)	1,638
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	8,644	(3,059)	676	(3,300)	10	2,971	7,407	(4,436)
E. Segment assets and liabilities								
Total assets	5,945,986	273,652	7,923	103,116	183	6,330,860	473,937	5,856,923
- segment assets	5,839,444	273,619	7,923	103,116	183	6,224,285	414,203	5,810,082
- investments in associates and joint ventures accounted for using the equity method	106,542	33	0	0	0	106,575	59,734	46,841
Liabilities (excluding equity) by segments	5,363,833	270,652	1,340	110,634	1	5,746,460	414,555	5,331,905
Total equity	582,153	3,000	6,583	(7,518)	182	584,400	59,382	525,018
Increase in tangible fixed assets and intangible assets	8,784	463	33	106	0	9,386	0	9,386

Segmental reporting – operating segments as of 30.09.2010

	Banking	Leasing	Fund management	Real estate activity	Other	Total	Inter-segment relationships	Relationships to third parties
A. Net income/expense	161,532	3,931	2,538	734	15	168,750	6,379	162,371
Interest and similar income	188,517	9,455	1	749	3	198,725	11,615	187,110
Interest and similar expense	(79,554)	(7,196)	(79)	(3,209)	0	(90,038)	(10,801)	(79,237)
Net interest income	108,963	2,259	(78)	(2,460)	3	108,687	814	107,873
Dividend income	5,485	0	1	6	0	5,492	3,793	1,699
Fee and commission income	75,802	240	2,848	100	0	78,990	1,712	77,278
Fee and commission expense	(30,128)	(181)	(268)	(107)	0	(30,684)	(839)	(29,845)
Net fee and commission income	45,674	59	2,580	(7)	0	48,306	873	47,433
Realised gains on financial assets and liabilities not measured at fair value through profit or loss	(984)	0	12	0	0	(972)	1	(973)
Net gains/(losses) on financial assets and liabilities held for trading	(4,473)	0	6	1	0	(4,466)	97	(4,563)
Gains/(losses) on financial assets (and liabilities) designated at fair value through profit or loss	(3,451)	0	6	0	0	(3,445)	4	(3,449)
Net exchange differences	10,208	(118)	0	(51)	0	10,039	3	10,036
Net gains/(losses) on derecognition of assets excluding non-current assets held for sale	(24)	(37)	0	4	0	(57)	(1)	(56)
Other operating net income	134	1,768	11	3,241	12	5,166	795	4,371
B. Other items by segments	(140,925)	(4,912)	(1,576)	(1,721)	(6)	(149,140)	(13,365)	(135,775)
Administration costs	(78,341)	(1,839)	(1,506)	(1,517)	(6)	(83,209)	(2,909)	(80,300)
Depreciation and amortisation	(10,424)	(891)	(61)	(44)	0	(11,420)	(128)	(11,292)
Provisions	(2,509)	0	0	0	0	(2,509)	(508)	(2,001)
Impairment losses	(49,922)	(2,182)	(9)	(160)	0	(52,273)	(4,279)	(47,994)
Share of profit from investments in associates and joint ventures accounted for using the equity method	0	0	0	0	0	0	(5,590)	5,590
Net gains from non-current assets held for sale and liabilities associated therewith	271	0	0	0	0	271	49	222
C. Profit								
Profit/(loss) from continuing operations	20,607	(981)	962	(987)	9	19,610	(6,986)	26,596
Income tax related to profit from continuing operations	(4,550)	(31)	(194)	(91)	(2)	(4,868)	1,440	(6,308)
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	16,057	(1,012)	768	(1,078)	7	14,742	(5,546)	20,288
E. Segment assets and liabilities								
Total assets	5,941,725	271,204	9,495	107,412	171	6,330,007	440,520	5,889,487
- segment assets	5,857,373	270,850	9,495	107,124	171	6,245,013	397,856	5,847,157
- investments in associates and joint ventures accounted for using the equity method	84,352	354	0	288	0	84,994	42,664	42,330
Liabilities (excluding equity) by segments	5,460,503	259,826	2,176	103,529	1	5,826,035	392,373	5,433,662
Total equity	481,222	11,378	7,319	3,883	170	503,972	48,147	455,825
Increase in tangible fixed assets and intangible assets	20,699	932	28	5	2	21,666	0	21,666

27 Events after the statement of financial position date

There have been no events after the statement of financial position date with a material effect on the financial statements included in this report.

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

30.09.2011/30.09.2010

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

Interim Statement of Income – Nova KBM d.d.

€000

ITEM DESCRIPTION	Notes	Nine months ended 30.09.2011	Nine months ended 30.09.2010
Interest income and similar income	1	155,760	149,184
Interest expense and similar expense	1	(79,475)	(67,573)
Net interest income	1	76,285	81,611
Dividend income	2	8,805	5,468
Fee and commission income	3	37,543	38,795
Fee and commission expense	3	(4,467)	(3,411)
Net fee and commission income	3	33,076	35,384
Realised losses on financial assets and liabilities not measured at fair value through profit or loss		(4,633)	(984)
Net gains/(losses) on financial assets and liabilities held for trading	4	6,099	(4,335)
Net losses on financial assets (and liabilities) designated at fair value through profit or loss	5	(6,343)	(3,451)
Net exchange differences	6	1,724	10,076
Net losses on derecognition of assets excluding non-current assets held for sale		(353)	(24)
Other operating net income		557	(304)
Administration costs	7	(53,211)	(54,242)
Depreciation and amortisation		(9,801)	(9,007)
Provisions	8	(9,901)	(1,600)
Impairment losses	9	(35,256)	(42,713)
Total profit from non-current assets and disposal groups classified as held for sale		287	271
PROFIT FROM CONTINUING OPERATIONS		7,335	16,150
Income tax expense related to profit from continuing operations		(1,178)	(2,393)
NET PROFIT FROM CONTINUING OPERATIONS		6,157	13,757
NET PROFIT FOR THE PERIOD		6,157	13,757
Basic earnings per share (€)		0.19	0.53
Diluted earnings per share (€)		0.19	0.53

The notes are an integral part of these financial statements.

Interim Statement of Income – Nova KBM d.d.

€000

ITEM DESCRIPTION	2011			2010			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Interest income and similar income	52,600	51,306	51,854	52,886	50,650	48,965	49,569
Interest expense and similar expense	(27,905)	(26,565)	(25,005)	(24,392)	(23,113)	(22,262)	(22,198)
Net interest income	24,695	24,741	26,849	28,494	27,537	26,703	27,371
Dividend income	5,207	3,598	0	32	1,571	3,897	0
Fee and commission income	12,553	12,746	12,244	13,973	13,134	13,476	12,185
Fee and commission expense	(1,684)	(1,532)	(1,251)	(2,514)	(1,299)	(1,421)	(691)
Net fee and commission income	10,869	11,214	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	(5,468)	106	729	2,379	(1,749)	(119)	884
Net gains/(losses) on financial assets and liabilities held for trading	5,920	(2,500)	2,679	(8,475)	1,045	(3,384)	(1,996)
Net gains/(losses) on financial assets (and liabilities) designated at fair value through profit or loss	(4,224)	(2,452)	333	2,009	(109)	(2,804)	(538)
Net exchange differences	(1,539)	7,298	(4,035)	6,072	(487)	7,142	3,421
Net gains/(losses) on derecognition of assets excluding non-current assets held for sale	40	(393)	0	(29)	(5)	2	(21)
Other operating net income/(loss)	(83)	575	65	4,165	40	(256)	(88)
Administration costs	(18,189)	(18,835)	(16,187)	(23,961)	(18,573)	(18,949)	(16,720)
Depreciation and amortisation	(3,321)	(3,296)	(3,184)	(3,121)	(3,073)	(2,996)	(2,938)
Provisions	(4,037)	(1,849)	(4,015)	(736)	(259)	(698)	(643)
Impairment losses	(9,503)	(15,186)	(10,567)	(23,134)	(16,638)	(13,387)	(12,688)
Total profit from non-current assets and disposal groups classified as held for sale	17	202	68	61	0	271	0
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	384	3,223	3,728	(4,785)	1,135	7,477	7,538
Income tax expense related to profit from continuing operations	187	(634)	(731)	400	2,436	(3,313)	(1,516)
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	571	2,589	2,997	(4,385)	3,571	4,164	6,022
NET PROFIT/(LOSS) FOR THE PERIOD	571	2,589	2,997	(4,385)	3,571	4,164	6,022
Basic earnings/(loss) per share (€)	0.05	0.03	0.11	(0.17)	0.14	0.16	0.23
Diluted earnings/(loss) per share (€)	0.05	0.03	0.11	(0.17)	0.14	0.16	0.23



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

€000

ITEM DESCRIPTION	Nine months ended 30.09.2011	Nine months ended 30.09.2010
NET PROFIT FOR THE PERIOD AFTER TAX	6,157	13,757
OTHER COMPREHENSIVE INCOME/(LOSS) AFTER TAX	(6,007)	2,696
Available-for-sale financial assets	(7,509)	3,370
Valuation gains/(losses) taken to equity	(7,509)	2,408
Transferred to profit or loss	0	962
Income tax relating to components of other comprehensive income	1,502	(674)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD AFTER TAX	150	16,453

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

€000

ITEM DESCRIPTION	2011			2010			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
NET PROFIT/(LOSS) FOR THE PERIOD AFTER TAX	571	2,589	2,997	(4,385)	3,571	4,164	6,022
OTHER COMPREHENSIVE INCOME/(LOSS) AFTER TAX	(2,465)	(5,417)	1,875	(4,697)	4,321	(8,039)	6,414
Available-for-sale financial assets	(3,081)	(6,772)	2,344	(5,871)	5,401	(10,049)	8,018
Valuation gains/(losses) taken to equity	(3,081)	(6,772)	2,344	(5,871)	4,439	(10,049)	8,018
Transferred to profit or loss	0	0	0	0	962	0	0
Income tax relating to components of other comprehensive income	616	1,355	(469)	1,174	(1,080)	2,010	(1,604)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD AFTER TAX	(1,894)	(2,828)	4,872	(9,082)	7,892	(3,875)	12,436



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

€000

ITEM DESCRIPTION	Notes	30.09.2011	31.12.2010
Cash and balances with the central bank	10	93,025	78,724
Financial assets held for trading	11	11,737	2,784
Financial assets designated at fair value through profit or loss	12	41,942	16,266
Available-for-sale financial assets	13	640,793	685,918
Loans and advances		3,649,522	3,719,578
- loans and advances to banks	14	215,916	213,712
- loans and advances to customers	15	3,433,606	3,505,866
Held-to-maturity financial assets	16	119,001	78,894
Non-current assets and disposal groups classified as held for sale and discontinued operations		450	575
Property, plant and equipment		62,997	65,682
Investment property		1,777	1,777
Intangible assets		26,589	27,008
Investments in subsidiaries, associates and joint ventures		106,541	94,352
Tax assets		8,337	9,962
- current tax assets		86	3,072
- deferred tax assets		8,251	6,890
Other assets		17,282	24,991
TOTAL ASSETS		4,779,993	4,806,511
Financial liabilities due to the central bank		170,262	130,149
Financial liabilities held for trading		1,975	5,842
Financial liabilities measured at amortised cost	17	4,080,363	4,252,256
- deposits from banks	17	55,499	66,200
- deposits from customers	17	3,136,397	3,024,563
- loans from banks	17	645,037	938,787
- loans from customers	17	144	349
- debt securities		58,218	44,404
- subordinated liabilities	17	185,068	177,953
Financial liabilities associated to transferred assets		5,754	0
Provisions	18	25,479	15,660
Tax liabilities		2,149	1,113
- current tax liabilities		1,467	2
- deferred tax liabilities		682	1,111
Other liabilities		20,669	26,235
TOTAL LIABILITIES		4,306,651	4,431,255
Share capital		40,815	27,210
Share premium		165,775	78,314
Revaluation reserves		(14,711)	(8,704)
Reserves from profit		275,044	275,044
Retained earnings (including net profit for the period)		6,419	3,392
TOTAL SHAREHOLDERS' EQUITY		473,342	375,256
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,779,993	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	Nine months ended 30.09.2011	Nine months ended 30.09.2010
A.	CASH FLOWS FROM OPERATING ACTIVITIES		
a)	Total profit or loss before tax	7,335	16,150
	Depreciation and amortisation	9,801	9,007
	Net (gains) from exchange differences	(1,724)	(10,076)
	Net (gains)/losses from held-to-maturity financial assets	29	(10)
	Net losses from the sale of tangible assets and investment properties	31	24
	Other (gains) from investing activities	(5,862)	(3,794)
	Other losses from financing activities	8,126	7,912
	Net unrealised (gains) from non-current assets held for sale and discontinued operations and liabilities associated therewith	(287)	(271)
	Net unrealised gains/(losses) in revaluation reserves from financial assets available for sale (excluding effect of deferred tax)	(7,509)	3,370
	Other adjustments to total profit or loss before tax	6,921	(162)
	Cash flow from operating activities before changes in operating assets and liabilities	16,861	22,150
b)	Decrease in operating assets (excluding cash equivalents)	96,756	1,393
	Net (increase)/decrease in financial assets held for trading	(8,953)	8,516
	Net (increase) in financial assets designated at fair value through profit or loss	(25,633)	(4,461)
	Net decrease in available-for-sale financial assets	45,125	105,817
	Net (increase)/decrease in loans and advances	78,049	(105,516)
	Net decrease in non-current assets held for sale	540	363
	Net (increase)/decrease in other assets	7,628	(3,326)
c)	(Decrease) in operating liabilities	(148,432)	(11,910)
	Net increase/(decrease) in financial liabilities to the central bank	40,113	(49,506)
	Net increase/(decrease) in financial liabilities held for trading	(3,867)	2,417
	Net increase/(decrease) in deposits and loans measured at amortised cost	(189,743)	48,741
	Net increase/(decrease) in debt securities in issue measured at amortised cost	13,814	(24,004)
	Net increase/(decrease) in other liabilities	(8,749)	10,442
d)	Cash flow from operating activities (a+b+c)	(34,815)	11,633
e)	Income taxes (paid)/refunded	7,518	2,209
f)	Net cash flow from operating activities (d+e)	(27,297)	13,842

€000

Designation	ITEM DESCRIPTION	Nine months ended 30.09.2011	Nine months ended 30.09.2010
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
a)	Receipts from investing activities	10,055	5,669
	Receipts from the sale of tangible assets and investment properties	163	28
	Receipts from the disposal of subsidiaries, associates and joint ventures	212	0
	Receipts from non-current assets or liabilities held for sale	415	320
	Receipts from the sale of held-to-maturity financial assets	3,403	1,527
	Other receipts from investing activities	5,862	3,794
b)	Cash payments on investing activities	(59,549)	(53,027)
	(Cash payments to acquire tangible assets and investment properties)	(3,062)	(4,869)
	(Cash payments to acquire intangible assets)	(3,584)	(3,724)
	(Cash payments for the investments in subsidiaries, associates and joint ventures)	(12,344)	(9,416)
	(Cash payments to acquire held-to-maturity financial assets)	(40,559)	(35,018)
c)	Net cash flow from investing activities (a+b)	(49,494)	(47,358)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
a)	Cash proceeds from financing activities	104,328	0
	Cash proceeds from issuing shares and other equity instruments	104,328	0
b)	Cash payments on financing activities	(7,362)	(874)
	(Dividends paid)	(3,090)	(3)
	(Repayments of subordinated liabilities)	(1,010)	(871)
	(Other payments related to financing activities)	(3,262)	0
c)	Net cash flow from financing activities (a+b)	96,966	(874)
D.	Effects of change in exchange rates on cash and cash equivalents	(680)	2,121
E.	Net increase in cash and cash equivalents (Af+Bc+Cc)	20,175	(34,390)
F.	Opening balance of cash and cash equivalents	210,000	246,311
G.	Closing balance of cash and cash equivalents (D+E+F)	229,495	214,042

Reconciliation of cash and cash equivalents with the statement of financial position items as of 30 September 2011 is presented in Note 10.

The balance of cash and cash equivalents as of 30 September 2010 amounted to €214,042 thousand and was made up of cash and balances with the central bank, in the amount of €93,014 thousand, and loans and advances to banks with original maturity of up to three months, in the amount of €121,028 thousand.

Cash Flows from Interest and Dividends

€000

	Nine months ended 30.09.2011	Nine months ended 30.09.2010
Interest paid	(67,482)	(66,303)
Interest received	141,988	137,916
Dividends paid	(3,090)	(3)
Dividends received	8,751	5,468

Interim Statement of Changes in Equity for the period from 01.01.2011 to 30.09.2011 – 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	(6,007)	0	6,157	150
New share capital subscribed (paid)	13,605	90,723	0	0	0	104,328
Appropriation of (accounting for) dividends	0	0	0	0	(3,130)	(3,130)
Other	0	(3,262)	0	0	0	(3,262)
CLOSING BALANCE FOR THE REPORTING PERIOD	40,815	165,775	(14,711)	275,044	6,419	473,342

Other decrease in the item 'Share premium' relates to direct costs associated with the capital raising.

Interim Statement of Changes in Equity for the period from 01.01.2010 to 30.09.2010 – 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	2,696	0	13,757	16,453
Transfer of net profit to reserves from profit	0	0	0	2,885	(2,885)	0
Other	(1)	0	0	0	0	(1)
CLOSING BALANCE FOR THE REPORTING PERIOD	27,209	78,314	(4,007)	269,065	13,757	384,338

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

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

The financial statements of the Bank for the period ended 30 September 2011 were authorised for issue on 25 October 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

Analysis of interest by market segments

	9M 2011		9M 2010	
	Income	Expense	Income	Expense
Non-financial companies	74,113	3,224	70,923	3,282
State	9,230	16,387	9,474	13,471
Banks	9,919	24,271	7,330	19,389
Other financial organisations	10,429	6,247	9,766	5,382
Households	40,966	28,628	38,493	25,339
Foreign persons	10,894	564	12,973	558
Non-profit household service providers	209	154	225	152
Total	155,760	79,475	149,184	67,573
Net interest income	76,285		81,611	

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

	9M 2011		9M 2010	
	Current	Non-current	Current	Non-current
Interest income				
Balances with the central bank	471	0	386	0
Financial assets held for trading	0	0	133	0
Financial assets designated at fair value through profit or loss	0	90	10	79
Available-for-sale financial assets	12,884	0	4,135	10,343
Loans and advances (including finance leases)	36,459	102,840	46,441	85,862
Held-to-maturity financial assets	0	2,980	0	1,762
Other claims	36	0	33	0
Total by maturity	49,850	105,910	51,138	98,046
Total	155,760		149,184	
Interest expense				
Financial liabilities due to the central bank	1,185	0	253	1,010
Financial liabilities held for trading	0	39	0	22
Financial liabilities measured at amortised cost	15,548	62,703	14,982	51,306
Total by maturity	16,733	62,742	15,235	52,338
Total	79,475		67,573	
Net interest income	76,285		81,611	

2 Dividend income

	9M 2011	9M 2010
Financial assets held for trading	28	13
Financial assets designated at fair value through profit or loss	708	241
Available-for-sale financial assets	2,207	1,420
Investments in Group companies accounted for using the cost method	5,862	3,794
Total	8,805	5,468

3 Fee and commission income and expense

	9M 2011	9M 2010
Fee and commission income	37,543	38,795
Guarantees	2,832	3,235
Services provided to banks in the Group	710	514
Services provided to other Group subsidiaries	281	255
Domestic payment transactions	10,850	10,938
International payment transactions	1,671	1,500
Brokerage and agency services	162	161
Transactions in securities for customers	252	297
Credit operations	5,820	7,635
Transactions under current accounts	5,492	5,666
Card operations	7,468	6,729
Electronic banking	878	698
Safekeeping of objects and valuables	49	42
Other services	1,078	1,125
Fee and commission expense	4,467	3,411
Domestic banking services	872	991
Banking services abroad	2,631	1,142
Brokerage and agency services	29	84
Stock exchange transactions and other transactions in securities	267	212
Payment transactions	554	656
Services of banks in the Group	28	29
Other services	86	297
Net fee and commission income	33,076	35,384

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

	9M 2011			9M 2010		
	Gains	Losses	Net gains/losses	Gains	Losses	Net gains/losses
Trading in equity instruments	427	294	133	764	402	362
Trading in debt securities	0	0	0	304	76	228
Trading in foreign exchange (purchase/sale)	1,530	1,323	207	1,551	1,071	480
Trading in derivatives	17,231	11,472	5,759	5,952	11,357	(5,405)
– futures/forwards	17,181	11,472	5,709	5,952	11,336	(5,384)
– swaps	50	0	50	0	21	(21)
Total	19,188	13,089	6,099	8,571	12,906	(4,335)

5 Net losses on financial assets (and liabilities) designated at fair value through profit or loss

	9M 2011			9M 2010		
	Gains	Losses	Net losses	Gains	Losses	Net losses
Financial assets designated at fair value through profit or loss	1,212	7,555	(6,343)	537	3,988	(3,451)
Total	1,212	7,555	(6,343)	537	3,988	(3,451)

6 Net exchange differences

	9M 2011	9M 2010
Foreign exchange gains	37,588	42,753
Foreign exchange losses	35,864	32,677
Net foreign exchange gain	1,724	10,076

7 Administration costs

	9M 2011	9M 2010
Staff expenses		
Gross salaries	23,837	24,648
Social security and pension insurance contribution	3,861	3,993
Pay for annual leave	1,738	1,798
Other staff costs	2,499	2,950
Total	31,935	33,389
General and administrative expenses		
Cost of material	1,891	1,562
Cost of services	12,118	12,375
Maintenance costs of fixed assets	3,328	3,262
Advertising costs	2,524	2,353
Other administrative costs	1,415	1,301
Total	21,276	20,853
Total administration costs	53,211	54,242

8 Provisions

	9M 2011	9M 2010
Provisions for off-balance sheet liabilities	9,494	1,533
Provisions for pending legal issues	706	165
Other provisions	(299)	(98)
Total	9,901	1,600

9 Impairment losses

	9M 2011	9M 2010
Financial assets not measured at fair value through profit or loss	34,772	42,613
Other assets	484	100
Total impairment losses	35,256	42,713

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

	9M 2011	9M 2010
Financial assets measured at cost	1,051	0
Available-for-sale financial assets	1,216	1,638
Loans and advances measured at amortised cost	32,505	40,975
- loans and advances to banks	(627)	(65)
- loans and advances to customers	33,132	41,040
Total impairment of financial assets not measured at fair value through profit or loss	34,772	42,613

Notes to the statement of financial position items

10 Cash and cash equivalents

	30.09.2011	31.12.2010
Cash and balances with the central bank	93,025	78,724
Loans and advances to banks	136,470	131,276
Total	229,495	210,000

11 Financial assets held for trading

	30.09.2011	31.12.2010
Derivatives	11,737	2,705
Equity instruments	0	79
- of banks	0	79
Total	11,737	2,784
Quoted	0	79
Unquoted	11,737	2,705
Total	11,737	2,784

Movement in financial assets held for trading

	9M 2011	2010
As of 01.01.2011/01.01.2010	2,784	16,754
Increase during the year	24,250	29,716
- acquisition	14,792	27,717
- exchange differences	0	1
- change in fair value (increase in value)	9,032	699
- other (deferred interest, realised gains)	426	1,299
Decrease during the year	15,297	43,686
- disposal (sale and redemption)	15,003	43,401
- change in fair value (impairment)	0	(258)
- other (deferred interest, realised losses)	294	543
As of 30.09.2011/31.12.2010	11,737	2,784

12 Financial assets designated at fair value through profit or loss

	30.09.2011	31.12.2010
Equity instruments	38,828	13,051
Debt securities	3,114	3,215
Total	41,942	16,266
Quoted	29,176	3,758
Unquoted	12,766	12,508
Total	41,942	16,266

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

	9M 2011	2010
As of 01.01.2011/01.01.2010	16,266	24,736
Increase during the year	33,468	20,252
- acquisition	32,148	19,695
- change in fair value (increase in value)	1,161	0
- deferred interest	89	120
- exchange differences	49	40
- other	21	397
Decrease during the year	7,792	28,722
- disposal (sale and redemption)	210	26,503
- change in fair value (impairment)	7,555	2,045
- interest received	0	120
- exchange differences	27	54
As of 30.09.2011/31.12.2010	41,942	16,266

13 Available-for-sale financial assets

	30.09.2011	31.12.2010
Available-for-sale equity instruments designated at fair value	61,664	66,913
Available-for-sale equity instruments measured at cost	36,487	7,015
Available-for-sale debt securities	542,642	611,990
- issued by the state and the central bank	231,539	272,785
- issued by banks	285,815	314,169
- issued by other issuers	25,288	25,036
Total	640,793	685,918
Quoted	583,933	678,482
Unquoted	56,860	7,436
Total	640,793	685,918

Movement in available-for-sale financial assets

	Equity instruments		Debt securities	Total
	At fair value	At cost		
As of 01.01.2011	66,913	7,015	611,990	685,918
Recognition of new financial assets	0	30,523	0	30,523
Interest	0	0	(2,983)	(2,983)
Net revaluation through equity	(4,138)	0	(3,371)	(7,509)
Net impairment through profit or loss	(1,216)	(1,051)	0	(2,267)
Derecognition of financial assets	0	0	(62,683)	(62,683)
Net gains/losses on sale	105	0	(311)	(206)
As of 30.09.2011	61,664	36,487	542,642	640,793

	Equity instruments		Debt securities	Total
	At fair value	At cost		
As of 01.01.2010	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/losses on sale	27	0	1,024	1,051
As of 31.12.2010	66,913	7,015	611,990	685,918

14 Loans and advances to banks

	30.09.2011	31.12.2010
Sight deposits	31,760	28,688
Impairment of sight deposits	(125)	(3)
Current loans	114,353	107,300
Impairment of current loans	(307)	(675)
Non-current loans	70,407	78,953
Impairment of non-current loans	(172)	(551)
Total – net amount	215,916	213,712
Impairment	604	1,229
Total – gross amount	216,520	214,941

15 Loans and advances to customers

	30.09.2011	31.12.2010
Current loans	742,659	864,472
Impairment of current loans	(65,678)	(56,378)
Non-current loans	2,953,655	2,877,618
Impairment of non-current loans	(202,229)	(182,832)
Claims under guarantees	8,135	5,559
Impairment of claims under guarantees	(2,936)	(2,573)
Total – net amount	3,433,606	3,505,866
Impairment	270,843	241,783
Total – gross amount	3,704,449	3,747,649

Movement in impairment of loans and advances to customers

	9M 2011	2010
As of 01.01.2011/01.01.2010	241,783	205,489
Net impairment of principal	33,132	63,573
- additional impairment	114,892	205,203
- reversal of impairment	(81,760)	(141,630)
Additional impairment of interest	5,390	6,884
Additional impairment of fees	103	207
Write-offs of loans and advances to customers	(9,565)	(34,370)
As of 30.09.2011/31.12.2010	270,843	241,783

16 Held-to-maturity financial assets

	30.09.2011	31.12.2010
Held-to-maturity debt securities		
- non-current securities issued by the state and the central bank	56,292	25,559
- non-current securities issued by banks and savings banks	58,876	49,450
- non-current securities issued by other issuers	3,833	3,885
Total	119,001	78,894
Quoted	117,297	77,178
Unquoted	1,704	1,716
Total	119,001	78,894

Movement in held-to-maturity financial assets

	9M 2011	2010
As of 01.01.2011/01.01.2010	78,894	43,043
Increase during the year	43,634	37,520
- acquisition	40,559	35,002
- gains	95	18
- other (deferred interest)	2,980	2,500
Decrease during the year	3,527	1,669
- losses	124	4
- other (interest received)	3,403	1,665
As of 30.09.2011/31.12.2010	119,001	78,894

17 Financial liabilities measured at amortised cost

	30.09.2011	31.12.2010
Deposits	3,191,896	3,090,763
Loans	645,181	939,136
Debt securities	58,218	44,404
Subordinated liabilities	185,068	177,953
Total	4,080,363	4,252,256

Deposits by type of customers and maturity

	30.09.2011	31.12.2010
Deposits from banks	55,499	66,200
Sight deposits	2,181	10,638
Current deposits	52,067	55,185
Non-current deposits	1,251	377
Deposits from customers	3,136,397	3,024,563
Sight deposits	984,379	937,311
Current deposits	762,615	845,145
Non-current deposits	1,389,403	1,242,107
Total	3,191,896	3,090,763

Loans by type of customers and maturity

	30.09.2011	31.12.2010
Loans from banks	645,037	938,787
Non-current loans	645,037	938,787
Loans from customers	144	349
Non-current loans	144	349
Total	645,181	939,136

Subordinated liabilities

ISIN code	Currency	Date of maturity	Interest rate	30.09.2011	31.12.2010
Hybrid instruments as a component of additional own funds					
ISIN: XS0270427163	EUR	perpetual; call option after 05.10.2016	3M EURIBOR + 1.60%	50,386	50,311
ISIN: XS0325446903	EUR	perpetual; call option after 12.10.2012	7.02%	106,922	101,599
Hybrid instruments as a component of original own funds					
ISIN: SI0022103046	EUR	perpetual; call option after 29.12.2014	8.70%	27,760	26,043
Total				185,068	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 total original own funds, while hybrid instruments as a component of additional own funds form a part of total additional own funds. Capital risk is disclosed in Note 23.

18 Provisions

	Provisions for pensions and similar benefits	Provisions for off-balance sheet liabilities	Provisions for pending legal issues	Other provisions	Total
As of 01.01.2011	4,786	9,031	1,031	812	15,660
Net provisions made during the year	(48)	9,494	706	(251)	9,901
- provisions made during the year	0	21,360	706	0	22,066
- provisions reversed during the year	(48)	(11,866)	0	(251)	(12,165)
Provisions used during the year	(82)	0	0	0	(82)
As of 30.09.2011	4,656	18,525	1,737	561	25,479

	Provisions for pensions and similar benefits	Provisions for off-balance sheet liabilities	Provisions for pending legal issues	Other provisions	Total
As of 01.01.2010	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)
As of 31.12.2010	4,786	9,031	1,031	812	15,660

Other notes

19 Commitments and contingent liabilities by type

	Current	Non-current	Total
As of 30.09.2011			
Financial guarantees	68,827	45,978	114,805
Service guarantees	108,533	104,695	213,228
Total guarantees	328,033		328,033
Uncollateralised letters of credit	266	0	266
Approved and undrawn loans	115,492	52,221	167,713
Approved and undrawn overdrafts	174,802	0	174,802
Other	92	0	92
Total commitments and contingent liabilities	342,607		342,607
Derivatives	152,238	13,691	165,929
Total	836,835		836,835
As of 31.12.2010			
Financial guarantees	78,303	37,684	115,987
Service guarantees	124,283	117,592	241,875
Total guarantees	357,862		357,862
Uncollateralised letters of credit	409	0	409
Approved and undrawn loans	146,690	46,048	192,738
Approved and undrawn overdrafts	181,942	0	181,942
Other	34	0	34
Total commitments and contingent liabilities	374,714		374,714
Derivatives	117,072	16,152	133,224
Total	866,209		866,209

20 Related party transactions

Statement of financial position and off-balance sheet items

	30.09.2011	
	Subsidiaries	Associates
Loans and advances to banks	84,021	0
Loans and advances to customers	304,320	0
Debt securities not held for trading	1,704	1,814
Debts due to banks	2,309	0
Debts due to customers	5,731	16,867
Off-balance sheet items	18,653	2,184
	30.09.2011	
	Key management personnel	Other related parties
Loans and advances to customers	547	52,011
Debts due to customers	747	1,581
Off-balance sheet items	98	2,395

	31.12.2010	
	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
	31.12.2010	
	Key management personnel	Other related parties
Loans and advances to customers	534	57,215
Debts due to customers	789	4,255
Off-balance sheet items	252	17,858

Statement of income

	9M 2011	
	Subsidiaries	Associates
Net interest income	11,511	(441)
Dividend income	1,416	4,446
Net fee and commission income	820	337
Cost of services	(391)	(468)
Individual impairment	599	0
Write-offs	0	0
Total	13,955	3,874

	9M 2011	
	Key management personnel	Other related parties
Net interest income	(1)	2,072
Dividend income	0	1,593
Net fee and commission income	0	282
Cost of services	0	(191)
Individual impairment	0	(3,438)
Total	(1)	318

	9M 2010	
	Subsidiaries	Associates
Net interest income	9,141	(407)
Dividend income	3,794	0
Net fee and commission income	695	347
Cost of services	(400)	(413)
Individual impairment	0	0
Total	13,230	(473)

Loans and guarantees

	Management Board members		Supervisory Board members		Other Bank employees on individual contract	
	30.09.2011	31.12.2010	30.09.2011	31.12.2010	30.09.2011	31.12.2010
Loans	63	67	48	18	2,186	2,307
Average interest rate on loans (%)	4.34	3.66	4.11	6.65	4.06	3.56
Repayments	7	12	2	202	274	491

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

Exposure to:	30.09.2011	31.12.2010
Bank of Slovenia	54,120	39,836
Republic of Slovenia	404,279	452,095
State-owned institutions	584,132	518,490
Total exposure to the Bank of Slovenia, Republic of Slovenia and state-owned institutions	1,042,531	1,010,421
Share in total assets (%)	21.81	21.02
Off-balance sheet items covered by collateral provided by the Bank of Slovenia or the Republic of Slovenia	17,055	9,423
Total assets	4,779,993	4,806,511

22 Credit risk management

Analysis of exposure to credit risk

	Loans to customers		Loans to banks	
	30.09.2011	31.12.2010	30.09.2011	31.12.2010
Net disbursed loans	3,433,606	3,505,866	215,916	213,712
Individual impairment:				
Gross amount	561,259	540,255	94,397	80,425
Impairment	(177,202)	(153,307)	(604)	(1,229)
Net amount	384,057	386,948	93,793	79,196
Collective impairment:				
Credit rating A	1,664,704	1,659,903	0	0
Credit rating B	965,314	980,152	0	0
Credit rating C	358,817	331,949	0	0
Credit rating D	15,077	16,188	0	0
Credit rating E	29,070	25,204	0	0
Gross amount	3,032,982	3,013,396	0	0
Impairment	(93,641)	(88,476)	0	0
Net amount	2,939,341	2,924,920	0	0
Net non-impaired loans	110,208	193,998	122,123	134,516
Total net loans	3,433,606	3,505,866	215,916	213,712

Overdue and unpaid claims

	30.09.2011				
	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	21	0	0	3	24
Legal entities	21,903	4,952	11,493	345,998	384,346
Households	3,212	423	624	22,632	26,891
Total	25,136	5,375	12,117	368,636	411,264

	31.12.2010				
	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 Bank's total loan portfolio

	30.09.2011	31.12.2010
Gross NPLs (D, E)*	450,075	396,774
Impairment losses for NPLs (D, E)	181,113	147,519
Net NPLs (D, E)	268,962	249,255
Total gross loan portfolio	3,920,969	3,962,590
Total net loan portfolio	3,649,522	3,719,578
Gross NPLs/Total gross loan portfolio (%)	11.48	10.01
Net NPLs/Total net loan portfolio (%)	7.37	6.70

* Included are all collectively impaired loans (credit rating D and E) for which prime collateral has not been provided, and all individually impaired loans, the basic credit rating of which is D or E.

Analysis of loans and percentage of NPLs by industry sectors

Industry sector	30.09.2011			31.12.2010		
	Total loans	NPLs	Share of NPLs	Total loans	NPLs	Share of NPLs
Households, natural persons	973,877	21,941	2.25%	980,403	21,213	2.16%
Agriculture and hunting, forestry, fishing	19,931	213	1.07%	19,519	203	1.04%
Mining	2,835	522	18.41%	2,360	0	0.00%
Manufacturing industry	675,654	119,157	17.64%	692,783	110,047	15.88%
Electricity, gas and steam supply	74,954	0	0.00%	62,071	0	0.00%
Water supply, waste and sewage management, rehabilitation of the environment	8,691	174	2.00%	8,790	200	2.28%
Construction	355,810	127,904	35.95%	328,006	84,381	25.73%
Trade, maintenance and repair of motor vehicles	314,559	27,710	8.81%	343,182	89,134	25.97%
Transportation and storage	78,882	8,261	10.47%	80,645	3,015	3.74%
Accommodation and food service activities	121,514	13,108	10.79%	108,627	11,650	10.72%
Information and communication activities	51,471	31,400	61.01%	60,218	4,538	7.54%
Financial intermediation	467,840	43,505	9.30%	498,065	16,529	3.32%
Real estate activities	105,081	1,345	1.28%	95,877	965	1.01%
Professional, scientific and technical activities	120,987	13,608	11.25%	120,591	13,833	11.47%
Other various business activities	11,087	3,132	28.25%	13,192	3,501	26.54%
Public administration and defence services, compulsory social security activities	6,310	0	0.00%	13,496	0	0.00%
Education	5,945	222	3.73%	4,798	228	4.75%
Health and welfare security	25,275	61	0.24%	23,639	67	0.28%
Arts, entertainment and recreation	63,845	1,200	1.88%	67,239	1,504	2.24%
Other activities	5,363	245	4.57%	4,905	175	3.57%
Foreign legal persons	431,058	36,367	8.44%	434,184	35,591	8.20%
Total gross loans	3,920,969	450,075	11.48%	3,962,590	396,774	10.01%

23 Composition of capital and capital requirements

	30.09.2011	31.12.2010
Original own funds		
Paid-up capital	40,815	27,210
(-) Treasury shares	(461)	(1,086)
Share premium	165,775	78,314
Reserves and retained earnings or loss	275,218	269,065
Revaluation excesses (PP) – prudential filters	(7,875)	(4,590)
Hybrid instruments as a component of original own funds	26,030	26,030
(-) Intangible long-term assets	(26,589)	(27,008)
Total	472,913	367,935
Additional own funds I		
Hybrid instruments and preferential cumulative shares	150,000	150,000
Other	138	158
Total	150,138	150,158
(-) Deductions from original own funds and additional own funds I		
(-) Deductions from original own funds	(58,624)	(52,529)
(-) Deductions from additional own funds I	(58,624)	(52,529)
Total	(117,248)	(105,058)
Total equity (for solvency purposes)	505,803	413,035
Capital requirements		
Capital requirements for credit risk	300,471	303,403
Central governments and central banks	757	746
Regional governments and local authorities	231	358
Administrative bodies	24	13
Institutions	17,239	20,123
Corporates	155,864	166,096
Retail banking	75,351	78,741
Past due items	21,774	13,725
Items belonging to regulatory high-risk categories	15,680	10,001
Collective investment undertakings	2,073	2,373
Other items	11,478	11,227
Capital requirements for market risks	2,605	2,475
Debt securities	489	520
Equity instruments	953	1,955
Foreign exchange	1,163	0
Capital requirements for operational risk	22,773	23,017
Total	325,849	328,895
Capital adequacy ratio (total equity)	12.42%	10.05%
Capital adequacy ratio (original own funds)	10.17%	7.67%
Common equity capital ratio	9.53%	7.04%

24 Fair value of financial assets and liabilities

	30.09.2011		31.12.2010	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash and balances with the central bank	93,025	93,025	78,724	78,724
Financial assets held for trading	11,737	11,737	2,784	2,784
Financial assets designated at fair value through profit or loss	41,942	41,942	16,266	16,266
Available-for-sale financial assets	640,793	640,793	685,918	685,918
Loans and advances to banks	215,916	216,138	213,712	213,712
Loans and advances to customers	3,433,606	3,440,154	3,505,866	3,512,703
Held-to-maturity financial assets	119,001	118,574	78,894	78,060
Other assets	17,282	17,282	24,991	24,991
Financial liabilities				
Financial liabilities due to the central bank	170,262	170,262	130,149	130,149
Financial liabilities held for trading	1,975	1,975	5,842	5,842
Deposits from banks	55,499	55,505	66,200	66,215
Deposits from customers	3,136,397	3,153,933	3,024,563	3,036,918
Loans from banks	645,037	645,037	938,787	938,787
Loans from customers	144	144	349	333
Debt securities	58,218	58,466	44,404	44,593
Subordinated liabilities	185,068	188,607	177,953	186,238
Other liabilities	20,669	20,669	26,235	26,235

25 Events after the statement of financial position date

There have been no events after the statement of financial position date with a material effect on the financial statements included in this report.

Financial calendar of Nova KBM d.d. till the end of 2012

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
The 2012 Business Plan of Nova KBM d.d. and the Nova KBM Group	Wednesday, 21 December 2011
Unaudited non-consolidated and consolidated financial statements of Nova KBM d.d. and the Nova KBM Group for 2011	Thursday, 1 March 2012
The 2011 audited Annual Report of Nova KBM d.d. and the Nova KBM Group	Friday, 20 April 2012
Annual information update	Friday, 20 April 2012
Statement of compliance with the Corporate Governance Code	Friday, 20 April 2012
Preliminary information on results for the period January – March 2012	Friday, 20 April 2012
Convocation of the 21 st regular Shareholders' Meeting of Nova KBM d.d.	Wednesday, 9 May 2012
Report on operations and unaudited financial statements of Nova KBM d.d. and the Nova KBM Group for the period January – March 2012	Tuesday, 22 May 2012
21 st regular Shareholders' Meeting of Nova KBM d.d.	Friday, 8 June 2012
Decisions adopted at the 21 st regular Shareholders' Meeting of Nova KBM d.d.	Monday, 11 June 2012
Ex-dividend date	Wednesday, 13 June 2012
Preliminary information on results for the period January – June 2012	Thursday, 26 July 2012
Dividend payment date	Friday, 10 August 2012
Report on operations and unaudited financial statements of Nova KBM d.d. and the Nova KBM Group for the period January – June 2012	Thursday, 23 August 2012
Preliminary information on results for the period January – September 2012	Thursday, 25 October 2012
Report on operations and unaudited financial statements of Nova KBM d.d. and the Nova KBM Group for the period January – September 2012	Tuesday, 20 November 2012
The 2013 Business Plan of Nova KBM d.d. and the Nova KBM Group	Wednesday, 19 December 2012

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