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Unaudited results of  
operations of the Nova KBM  
Group and Nova KBM d.d.  

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JANUARY - SEPTEMBER 2013



NOVEMBER 2013



**Nova KBM**  
PRIPRAVLJENI NA JUTRI

## Corporate governance bodies as of 30 September 2013

**Management Board of Nova KBM**

Aleš Hauc	<b>President</b>
Igor Žibrik	<b>Member</b>

**Executive Directors of Nova KBM**

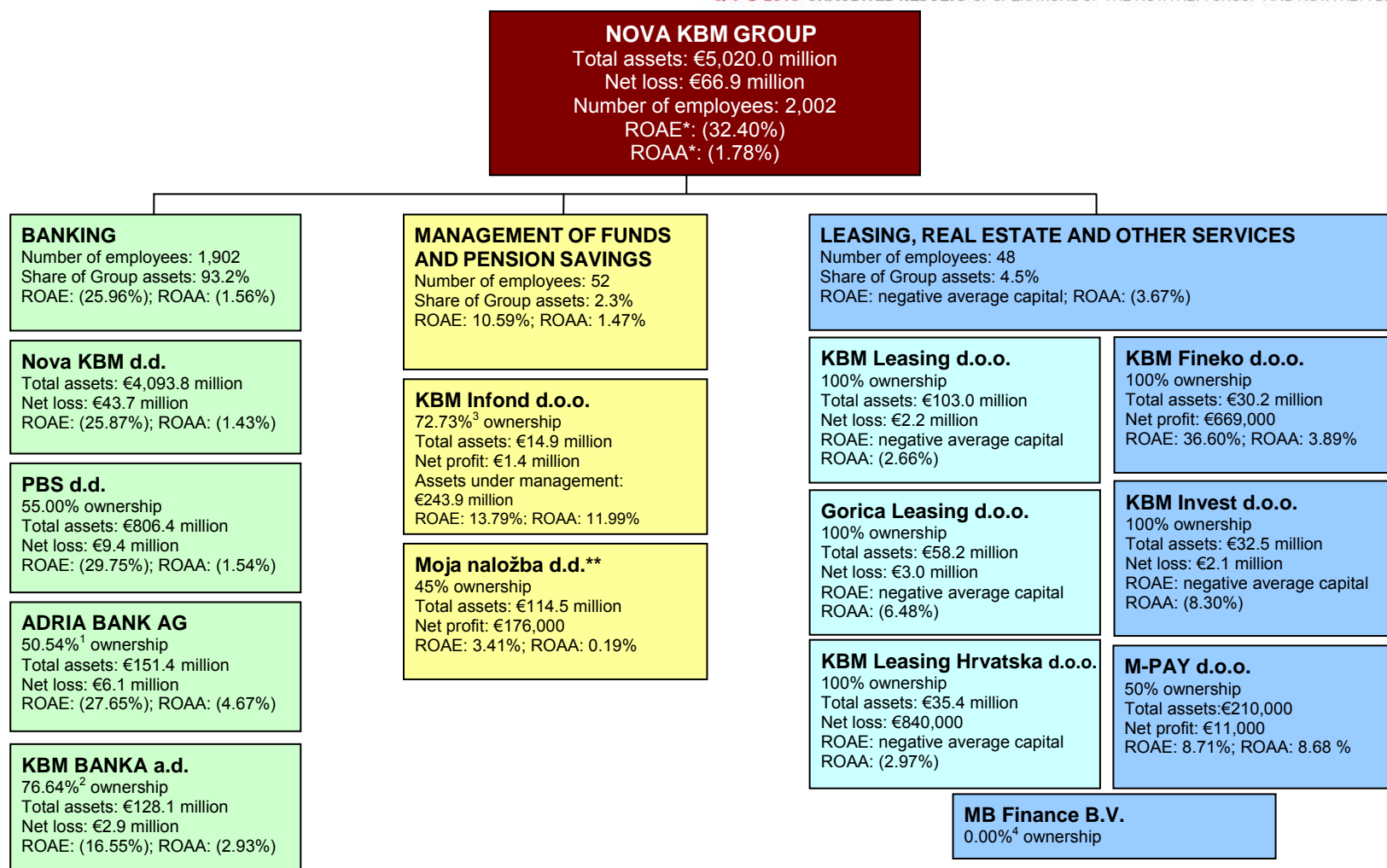
Aleksander Batič  
 Jernej Močnik  
 Ksenija Mrevlje  
 Nataša Fesel  
 Peter Kupljen  
 Sabina Župec Kranjc  
 Simon Hvalec  
 Uroš Lorenčič  
 Vlasta Brečko

**Supervisory Board of Nova KBM**

Peter Kukovica	<b>Chairman</b>
Niko Samec	<b>Deputy Chairman</b>
Andrej Fatur	Member
Egon Žižmond	Member
Karmen Dvorjak	Member
Keith Charles Miles	Member
Miha Glavič	Member
Peter Kavčič	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 kept by the Maribor District Court:	062/10924200
VAT ID No.:	SI94314527
Share capital:	€143,225,272.08





\* ROAE and ROAA are presented on a pre-tax basis.

\*\* Associated company.

<sup>1</sup> The Group's stake in the share capital of and voting rights in Adria Bank accounts for 50.54%, while its stake in the paid-up capital of Adria Bank equals 46.65%. Paid-up capital is made up of share capital and participating interests without voting rights held by non-controlling interest.

<sup>2</sup> The shareholders' agreement entered into between Nova KBM and the Republic of Serbia includes a provision under which a 12.89% stake of the Republic of Serbia in KBM Banka is subject to a call option available to Nova KBM and a put option available to the Republic of Serbia. If the option is exercised, the shareholding of Nova KBM in KBM Banka will increase to 89.53%, while the shareholding of the Republic of Serbia will fall to nil.

<sup>3</sup> The Group's stake in the share capital of KBM Infond accounts for 72.00%. Due to KBM Infond holding a certain amount of its own shares, the Group's stake in the capital of and voting rights in KBM Infond equals 72.73%.

<sup>4</sup> In accordance with an explanation given by the Standing Interpretation Committee (SOP 12), MB Finance is regarded as a special purpose vehicle controlled by Nova KBM. Nova KBM has neither voting rights nor an equity stake in this entity.



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# Key performance indicators of the Nova KBM Group

	2013	2012	Index
<b>Statement of financial position (€000)</b>	<b>30.09.</b>	<b>31.12.</b>	
Total assets	5,019,974	5,321,810	94
Total deposits from the non-banking sector	3,479,363	3,618,678	96
Total loans and advances to the non-banking sector	3,151,664	3,397,900	93
Total equity	278,019	253,204	110
<b>Statement of income (€000)</b>	<b>9M 2013</b>	<b>9M 2012</b>	
Net interest income	66,475	85,571	78
Net fee and commission income	44,473	43,907	101
Net gains/(losses) from trading in securities and foreign exchange	1,313	(3,239)	
Other income	1,050	11,418	9
Operating costs	(87,528)	(87,931)	100
Impairment losses and provisions	(95,717)	(148,470)	64
(Loss) from continuing and discontinued operations	(69,934)	(98,744)	71
Net (loss) for the reporting period	(66,927)	(97,642)	69
<b>Ratios</b>	<b>30.09.</b>	<b>31.12.</b>	
Net (loss) per share <sup>1</sup> (€)	(0.40)	(5.25)	
Share price (€)	0.379	1.300	
Book value per share <sup>2</sup> (€)	0.76	5.37	
Total capital adequacy ratio (%)	8.39	9.17	
Tier I capital ratio (%)	7.32	8.17	
Core Tier I capital ratio (%)	6.66	5.26	
ROAA before tax (%)	(1.78)	(3.85)	
ROAE before tax (%)	(32.40)	(55.00)	
Operating costs/Average total assets (%)	2.24	2.12	
Cost/Income (%)	77.25	56.90	

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

<sup>2</sup> Book value per share 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 2013

- For the nine-month period ended 30 September 2013, the Nova KBM Group (hereafter also referred to as the 'Group') posted a **pre-tax, pre-provision profit from continuing operations** of €25,783,000, with its Q3 2013 earnings indicating a positive trend.
- The Group's **net loss from continuing operations** reached €66,927,000 in the first nine months of the year, which was one-third less than in the same period last year. Enhanced credit risk arising from adverse market conditions continued to affect the operations of the Group, particularly its banking division, forcing it to set aside a further €95,717,000 in the first nine months of the year to cover its bad loans.
- The Group's **total assets** were €5,019,974,000 at the end of September 2013, down €301,836,000, or 5.7%, on the 2012 year-end figure.
- **Net interest income** for the nine-month period ended 30 September 2013 totalled €66,475,000, compared to €85,571,000 reported for the same period last year. Net interest income fell in all of the Group's divisions, with the largest being seen in the banking division. Net interest income earned by the Group in Q3 2013 was in line with that of the same period last year.
- **Net fees and commissions** were €44,473,000, up 1% on the same period last year. The amount of net fee and commission income earned by the Group was sufficient to cover one-half of its operating costs.
- In the period from January through September 2013, the Group incurred **operating costs** of €87,528,000, which was less than in the same period last year, despite an increase in the costs associated with advisory and auditing services. The ratio of operating costs to the average total assets stood at 2.24%, an increase of 0.12 percentage points on the figure reported for the end of 2012. In Q3 2013, both the Group and the Bank improved their cost-to-income ratios, from 78.89% to 77.25% and from 76.23% to 72.99%, respectively.
- The Group's **return on average equity before tax (ROAE)** was negative, at minus 32.40%, while its **return on average assets before tax (ROAA)** stood at minus 1.78%.
- As of 30 September 2013, the **Group's total equity** amounted to €278,019,000, up €24,815,000, or 9.8%, on the 2012 year-end figure. Its total capital adequacy ratio was 8.39%, compared to 9.17% reported for the end of 2012.





## Other important events

### January

- Robert Senica started his five-year term of office as the President of the PBS Management Board.
- The Shareholders' Meeting of Moja naložba appointed a new Supervisory Board of the company, with the following members: Aleš Hauc (Nova KBM), Uroš Lorenčič (Nova KBM), Katrca Rangus (Pozavarovalnica Sava), Marko Planinšec (Zavarovalnica Maribor), Jure Korent (Zavarovalnica Tilia), Mojca Androjna (Merkur zavarovalnica), Igor Marinič (representative of policyholders), Irena Šela (representative of policyholders) and Irena Žnidaršič (representative of policyholders).

### March

- On 25 March 2013, Moody's Investors Service downgraded Nova KBM's long-term rating to Caa2 from B3, with a negative outlook. The junior subordinate rating was downgraded to C(hyb) from Caa3(hyb). The Bank's standalone E bank financial strength rating (BFSR) has been affirmed. In addition, Moody's Investors Service lowered the Bank's baseline credit assessment (BCA) to Caa3 from Caa1 within E standalone BFSR.
- The Nova KBM Supervisory Board consented to the Nova KBM Group's restructuring plan, after which the restructuring plan was submitted, through the Ministry of Finance, to the European Commission.
- As part of the reorganisation of the Nova KBM Group, the real estate business of KBM Fineko was taken over by KBM Invest. Andrej Šporin was appointed as the Manager of KBM Fineko.

### April

- On 5 April 2013, Fitch Ratings downgraded Nova KBM to BB-/B from BBB-/F3. The rating actions made by Fitch Ratings were as follows: the viability rating was downgraded to CCC from B-; the support rating was downgraded to 3 from 2; the support rating floor was downgraded to BB- from BBB-; and the hybrid capital instruments rating was downgraded to C from CC.
- On 18 April 2013, Nova KBM received a court notice that the share capital increase had been entered into the Companies Register. Prior to the registration of the share capital increase, Nova KBM's share capital totalled €40,814,313.08 and was split into 39,122,968 ordinary freely transferable registered no-par value shares with voting rights. Following the registration of the share capital increase, Nova KBM's share capital totalled €140,814,313.08 and was split into 137,645,135 ordinary freely transferable registered no-par value shares with voting rights. The share capital of Nova KBM was increased by an in-kind contribution resulting from the conversion of a €100,000,000 million state-provided hybrid loan facility into the Bank equity, in accordance with the Hybrid Loan Facility Agreement dated 31 December 2012. All



newly issued shares were subscribed for by the Republic of Slovenia. The rights and entitlements attached to new shares are the same as those attached to all other ordinary registered shares of Nova KBM.

- On 25 April 2013, Nova KBM received the remaining proceeds from the sale of its 51% shareholding in Zavarovalnica Maribor, in accordance with the provisions of the agreement on the sale of Zavarovalnica Maribor shares, signed on 11 December 2012 between Slovenska odškodninska družba and Pozavarovalnica Sava, as the buyers, and Nova KBM, as the seller. The transfer of Zavarovalnica Maribor shares to Slovenska odškodninska družba and Pozavarovalnica Sava was made in accordance with the said agreement on the same day. By paying the entire purchase consideration and transferring the shares, the parties to the agreement fulfilled all contractual obligations, thus completing the sale of the Bank's equity stake in Zavarovalnica Maribor.
- The Nova KBM Supervisory Board consented to the amendments to Nova KBM's Articles of Association arising from the increase in share capital within the authorised capital, and proposed that the amendments to the Articles of Association be approved by the Nova KBM Shareholders' Meeting.
- Igor Žibrik resigned as the Chairman and Ivica Smiljan resigned as a long-standing member of the KBM Leasing Hrvatska Supervisory Board. Uroš Lorenčič took over the chair of the company's Supervisory Board, while Borut Radolič was appointed as a new Supervisory Board member. Peter Kupljen remains on the Supervisory Board as a member.

## June

- The 24th Shareholders' Meeting of Nova KBM took place on 10 June 2013. Among the decisions reached by the Shareholders' Meeting was that Aljoša Tomaž be appointed as the new Supervisory Board member. In addition, the Shareholders' Meeting considered the 2012 Annual Report of the Nova KBM Group and Nova KBM; granted a discharge to the members of the Nova KBM Management and Supervisory Boards for the financial year 2012; and selected Deloitte revizija d.o.o. to conduct the audit of the 2013 accounts of the Nova KBM Group and Nova KBM.

## July

- On 2 July 2013, Nova KBM received a court notice that the share capital increase had been entered into the Companies Register. Prior to the entry of the share capital increase into the Companies Register, Nova KBM's share capital totalled €140,814,313.08. Following the registration of the share capital increase, Nova KBM's share capital now amounts to €143,225,272.08 and is split into 323,103,520 ordinary no-par value shares. The share capital of Nova KBM was increased by an in-kind contribution resulting from the conversion into equity of interest accrued on the state-provided hybrid loan facility dated 31 December 2012. All newly issued shares were subscribed for by the Republic of Slovenia, by which the shareholding (direct and indirect) of the Republic of Slovenia in Nova KBM increased to 94.08%. The rights and entitlements attached to new shares are the same as those attached to all other ordinary registered shares of Nova KBM.





## August

- In accordance with the recommendations given by the European Council in June 2013, the Bank of Slovenia and the Ministry of Finance requested an asset quality review (AQR) be carried out at the Slovene banking system level, in addition to calling upon several banks to undergo stress tests. Apart from systemically important banks (NLB, Nova KBM and Abanka Vipava), Banka Celje, Gorenjska banka, Probanka, Factor banka, UniCredit Banka Slovenija, Hypo Alpe Adria Bank and Raiffeisen banka have also been included in the review under the established criteria. The purpose of the AQR is to verify the completeness and integrity of data on loans, to review individual loans and assess the value of collateral provided for these loans, and to establish whether additional impairment losses must be set aside by the banks for their loan portfolios. The stress tests are carried out with a view to assessing the banks' potential need for capital over the next three-year period (from 2013 to 2015) under both the baseline scenario and the adverse scenario (i.e. the scenario of increased macroeconomic imbalances). The results of the AQR and stress tests are expected to be released by the end of the year.

## September

- On 2 September 2013, Credi banka a.d. changed its name into KBM Banka a.d.

# Events after the end of the reporting period

## October

- With the aim of enhancing its effectiveness as well as improving its performance and results, Nova KBM adopted a new organisational structure.
- On 15 October 2013, Igor Hrustič was appointed as the third member of the Nova KBM Management Board, with the start of his term of office being subject to the approval of the Bank of Slovenia.

## November

- Among the decisions reached by the Governing Council of the European Central Bank at its November meeting was to cut the main refinancing interest rate of the Eurosystem by 25 basis points to 0.25%.

# Changes in the Supervisory Board of Nova KBM d.d.

Aljoša Tomaž, who was appointed as a member of the Supervisory Board at the 24th Shareholders' Meeting of Nova KBM on 10 June 2013, resigned from this position on 12 September 2013.



# Letter to shareholders

Dear Shareholders and Business Partners

First, we would like to offer you our warmest greetings!

The rehabilitation of the Slovene banking system remains at the centre of the government's efforts to restore the financial system's stability and help the economy emerge from the recession. A drop in interest income and an increasing level of provisioning expenses have put a considerable pressure on the performance of virtually all the banks operating in the country, prompting the competent authorities to start cleaning up and consolidating the Slovene banking system. The first positive results of this process are the declining interest rates for deposits. It is also encouraging to see that the asset quality reviews and stress tests, which are being carried out at the request of the European Commission in 10 Slovene banks, including Nova KBM, are coming to an end. Based on the results of these independent reviews, which are expected to be released in the middle of December, a decision will be reached by the Bank's management regarding the transfer of bad loans to the Bank Assets Management Company (BAMC), and the projected share capital increase.

Adverse market conditions in the third quarter of the year had a substantial negative impact on the performance of the Nova KBM Group, causing its results for the nine-month period ended 30 September to continue to be affected by a deteriorating loan portfolio. The level of provisioning expenses incurred by the Nova KBM Group in the first nine months of the year accounted for 66.7% of that reported for the same period last year. For the nine-month period ended 30 September, the Nova KBM Group reported a pre-tax, pre-provision profit of

€25.8 million. The net loss posted by the Nova KBM Group was €66.9 million, compared to €97.6 million reported for the first nine months of 2012. At the end of September, the Nova KBM Group's total capital adequacy ratio was 8.39%, with its equity amounting to €278.0 million, up 9.8% on the 2012 year-end figure. The results achieved in the first nine months of the year prove that both the Bank and the Nova KBM Group managed to defend their market shares in most segments while reducing costs and improving their responsiveness to opportunities and challenges arising from the business environment.

In the third quarter of the year, we took a number of decisions with the aim of stabilising the interest and non-interest income generated by the Nova KBM Group. In addition, several measures and activities were implemented that have helped the performance of the Nova KBM Group to gradually recover while reducing the negative impacts on its profitability. As part of the RAST project, all companies within the Nova KBM Group are actively focused on reducing operating costs and improving cost efficiency at all operational levels. The results for the first nine months of the year show that the Nova KBM Group managed to optimise operating costs across all of its operations. However, due to significant one-off costs associated with the asset quality review, stress tests, and some other extraordinary activities that the Bank was obliged to conduct this year, the cost savings were not reflected accordingly in the total operating costs incurred by the Nova KBM Group. By overhauling and centralising procurement processes, the Bank achieved significant cost savings, which will be further enhanced through the premises optimisation that is expected to be completed by the end of the year. At the end of the third quarter, a new, more economical and effective organisational



structure of the Bank was implemented, while the activities related to the streamlining of business processes that will enable the Bank and the Nova KBM Group to make their operations even more efficient are continuing. The number of employees is being reduced according to the plan. This year, the number of Bank employees is expected to be reduced by about 100, with 250 to 300 additional employees expected to be made redundant in the next two to three years.

The Bank is operationally ready to transfer its bad loans to BAMC. Until the transfer takes place, bad loans on the books of the Bank will be actively managed by its Bad Loans Management Department. While work is continuing on the project to improve the Nova KBM Group's capital base, the Bank's management is devoting particular attention to the comprehensive investigation of responsibility for any loss or damage caused to the Bank in the past, and for any irregularities in its decision-making processes. We are committed to ensuring the highest level of integrity across the entire Nova KBM Group in order to prevent any irregularities or fraud from occurring in the future.

Along with the Nova KBM restructuring programme that is currently being examined by the European Commission, the Bank drew up a draft strategy for the period 2014 to 2018. The strategy will be finalised once the Nova KBM Group restructuring programme is approved.

According to the autumn report of the Institute of Macroeconomic Analysis and Development, the economic situation in Slovenia is not expected to improve this year or in 2014. Despite the first signs of recovery in the Eurozone, the recuperation of Slovenia's economy will continue to be

impeded by local factors. The pressing need for fiscal consolidation and the stabilisation of the banking system will affect the consumption of households, companies and the government, which is set to decline further this year and next year. We will adapt the operations of both the Bank and the Nova KBM Group to the current market conditions while focusing on making improvements in cost efficiency, on compliance with regulatory requirements, and on integration of operations within the Nova KBM Group. All the activities will be carried out in line with the Nova KBM Group's restructuring programme.

Every effort will be made in the immediate future to transform both the Bank and the Nova KBM Group into more efficient financial institutions, and to return them to profitability. Apart from measures we have taken to improve our business internally, it is expected that the following systemic decisions will greatly contribute to our future development: the transfer of bad loans to BAMC, recapitalisation, and the implementation of legislation that will ease the rules governing debt recovery proceedings. While a considerable amount of work will be required to achieve our ultimate performance objectives, the results might come gradually and take several years, given the nature of the changes necessary.


We thank you for the trust you have placed in us. Through successful work and the provision of superior financial services, and by adopting efficient measures for the benefit of the Bank and all those who support our efforts, we are determined to bolster this trust further.

Maribor, November 2013

Management Board of Nova KBM d.d.



Igor Žibrik  
Member



Aleš Hauc  
President



# Statement of management's responsibilities

(pursuant to Article 113 of the Financial Instruments Market Act)

By signing this statement, the Nova KBM Management Board **confirms** to the best of its knowledge that:

- the interim financial statements have been drawn up in accordance with the appropriate accounting framework of reporting and that they provide a true and fair view of the assets, liabilities, the financial position and the profit and loss of the Bank and other companies included in the consolidation as a whole, and
- the business report gives a fair view of the development and results of the Bank's operations and its financial position, including the description of principal risks the Bank and other companies included in the consolidation are exposed to.

Maribor, 29 November 2013

Management Board of Nova KBM d.d.

Igor Žibrik  
Member

Aleš Hauc  
President



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

The Nova KBM Group consists of the parent company (Nova KBM), 11 subsidiary companies, and one associated company. The names of the companies and Nova KBM's shareholding in them are presented in the table below.

Nova KBM d.d. (in this report also referred to as 'Nova KBM' or the 'Bank') 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 the associated company, as of 30 September 2013

Company	Position in the Group	Share of voting rights (%)
Nova KBM d.d.	parent bank	
Poštna banka Slovenije d.d.	subsidiary bank	55.00
Adria Bank AG	subsidiary bank	50.54 <sup>3</sup>
KBM Banka a.d.	subsidiary bank	76.64 <sup>4</sup>
KBM Fineko d.o.o.	subsidiary company	100.00
KBM Infond d.o.o.	subsidiary company	72.73 <sup>5</sup>
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 Leasing Hrvatska d.o.o.	subsidiary company	100.00
MB Finance B.V.	subsidiary company	0.00 <sup>6</sup>
Moja naložba d.d.	associated company	45.00

No changes took place in the shareholding of the Group companies in the first nine months of 2013.

<sup>3</sup> The Group's stake in the share capital of and voting rights in Adria Bank accounts for 50.54%, while its stake in the paid-up capital of Adria Bank equals 46.65%. Paid-up capital is made up of share capital and participating interests without voting rights held by non-controlling interest.

<sup>4</sup> The shareholders' agreement entered into between Nova KBM and the Republic of Serbia includes a provision under which a 12.89% stake of the Republic of Serbia in KBM Banka is subject to a call option available to Nova KBM and a put option available to the Republic of Serbia. If the option is exercised, the shareholding of Nova KBM in KBM Banka will increase to 89.53%, while the shareholding of the Republic of Serbia will fall to nil.

<sup>5</sup> The Group's stake in the share capital of KBM Infond accounts for 72.00%. Due to KBM Infond holding a certain amount of its own shares, the Group's stake in the capital of and voting rights in KBM Infond equals 72.73%.

<sup>6</sup> In accordance with an explanation given by the Standing Interpretation Committee (SOP 12), MB Finance is regarded as a special purpose vehicle controlled by Nova KBM. Nova KBM has neither voting rights nor an equity stake in this entity.



Key performance indicators of individual Group companies for the nine-month period ended 30 September 2013

COMPANY	Number of employees 30.09.2013	Net profit or (loss) (€000)	Total assets (€000)	ROAE before tax (%)	ROAA before tax (%)
Nova KBM d.d.	1,264	(43,732)	4,093,754	(25.87)	(1.43)
Poštna banka Slovenije d.d.	243	(9,447)	806,445	(29.75)	(1.54)
Adria Bank AG	34	(6,116)	151,387	(27.65)	(4.67)
KBM Banka a.d.	361	(2,903)	128,105	(16.55)	(2.93)
KBM Fineko d.o.o.	10	669	30,231	36.60	3.89
KBM Infond d.o.o.	37	1,374	14,925	13.79	11.99
KBM Leasing d.o.o.	8	(2,157)	102,983	*	(2.66)
KBM Invest d.o.o.	10	(2,115)	32,473	*	(8.30)
Gorica Leasing d.o.o.	12	(3,029)	58,184	*	(6.48)
M-Pay d.o.o.	0	11	210	8.71	8.68
KBM Leasing Hrvatska d.o.o.	8	(840)	35,358	*	(2.97)
Moja naložba d.d.	15	176	114,538	3.41	0.19

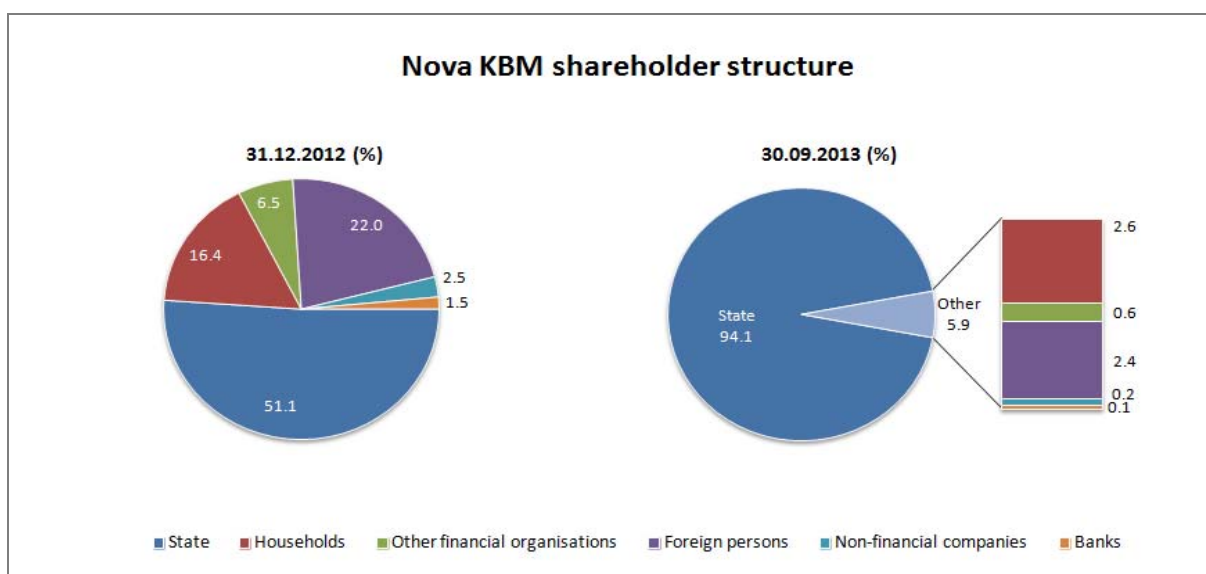
\* Not calculated due to negative average capital.





# Shareholder structure and information on shares

As of 30 September 2013, the shareholding of the state in Nova KBM was 94.1%, of which 92.2% was direct shareholding and 1.9% was indirect shareholding (through Pošta Slovenije, Gen Energija and Eles).



## The 10 largest shareholders of Nova KBM as of 30 September 2013

Number of shares	% of ownership <sup>7</sup>	Shareholder
294,803,428	91.24	REPUBLIC OF SLOVENIA
2,599,192	0.80	POŠTA SLOVENIJE
2,588,686	0.80	KDPW – TRUST ACCOUNT
2,500,000	0.77	GEN
1,875,920	0.58	KAPITALSKA DRUŽBA
1,250,614	0.39	SLOVENSKA ODŠKODNINSKA DRUŽBA
1,199,567	0.37	EAST CAPITAL BALKAN FUND
937,500	0.29	ELES
917,101	0.28	NFD1 (equity fund)
637,071	0.20	EATON VANCE

Out of the members of the Bank's Management and Supervisory Boards, Keith Charles Miles, a Supervisory Board member, held 24 Nova KBM shares (a 0.000007% shareholding) as of 30 September 2013.

<sup>7</sup> Voting rights equal ownership interest.



## Information on shares

As of 30 September 2013, the Bank's share capital amounted to €143,225,272.08 and was split into 323,103,520 ordinary no-par value shares.

Nova KBM has issued only one class of shares which are all freely transferable and bear the same rights. Each ordinary share entitles its holder to one vote at the Shareholders' Meeting.

Holders of ordinary shares have the following rights:

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

The Bank is bound to pay shareholders a dividend from its profits for the previous financial year, and must enable shareholders to participate and to vote at Shareholders' Meetings.

## Information on shares

	30.09.2013	31.12.2012	31.12.2011	31.12.2010
Number of shareholders	97,007	97,429	98,354	100,295
Number of ordinary shares	323,103,520	39,122,968	39,122,968	26,081,979
Share price on the last trading day (€)	0.379	1.30	3.16	10.20
Market capitalisation (€000)	122,456	50,860	123,629	266,036

	Nova KBM				Nova KBM Group			
	30.09.13	31.12.12	31.12.11	31.12.10	30.09.13	31.12.12	31.12.11	31.12.10
Book value per share <sup>8</sup> (€)	0.76	4.92	9.55	14.39	0.76	5.37	10.07	15.22
Net earnings/(loss) per share <sup>9</sup> (€)	(0.30)	(5.20)	(2.42)	0.36	(0.40)	(5.25)	(2.38)	0.41
P/E ratio <sup>10</sup>	(1.26)	(0.25)	(1.31)	28.33	(0.95)	(0.25)	(1.33)	24.88
P/B ratio <sup>11</sup>	0.50	0.26	0.27	0.33	0.50	0.24	0.31	0.67

<sup>8</sup> Book value per share on the last day of the reporting period is calculated as the ratio between the Bank's total equity (for the Group: equity attributable to owners of the parent) and the weighted average number of shares in the period.

<sup>9</sup> Net earnings or loss per share is calculated as the ratio between the Bank's annualised net profit or loss (for the Group: net profit or loss attributable to owners of the parent) and the weighted average number of shares in the period.

<sup>10</sup> P/E ratio is calculated as the ratio between the share price on the last trading day and the Bank's net profit or loss (for the Group: net profit or loss attributable to owners of the parent) per share.

<sup>11</sup> P/B ratio is calculated as the ratio between the share price on the last trading day and the book value per share.



## Dividend payment policy and dividend payment

Dividend for the year	2013-2015	2012	2011	2010	2009	2008	2007
Gross dividend per share (€)	-	0	0	0.08	0	0.2	0.2
Dividend yield <sup>12</sup> (%)	-	0	0	0.8	0	2.1	1.5
Projected amount of dividends as a proportion of the Bank's net profit (%)	35	35	35	35	30	20	10
Amount of dividends as a proportion of the Bank's net profit <sup>13</sup> (%)	-	0	0	36.2	0	29.4	11

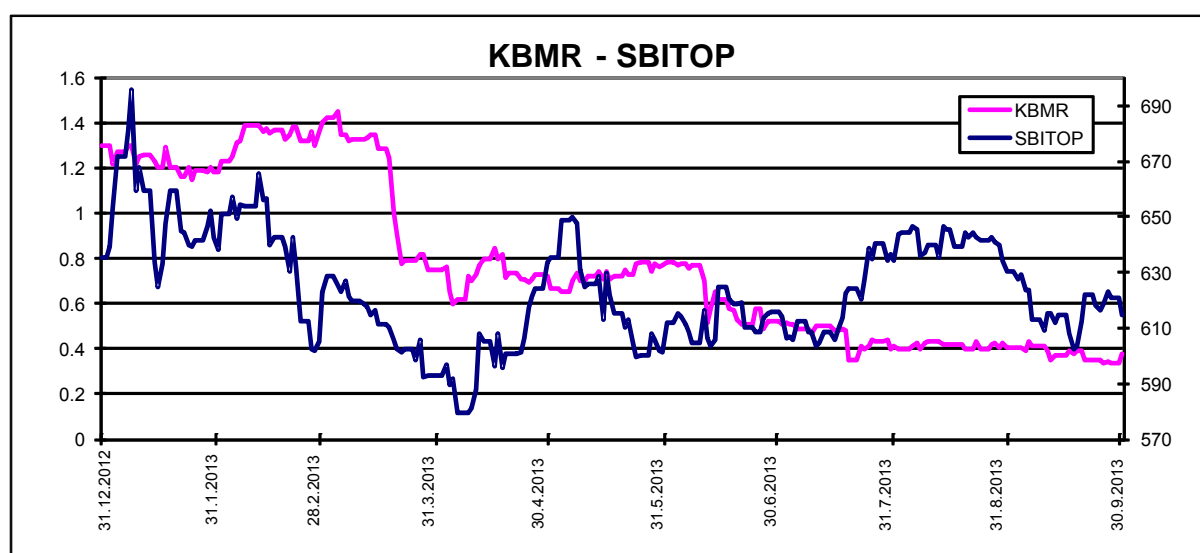
The Bank's dividend policy envisages an annual dividend payment equalling 35% of net profit for a financial year, while the majority of the remaining net profit is to be appropriated to reserves. This policy is implemented on the condition that the Bank generates a profit and that the capital adequacy of the Bank and the Group is not jeopardised.

## Nova KBM share performance

In the period from 1 January to 30 September 2013, the price of KBMR shares traded on the Ljubljana Stock Exchange, which is the prime market for KBMR shares, ranged between €0.33 and €1.45 per share. The highest share price was achieved on 4 March 2013, while the lowest price was registered on 27 September 2013.

The combined turnover in Nova KBM shares on the Ljubljana Stock Exchange and Warsaw Stock Exchange totalled 5,113,330 shares, giving an average daily turnover of 27,344 shares. At the end of September 2013, the Bank had 97,007 shareholders in total.

Nova KBM (trading symbol: KBMR; in €) share performance on the Ljubljana Stock Exchange and the SBITOP index movement in the period January through September 2013 are presented in the chart below.



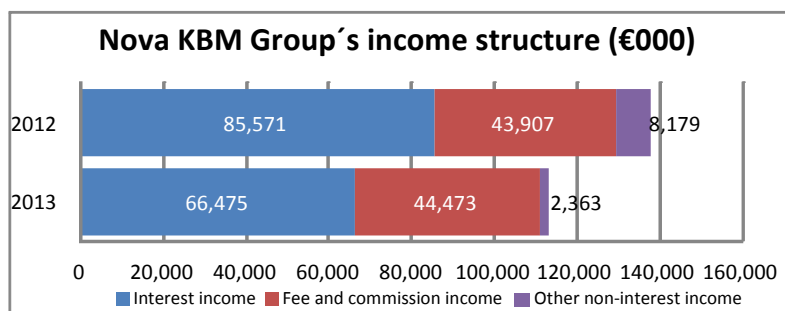
<sup>12</sup> Gross dividend per share/Share price on the last day of the financial year.

<sup>13</sup> Gross dividend/Net profit of the Bank.



## Operating results of the Nova KBM Group

For the period from January through September, the Group reported a **pre-tax, pre-provision profit from continuing operations** of €25,783,000, with its Q3 2013 pre-tax, pre-provision profit standing at €10.2 million, which was the highest of any quarter this year. The **Group's loss from continuing operations** totalled €69,934,000, compared to €103,568,000 reported for the same period last year. The year-on-year decline in pre-tax loss was attributable mainly to a €52.8 million drop in provisioning expenses. The **Group's net loss** totalled €66,927,000, of which €58,055,000 was attributable to owners of the parent and €8,872,000 was attributable to the non-controlling interest. Three Group companies combined generated a net profit of €2,054,000, while the remaining eight Group companies combined incurred a net loss of €70,339,000. The following Group companies reported a net profit for the first nine months of 2013: KBM Infond (€1,374,000), KBM Fineko (€669,000) and M-Pay (€11,000). On the other hand, a net loss was posted by the following Group companies: KBM Leasing Hrvatska (€840,000), KBM Invest (€2,115,000), KBM Leasing (€2,157,000), KBM Banka (€2,903,000), Gorica Leasing (€3,029,000), Adria Bank (€6,116,000), PBS (€9,447,000) and Nova KBM (€43,732,000, or 64.0% of the total Group loss).



Compared to the same period last year, the Group saw a moderate increase in its net fee and commission income, and a decline in its net interest income and other non-interest income.

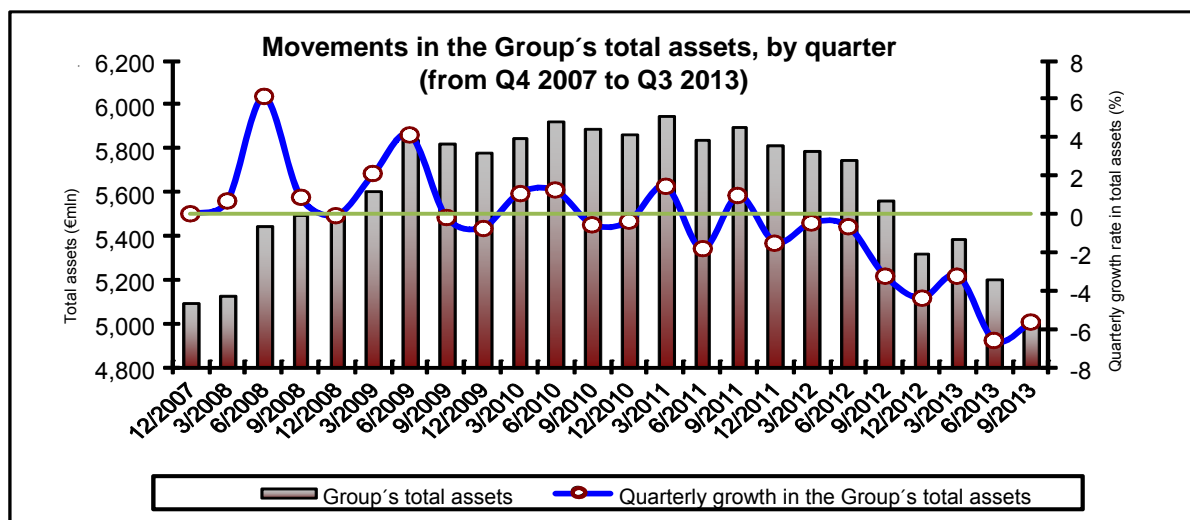
**Operating costs** incurred by the Group in the first nine months of 2013 totalled €87,528,000, down 0.4% on the same period last year. Staff costs, which made up about 50% of the total operating costs, were €43,445,000; a figure which was 4.4.% below that reported for the same period last year. The decrease in staff costs was partially offset by a year-on-year increase in the costs of services, with the costs associated with the advisory, auditing, accounting and other services provided to Nova KBM registering the largest growth. The Group's cost-to-income ratio stood at 77.25%, which was above the projected figure and also above the figure reported for the same period last year. The main reason for this was a year-on-year decline in interest income.

In the first nine months of the year, the Group set aside **impairment losses** of €95,717,000, down €52.8 million, or 35.5%, on the same period last year, while releasing **provisions** of €3,286,000, mainly for off-balance sheet items (in the first nine months of 2012, the Group made net provisions of €2,675,000). The largest proportion of impairment losses was set aside for loans given to customers that had run into financial difficulties due to the deteriorating economic situation.



# Financial position of the Nova KBM Group

At the end of September, the **Group's total assets** amounted to €5,020.0 million, down €301.8 million on the end of 2012, with Nova KBM contributing the most to this decline.



In the first nine months of the year, **net loans and advances to customers** decreased by €246.2 million, with the largest proportion of this contraction being attributable to the banking division. The decrease in net loans and advances to customers reported by the Group banks was partially due to a downturn in economic activity, and partially the result of an increase in impairment losses set aside by the Group banks owing to the deterioration in their loan portfolios. Also, a lack of access to new funding prevented the Group banks from generating growth.

**Available-for-sale and held-to-maturity financial assets**, which made up the secondary liquidity reserve, totalled €1,120.4 million, of which the largest proportion was held by Nova KBM.

**Deposits from customers** were €3,473.9 million, down €138.3 million on the end of 2012. Nova KBM saw the largest drop in its customer deposits, with a drop in its deposits from households, the state and other financial organisations being partially offset by an increase in deposits from non-financial companies.

**Loans from banks** decreased by €121.9 million from the end of last year. The largest proportion of this decrease was attributable to the prepayment of a long-term loan facility by Nova KBM.

As of 30 September 2013, the Group's total equity amounted to €278.0 million, of which €245.7 million was attributable to Nova KBM. The increase of €24.9 million in the Group's equity resulting from the conversion into Nova KBM equity of a hybrid loan facility and interest accrued on this facility was partially offset by the net loss incurred by the Group in the first nine months of the year.

The Group's **Tier I capital ratio** stood at 7.32% at the end of September.



## Plans for the rest of 2013

The planning of the business policy and financial plan of the Group for the year 2013 was carried out on the basis of macroeconomic projections that were supported mainly by the forecasts drafted at the end of 2012 by the Institute of Macroeconomic Analysis and Development, and the Bank of Slovenia, taking into consideration the adopted strategy of the Group. The Bank's Supervisory Board consented to the 2013 plan of the Bank and the Group at its regular meeting in December 2012. During 2013, on several occasions, a number of institutions involved in forecasting macroeconomic movements revised downwards their economic growth predictions for Slovenia for this year, with the autumn revisions being the most dramatic. Due to a number of ongoing uncertainties related to their business, the Bank and the Group did not revise their original financial plans for 2013, but decided to take into consideration the deteriorated economic outlook when performing an additional analysis of the estimates of their year-end results.

Both the Bank and the Group expect the level of their **total assets** at the end of the year to be significantly below that of the beginning of the year. The negative trends experienced in the first three quarters of the year will most likely continue into the fourth quarter. Additional impairment losses that might be incurred as a result of the latest estimates of the transfer value of bad loans that are to be taken over by BAMC by the end of the year could have a considerable impact on the balance of the Bank's and the Group's total assets. **Net interest income** is expected to continue to decline by the end of the year, driven by the declining level of interest-bearing assets, the anticipated volume of additional impairment losses, and a reduction in reference interest rates. The **interest margin** at the end of the year is expected to be 0.5 percentage points below the original projection. **Net fee and commission income** is developing in line with the plan, but Nova KBM has some concerns that the financial services tax and the declining business volumes will cause this income category at the end of the year to be below the original projection. Owing to the extraordinary costs associated with the advisory, auditing and other services, the 2013 decrease in total **operating costs** will be lower than projected, with the exception of **staff costs**, which are expected to decline as planned. The level of **impairment losses and provisions** at the end of the year is difficult to forecast because it depends largely on the outcome of the asset quality review that is being conducted at Nova KBM and some other Slovene banks. This independent asset quality review is being carried out according to a methodology that has not been entirely revealed to the banks; therefore, it is not possible to properly evaluate the projections of the year-end results. The findings and outcome of the asset quality review will be released in the middle of December.





# Key performance indicators of Nova KBM d.d.

	2013	2012	Index
<b>Statement of financial position (€000)</b>	<b>30.09.</b>	<b>31.12.</b>	
Total assets	4,093,754	4,338,568	94
Total deposits from the non-banking sector	2,748,685	2,917,317	94
Total loans and advances to the non-banking sector	2,707,768	2,891,136	94
Total equity	245,679	192,569	128
Total impairment losses and provisions	692,007	634,558	109
<b>Statement of income (€000)</b>	<b>9M 2013</b>	<b>9M 2012</b>	
Net interest income	51,119	56,420	91
Net fee and commission income	31,233	31,240	100
Net (losses) from trading in securities and foreign exchange	(516)	(3,198)	16
Other income/(loss)	(952)	5,335	
Operating costs	(59,040)	(59,750)	99
Impairment losses and provisions	(67,791)	(131,530)	52
(Loss) from continuing operations	(45,947)	(101,483)	45
Net (loss) for the reporting period	(43,732)	(100,254)	44
<b>Ratios</b>	<b>30.09.</b>	<b>31.12.</b>	
Net (loss) per share <sup>14</sup> (€)	(0.30)	(5.20)	
Share price (€)	0.379	1.300	
Book value per share <sup>15</sup> (€)	0.76	4.92	
Total capital adequacy ratio (%)	8.88	9.18	
Tier I capital ratio (%)	7.97	8.33	
Core Tier I capital ratio (%)	7.20	4.91	
ROAA before tax (%)	(1.43)	(4.60)	
ROAE before tax (%)	(25.87)	(65.54)	
Operating costs/Average total assets (%)	1.85	1.76	
Cost/Income (%)	72.99	47.54	
<b>Rating (long-term)</b>	<b>30.09.</b>	<b>31.12.</b>	
	Caa2 (Moody's)	B3 (Moody's)	
	BB- (Fitch)	BBB- (Fitch)	

<sup>14</sup> Annualised net profit or loss/Weighted average number of shares in the period.

<sup>15</sup> Bank's total equity at the end of the period/Total number of ordinary no-par value shares.



As of 30 September 2013, Nova KBM's market share in terms of total assets accounted for 9.3% of the Slovene banking system.

In the first nine months of 2013, Nova KBM saw a decrease of €168,632,000 in its customer deposits, with its market share in this category falling by 1.3 percentage points to 10.9% at the end of September. As of 30 September 2013, the Bank's market share in loans to the non-banking sector is 9.4%.

As measured by loans given to the non-banking sector, Nova KBM managed to keep its market share flat at 9.3%, despite the difficult economic climate.

Nova KBM's interest rate margin, calculated on the average total assets, stood at 1.60% in the first nine months of 2013, the same as in the same period last year.



**UNAUDITED INTERIM**

**FINANCIAL REPORT OF THE**

**NOVA KBM GROUP**

**JANUARY – SEPTEMBER 2013**

## Interim Statement of Income – Nova KBM Group

€000

ITEM DESCRIPTION	Notes	Nine months ended 30.09.2013	Nine months ended 30.09.2012
Interest income	1	147,070	180,092
Interest expense	1	(80,595)	(94,521)
<b>Net interest income</b>	<b>1</b>	<b>66,475</b>	<b>85,571</b>
<b>Dividend income</b>	<b>2</b>	<b>1,383</b>	<b>2,556</b>
Fee and commission income	3	69,536	70,414
Fee and commission expense	3	(25,063)	(26,507)
<b>Net fee and commission income</b>	<b>3</b>	<b>44,473</b>	<b>43,907</b>
Realised gains on financial assets and liabilities not measured at fair value through profit or loss	-	1,904	1,752
Net gains/(losses) on financial assets and liabilities held for trading	-	2,505	(5,314)
Net gains/(losses) on financial assets and liabilities designated at fair value through profit or loss	5	(1,619)	1,434
Net exchange rate differences	6	(1,477)	(1,111)
Net gains on derecognition of assets excluding non-current assets held for sale	-	404	65
Other net operating income/(loss)	-	(1,120)	3,290
Administration costs	7	(75,195)	(75,754)
Depreciation and amortisation	-	(12,333)	(12,177)
Provisions	-	3,286	(2,675)
Impairment losses	9	(99,003)	(145,795)
Share of profits of associates and joint ventures accounted for using the equity method	10	79	296
Net gains from non-current assets held for sale and liabilities associated therewith	-	304	387
<b>(LOSS) FROM CONTINUING OPERATIONS</b>	<b>-</b>	<b>(69,934)</b>	<b>(103,568)</b>
Income tax related to profit or loss from continuing operations	11	3,007	1,102
<b>NET (LOSS) FROM CONTINUING OPERATIONS</b>	<b>-</b>	<b>(66,927)</b>	<b>(102,466)</b>
Total profit after tax from discontinued operations	-	0	4,824
<b>NET (LOSS) FOR THE PERIOD</b>	<b>-</b>	<b>(66,927)</b>	<b>(97,642)</b>
a) Attributable to owners of the parent	-	(58,055)	(98,730)
– continuing operations	-	(58,055)	(103,554)
– discontinued operations	-	0	4,824
b) Attributable to non-controlling interest	-	(8,872)	1,088
Basic (loss) per share (€)	-	(0.38)	(2.52)
Diluted (loss) per share (€)	-	(0.38)	(2.52)



## Interim Statement of Income – Nova KBM Group (by quarter)

€000

ITEM DESCRIPTION	2013			2012			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Interest income	48,596	46,733	51,741	47,764	55,559	59,930	64,603
Interest expense	(24,791)	(26,483)	(29,321)	(27,491)	(31,744)	(31,232)	(31,545)
<b>Net interest income</b>	<b>23,805</b>	<b>20,250</b>	<b>22,420</b>	<b>20,273</b>	<b>23,815</b>	<b>28,698</b>	<b>33,058</b>
<b>Dividend income</b>	<b>1,029</b>	<b>347</b>	<b>7</b>	<b>16</b>	<b>936</b>	<b>1,620</b>	<b>0</b>
Fee and commission income	23,579	23,884	22,073	23,771	23,263	23,644	23,507
Fee and commission expense	(8,154)	(9,015)	(7,894)	(8,878)	(8,872)	(9,027)	(8,608)
<b>Net fee and commission income</b>	<b>15,425</b>	<b>14,869</b>	<b>14,179</b>	<b>14,893</b>	<b>14,391</b>	<b>14,617</b>	<b>14,899</b>
Realised gains on financial assets and liabilities not measured at fair value through profit or loss	489	907	508	24,220	733	729	290
Net gains/(losses) on financial assets and liabilities held for trading	139	960	1,406	8	457	(2,600)	(3,171)
Net gains/(losses) on financial assets and liabilities designated at fair value through profit or loss	(1,389)	1,273	(1,503)	1,222	887	(2,282)	2,829
Net exchange rate differences	330	(875)	(932)	1,847	(207)	(560)	(344)
Net gains/(losses) on derecognition of assets excluding non-current assets held for sale	281	91	32	(50)	41	(29)	53
Other net operating income/(loss)	(719)	(1,103)	702	(839)	962	950	1,378
Administration costs	(25,149)	(25,765)	(24,281)	(28,305)	(25,803)	(25,295)	(24,656)
Depreciation and amortisation	(4,198)	(4,109)	(4,026)	(4,266)	(4,187)	(4,103)	(3,887)
Provisions	1,117	(570)	2,739	(6,397)	2,327	(4,395)	(607)
Impairment losses	(14,837)	(61,445)	(22,721)	(154,599)	(80,858)	(46,552)	(18,385)
Share of profits/(losses) of associates and joint ventures accounted for using the equity method	19	5	55	(152)	110	77	109
Net gains/(losses) from non-current assets held for sale and liabilities associated therewith	150	72	82	(3,940)	276	84	27
<b>PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>	<b>(3,508)</b>	<b>(55,093)</b>	<b>(11,333)</b>	<b>(136,069)</b>	<b>(66,120)</b>	<b>(39,041)</b>	<b>1,593</b>
Income tax related to profit or loss from continuing operations	(713)	855	2,865	11,388	685	1,543	(1,126)
<b>NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>	<b>(4,221)</b>	<b>(54,238)</b>	<b>(8,468)</b>	<b>(124,681)</b>	<b>(65,435)</b>	<b>(37,498)</b>	<b>467</b>
Total profit after tax from discontinued operations	0	0	0	16,626	1,469	2,377	978
<b>NET PROFIT/(LOSS) FOR THE PERIOD</b>	<b>(4,221)</b>	<b>(54,238)</b>	<b>(8,468)</b>	<b>(108,055)</b>	<b>(63,966)</b>	<b>(35,121)</b>	<b>1,445</b>
a) Attributable to owners of the parent	(2,039)	(49,158)	(6,858)	(106,859)	(62,531)	(36,577)	378
b) Attributable to non-controlling interest	(2,182)	(5,080)	(1,610)	(1,196)	(1,435)	1,456	1,067
Basic earnings/(loss) per share (€)	0	(0.56)	(0.18)	(2.73)	(1.59)	(0.94)	0.01
Diluted earnings/(loss) per share (€)	0	(0.56)	(0.18)	(2.73)	(1.59)	(0.94)	0.01



## Interim Statement of Other Comprehensive Income – Nova KBM Group

€000

ITEM DESCRIPTION	Nine months ended 30.09.2013	Nine months ended 30.09.2012
<b>NET (LOSS) FOR THE PERIOD AFTER TAX</b>	<b>(66,927)</b>	<b>(97,642)</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) AFTER TAX</b>	<b>(10,500)</b>	<b>9,140</b>
Foreign currency translation differences arising from consolidation	(194)	(3,583)
Translation (losses) taken to equity	(194)	(3,583)
<b>Available-for-sale financial assets</b>	<b>(12,173)</b>	<b>12,695</b>
Valuation gains/(losses) taken to equity	(12,172)	12,356
Transferred to profit or loss	(1)	339
Share of other recognised comprehensive income/(loss) of associates and joint ventures accounted for using the equity method	(115)	(54)
Discontinued operations	0	3,142
Income tax related to components of other comprehensive income	1,982	(3,060)
<b>TOTAL COMPREHENSIVE LOSS) FOR THE PERIOD AFTER TAX</b>	<b>(77,427)</b>	<b>(88,502)</b>
a) Attributable to owners of the parent	(66,466)	(89,054)
b) Attributable to non-controlling interest	(10,961)	552





Interim Statement of Other Comprehensive Income – Nova KBM Group (*by quarter*)

€000

ITEM DESCRIPTION	2013			2012			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>NET PROFIT/(LOSS) FOR THE PERIOD AFTER TAX</b>	<b>(4,221)</b>	<b>(54,238)</b>	<b>(8,468)</b>	<b>(108,055)</b>	<b>(63,966)</b>	<b>(35,121)</b>	<b>1,445</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) AFTER TAX</b>	<b>(4,698)</b>	<b>2,208</b>	<b>(8,010)</b>	<b>13,094</b>	<b>1,008</b>	<b>(8,203)</b>	<b>16,335</b>
Foreign currency translation differences arising from consolidation	(451)	(200)	457	1,109	(279)	(1,617)	(1,687)
Translation gains/(losses) taken to equity	(451)	(200)	457	1,309	(279)	(1,617)	(1,687)
Transferred to profit or loss	0	0	0	(200)	0	0	0
<b>Available-for-sale financial assets</b>	<b>(4,841)</b>	<b>2,805</b>	<b>(10,137)</b>	<b>17,009</b>	<b>454</b>	<b>(8,212)</b>	<b>20,453</b>
Valuation gains/(losses) taken to equity	(4,852)	2,805	(10,125)	6,553	234	(8,329)	20,451
Transferred to profit or loss	11	0	(12)	10,456	220	117	2
<b>Share of other recognised comprehensive income/(loss) of associates and joint ventures accounted for using the equity method</b>	<b>(104)</b>	<b>18</b>	<b>(29)</b>	<b>107</b>	<b>(44)</b>	<b>(62)</b>	<b>52</b>
<b>Discontinued operations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,171)</b>	<b>959</b>	<b>577</b>	<b>1,606</b>
<b>Income tax related to components of other comprehensive income</b>	<b>698</b>	<b>(415)</b>	<b>1,699</b>	<b>(2,960)</b>	<b>(82)</b>	<b>1,111</b>	<b>(4,089)</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD AFTER TAX</b>	<b>(8,919)</b>	<b>(52,030)</b>	<b>(16,478)</b>	<b>(94,961)</b>	<b>(62,958)</b>	<b>(43,324)</b>	<b>17,780</b>
a) Attributable to owners of the parent	(6,733)	(47,306)	(12,427)	(94,826)	(61,198)	(44,185)	16,329
b) Attributable to non-controlling interest	(2,186)	(4,724)	(4,051)	(135)	(1,760)	861	1,451



## Interim Statement of Financial Position – Nova KBM Group

€000

ITEM DESCRIPTION	Notes	30.09.2013	31.12.2012
Cash and balances with the central bank	12	283,110	223,882
Financial assets held for trading	13	2,270	1,572
Financial assets designated at fair value through profit or loss	14	32,424	34,563
Available-for-sale financial assets	15	864,255	589,413
Loans and advances	-	3,248,792	3,633,260
– loans and advances to banks	-	80,072	162,408
– loans and advances to customers	17	3,151,664	3,397,900
– other financial assets	18	17,056	72,952
Held-to-maturity financial assets	19	256,054	500,108
Non-current assets and disposal groups classified as held for sale and discontinued operations	-	3,910	2,282
Property, plant and equipment	-	81,100	86,765
Investment property	-	55,996	53,317
Intangible assets	-	34,440	37,485
Investments in the equity of associates and joint ventures accounted for using the equity method	-	3,054	3,090
Tax assets	-	45,724	41,317
– current tax assets	-	1,015	2,424
– deferred tax assets	-	44,709	38,893
Other assets	-	108,845	114,756
<b>TOTAL ASSETS</b>	-	<b>5,019,974</b>	<b>5,321,810</b>
Financial liabilities due to the central bank	-	479,434	485,149
Financial liabilities held for trading	-	1,736	1,658
Financial liabilities measured at amortised cost	20	4,210,634	4,528,517
– deposits from banks	-	75,260	107,077
– deposits from customers	-	3,473,894	3,612,206
– loans from banks	-	454,061	576,004
– loans from customers	-	5,469	6,472
– debt securities	-	67,225	88,592
– subordinated liabilities	-	98,921	98,069
– other financial liabilities	-	35,804	40,097
Provisions	21	42,692	46,630
Tax liabilities	-	684	0
– current tax liabilities	-	90	0
– deferred tax liabilities	-	594	0
Other liabilities	-	6,775	6,652
<b>TOTAL LIABILITIES</b>	-	<b>4,741,955</b>	<b>5,068,606</b>
Share capital	22	143,225	40,814
Share premium	-	165,775	165,775
Revaluation reserves	23	(9,384)	(1,149)
Translation reserves	-	(2,542)	(2,365)
Reserves from profit	-	289,833	289,741
Treasury shares	-	(1,412)	(1,412)
Retained loss (including net loss for the financial year)	-	(339,382)	(281,237)
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	-	<b>246,113</b>	<b>210,167</b>
Non-controlling interest	-	31,906	43,037
<b>TOTAL SHAREHOLDERS' EQUITY</b>	-	<b>278,019</b>	<b>253,204</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	-	<b>5,019,974</b>	<b>5,321,810</b>



The accompanying notes form an integral part of these financial statements.

## Interim Statement of Cash Flows – Nova KBM Group

€000

Designation	ITEM DESCRIPTION	Nine months ended 30.09.2013	Nine months ended 30.09.2012
<b>A.</b>	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>a)</b>	<b>Net (loss) before tax from continuing operations</b>	<b>(69,934)</b>	<b>(103,568)</b>
	Depreciation and amortisation	12,333	12,177
	Impairment/(reversal of impairment) of held-to-maturity financial assets	20	(23)
	Impairment of tangible assets, investment property and intangible assets	323	84
	Share of (profits) of associates and joint ventures accounted for using the equity method	(79)	(296)
	Net losses from exchange rate differences	1,477	1,111
	Net (gains)/losses from held-to-maturity financial assets	323	(21)
	Net (gains) from the sale of tangible assets and investment properties	(404)	(29)
	Other (gains) from investing activities	(12,194)	(14,615)
	Other losses from financing activities	3,646	8,340
	Net unrealised (gains) from non-current assets held for sale and discontinued operations and liabilities associated therewith	(304)	(387)
	Other adjustments to total profit or loss before tax	95,389	148,450
	Cash flow from operating activities before changes in operating assets and liabilities	30,596	51,223
<b>b)</b>	<b>(Increase)/decrease in operating assets (excluding cash equivalents)</b>	<b>(88,273)</b>	<b>244,906</b>
	Net (increase)/decrease in financial assets held for trading	(700)	6,226
	Net decrease in financial assets designated at fair value through profit or loss	2,139	5,075
	Net (increase)/decrease in available-for-sale financial assets	(303,548)	122,826
	Net decrease in loans and advances	207,558	116,587
	Net decrease in non-current assets held for sale	706	667
	Net (increase)/decrease in other assets	5,572	(6,475)
<b>c)</b>	<b>(Decrease) in operating liabilities</b>	<b>(321,474)</b>	<b>(160,695)</b>
	Net increase/(decrease) in financial liabilities to the central bank	(5,715)	72,758
	Net increase/(decrease) in financial liabilities held for trading	78	(968)
	Net (decrease) in deposits and loans measured at amortised cost	(293,918)	(228,637)
	Net increase/(decrease) in debt securities in issue measured at amortised cost	(21,367)	14,107
	Net (decrease) in other liabilities	(552)	(17,955)
<b>d)</b>	<b>Cash flow from operating activities (a+b+c)</b>	<b>(379,151)</b>	<b>135,434</b>
<b>e)</b>	<b>Income tax (paid)/refunded</b>	<b>1,499</b>	<b>(338)</b>
<b>f)</b>	<b>Net cash flow from operating activities (d+e)</b>	<b>(377,652)</b>	<b>135,096</b>



€000

Designation	ITEM DESCRIPTION	Nine months ended 30.09.2013	Nine months ended 30.09.2012
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>a)</b>	<b>Receipts from investing activities</b>	<b>319,272</b>	<b>92,659</b>
	Receipts from the sale of tangible assets and investment properties	1,812	4,747
	Receipts from the disposal of associates – discontinued operations	50,034	0
	Receipts from non-current assets or liabilities held for sale	561	526
	Receipts from the sale of held-to-maturity financial assets	266,865	85,354
	Other receipts from investing activities – discontinued operations	0	2,032
<b>b)</b>	<b>Cash payments on investing activities</b>	<b>(20,927)</b>	<b>(143,252)</b>
	(Cash payments to acquire tangible assets and investment properties)	(6,010)	(10,677)
	(Cash payments to acquire intangible assets)	(3,060)	(9,562)
	(Cash payments to acquire held-to-maturity financial assets)	(11,857)	(123,013)
<b>c)</b>	<b>Net cash flow from investing activities (a+b)</b>	<b>298,345</b>	<b>(50,593)</b>
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>a)</b>	<b>Cash proceeds from financing activities</b>	<b>100,000</b>	<b>113</b>
	Cash proceeds from subordinated liabilities issued	100,000	0
	Other proceeds related to financing activities	0	113
<b>b)</b>	<b>Cash payments on financing activities</b>	<b>(509)</b>	<b>(2,102)</b>
	(Dividends and participation in profits paid)	(95)	(634)
	(Repayment of subordinated liabilities)	(414)	(1,468)
<b>c)</b>	<b>Net cash flow from financing activities (a+b)</b>	<b>99,491</b>	<b>(1,989)</b>
<b>D.</b>	<b>Effects of change in exchange rates on cash and cash equivalents</b>	<b>(1,782)</b>	<b>(4,863)</b>
<b>E.</b>	<b>Net increase in cash and cash equivalents (Af+Bc+Cc)</b>	<b>20,184</b>	<b>82,514</b>
<b>F.</b>	<b>Opening balance of cash and cash equivalents</b>	<b>332,522</b>	<b>245,776</b>
<b>G.</b>	<b>Closing balance of cash and cash equivalents (D+E+F)</b>	<b>350,924</b>	<b>323,427</b>

Reconciliation of cash and cash equivalents with the statement of financial position items as of 30 September 2013 is presented in Note 12.

The balance of cash and cash equivalents as of 30 September 2012 amounted to €323,427,000 and was made up of cash and balances with the central bank, in the amount of €158,266,000, and loans and advances to banks with original maturity of up to three months, in the amount of €165,161,000.

## Cash flows from interest, dividends and participation in profits

€000

ITEM DESCRIPTION	Nine months ended 30.09.2013	Nine months ended 30.09.2012
Interest paid	(78,054)	(85,668)
Interest received	128,679	164,400
Dividends and participation in profits paid	(95)	(634)
Dividends and participation in profits received	1,298	4,312



## Interim Statement of Changes in Equity – Nova KBM Group

Interim Statement of Changes in Equity for the nine months ended 30.09.2013

€000

ITEM DESCRIPTION	Share capital	Share premium	Revaluation reserves	Translation reserves	Reserves from profit	Retained (loss) (including net profit for the period)	Treasury shares (capital deduction item)	Equity attributable to owners of the parent	Non-controlling interest	Total shareholders' equity
<b>OPENING BALANCE FOR THE REPORTING PERIOD</b>	40,814	165,775	(1,149)	(2,365)	289,741	(281,237)	(1,412)	210,167	43,037	253,204
<b>Total comprehensive (loss) for the period after tax</b>	0	0	(8,235)	(176)	0	(58,055)	0	(66,466)	(10,961)	(77,427)
New share capital subscribed (paid)	102,411	0	0	0	0	0	0	102,411	0	102,411
Payment of (accounting for) dividends	0	0	0	0	0	0	0	0	(95)	(95)
Transfer of net profit to reserves from profit	0	0	0	0	91	(91)	0	0	0	0
Other	0	0	0	(1)	1	1	0	1	(75)	(74)
<b>CLOSING BALANCE FOR THE REPORTING PERIOD</b>	143,225	165,775	(9,384)	(2,542)	289,833	(339,382)	(1,412)	246,113	31,906	278,019



## Interim Statement of Changes in Equity for the nine months ended 30.09.2012

€000

ITEM DESCRIPTION	Share capital	Share premium	Revaluation reserves	Translation reserves	Reserves from profit	Retained (loss) (including net profit for the period)	Treasury shares (capital deduction item)	Equity attributable to owners of the parent	Non-controlling interest	Total shareholders' equity
<b>OPENING BALANCE FOR THE REPORTING PERIOD</b>	40,815	165,775	(25,096)	(127)	300,726	(86,628)	(1,412)	394,053	41,510	435,563
<b>Total comprehensive (loss) for the period after tax</b>	0	0	12,904	(3,228)	0	(98,730)	0	(89,054)	552	(88,502)
Payment of (accounting for) dividends	0	0	0	0	0	0	0	0	(631)	(631)
Transfer of net profit to reserves from profit	0	0	0	0	722	(722)	0	0	0	0
Other	(1)	0	0	0	0	0	0	(1)	0	(1)
<b>CLOSING BALANCE FOR THE REPORTING PERIOD</b>	40,814	165,775	(12,192)	(3,355)	301,448	(186,080)	(1,412)	304,998	41,431	346,429





## Notes to the financial statements of the Nova KBM Group

The consolidated financial statements of the Group for the nine-month period ended 30 September 2013 were authorised for issue on 11 November 2013 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 consolidated financial statements are expressed in thousands of euros except where stated otherwise. Slight discrepancies in totals may occur due to rounding adjustments.

### 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 2012 Annual Report of the Nova KBM Group.



## Notes to the statement of income items

### 1 Interest income and expense

#### 1.1 Analysis of interest by market segments

	9M 2013		9M 2012	
	Income	Expense	Income	Expense
Non-financial companies	66,552	4,388	83,809	3,293
State	24,498	15,177	21,190	16,442
Banks	5,477	16,682	9,199	27,830
Other financial organisations	3,147	5,827	4,085	7,347
Households	39,227	36,696	46,918	36,788
Foreign persons	8,016	1,543	14,646	2,584
Non-profit household service providers	153	282	245	237
<b>Total</b>	<b>147,070</b>	<b>80,595</b>	<b>180,092</b>	<b>94,521</b>
<b>Net interest income</b>	<b>66,475</b>		<b>85,571</b>	

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

	9M 2013		9M 2012	
	Current	Non-current	Current	Non-current
<b>Interest income</b>				
Balances with the central bank (measured at amortised cost)	544	0	395	0
Financial assets held for trading	132	0	31	0
Financial assets designated at fair value through profit or loss	0	0	0	34
Available-for-sale financial assets	9,357	7,970	9,233	3,604
Loans and advances (including finance leases)	34,404	82,362	51,009	101,011
Held-to-maturity financial assets	1,280	10,840	1,155	13,460
Other financial assets	181	0	160	0
<b>Total by maturity</b>	<b>45,898</b>	<b>101,172</b>	<b>61,983</b>	<b>118,109</b>
<b>Total</b>	<b>147,070</b>		<b>180,092</b>	
<b>Interest expense</b>				
Financial liabilities due to the central bank (measured at amortised cost)	0	2,173	121	3,074
Financial liabilities held for trading	0	128	0	41
Financial liabilities measured at amortised cost	19,024	59,005	21,880	69,221
Other financial liabilities (including finance leases)	265	0	184	0
<b>Total by maturity</b>	<b>19,289</b>	<b>61,306</b>	<b>22,185</b>	<b>72,336</b>
<b>Total</b>	<b>80,595</b>		<b>94,521</b>	
<b>Net interest income</b>	<b>66,475</b>		<b>85,571</b>	



## 2 Dividend income

	9M 2013	9M 2012
Financial assets held for trading	23	73
Financial assets designated at fair value through profit or loss	1,077	1,218
Available-for-sale financial assets	283	1,265
<b>Total</b>	<b>1,383</b>	<b>2,556</b>

## 3 Fee and commission income and expense

	9M 2013	9M 2012
<b>Fee and commission income</b>	<b>69,536</b>	<b>70,414</b>
Guarantees	2,978	3,031
Domestic payment transactions	36,782	37,929
Transactions under current accounts	9,426	8,210
Card operations	6,105	6,872
International payment transactions	2,249	1,733
Brokerage and agency services	400	201
Transactions in securities for customers	232	209
Lending operations	6,630	7,415
Safekeeping of objects and valuables	56	62
Other services	4,678	4,752
<b>Fee and commission expense</b>	<b>25,063</b>	<b>26,507</b>
Domestic banking services	4,922	3,929
Banking services abroad	745	1,305
Brokerage and agency services	433	339
Stock exchange transactions and other transactions in securities	404	411
Payment transactions	17,517	19,436
Other services	1,042	1,087
<b>Net fee and commission income</b>	<b>44,473</b>	<b>43,907</b>



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

	9M 2013			9M 2012		
	Gains	Losses	Net gains/(losses)	Gains	Losses	Net gains/(losses)
Trading in equity instruments	325	365	(40)	434	372	62
Trading in debt securities	22	0	22	2	3	(1)
Trading in foreign exchange (purchase/sale)	1,309	468	841	2,005	1,004	1,001
Trading in derivatives	3,716	2,034	1,682	3,951	10,326	(6,375)
– futures/forwards	3,271	1,835	1,436	3,550	9,899	(6,349)
– swaps	445	199	246	401	427	(26)
Trading in financial liabilities	0	0	0	0	1	(1)
<b>Total</b>	<b>5,372</b>	<b>2,867</b>	<b>2,505</b>	<b>6,392</b>	<b>11,706</b>	<b>(5,314)</b>

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

	9M 2013			9M 2012		
	Gains	Losses	Net (losses)	Gains	Losses	Net gains
Financial assets designated at fair value through profit or loss	1,078	2,697	(1,619)	5,817	4,383	1,434
<b>Total</b>	<b>1,078</b>	<b>2,697</b>	<b>(1,619)</b>	<b>5,817</b>	<b>4,383</b>	<b>1,434</b>

## 6 Net exchange rate differences

	9M 2013	9M 2012
Foreign exchange gains	23,982	21,755
Foreign exchange losses	25,459	22,866
<b>Net foreign exchange (loss)</b>	<b>(1,477)</b>	<b>(1,111)</b>



## 7 Administration costs

	9M 2013	9M 2012
<b>Staff expenses</b>	<b>43,445</b>	<b>45,455</b>
Gross salaries	33,049	34,389
Social security and pension insurance contribution	6,021	6,227
Pay for annual leave	951	1,288
Other staff costs	3,424	3,551
<b>General and administrative expenses</b>	<b>31,750</b>	<b>30,299</b>
Costs of materials	2,801	2,940
Costs of services	19,754	17,741
Maintenance costs of fixed assets	4,903	5,061
Advertising costs	2,116	2,584
Other administrative costs	2,176	1,973
<b>Total administration costs</b>	<b>75,195</b>	<b>75,754</b>

## 8 Provisions

	9M 2013	9M 2012
Provisions for off-balance sheet liabilities	(3,731)	1,716
Provisions for tax claims and other pending legal issues	479	741
Other provisions	(34)	218
<b>Total</b>	<b>(3,286)</b>	<b>2,675</b>

## 9 Impairment losses

	9M 2013	9M 2012
Financial assets not measured at fair value through profit or loss	98,990	142,507
Other assets	13	3,288
<b>Total impairment losses</b>	<b>99,003</b>	<b>145,795</b>

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

	9M 2013	9M 2012
Financial assets measured at cost	10,757	0
Available-for-sale financial assets designated at fair value	5,733	1,133
Loans and advances (including finance leases and other financial assets) measured at amortised cost	82,480	141,397
– loans and advances to banks	(203)	(15)
– loans and advances to customers	88,069	141,291
– other financial assets	(5,386)	121
Held-to-maturity financial assets measured at amortised cost	20	(23)
<b>Total impairment of financial assets not measured at fair value through profit or loss</b>	<b>98,990</b>	<b>142,507</b>



## 10 Share of profits of associates accounted for using the equity method

	9M 2013	9M 2012
Moja naložba d.d.	79	296
<b>Total</b>	<b>79</b>	<b>296</b>

## 11 Income tax related to profit or loss from continuing operations

	9M 2013	9M 2012
Income tax related to continuing operations	228	844
Deferred tax related to continuing operations	(3,235)	(1,946)
<b>Total</b>	<b>(3,007)</b>	<b>(1,102)</b>

## Notes to the statement of financial position items

### 12 Cash and balances with the central bank

	30.09.2013	31.12.2012
Cash in hand	62,678	59,839
Obligatory deposits with the central bank	205,344	153,025
Other deposits with the central bank	15,088	11,018
<b>Total</b>	<b>283,110</b>	<b>223,882</b>

Obligatory deposit funds are available to finance day-to-day operations and are therefore considered as cash equivalent.

#### 12.1 Cash and cash equivalents

	30.09.2013	31.12.2012
Cash and balances with the central bank	283,110	223,882
Loans and advances to banks	67,814	108,640
<b>Total</b>	<b>350,924</b>	<b>332,522</b>

### 13 Financial assets held for trading

	30.09.2013	31.12.2012
Derivatives	845	1,178
Equity instruments	1,034	310
Debt securities	391	84
<b>Total</b>	<b>2,270</b>	<b>1,572</b>
Quoted	717	394
Unquoted	1,553	1,178
<b>Total</b>	<b>2,270</b>	<b>1,572</b>





### 13.1 Movement in financial assets held for trading

	9M 2013	2012
<b>1 January</b>	<b>1,572</b>	<b>8,741</b>
<b>Increase during the year</b>	<b>3,467</b>	<b>12,841</b>
– acquisition	2,839	12,490
– change in fair value (recovery and reversal of impairment)	89	63
– other (deferred interest, realised gains)	539	288
<b>Decrease during the year</b>	<b>2,769</b>	<b>20,010</b>
– disposal (sale and redemption)	2,265	12,474
– change in fair value (impairment and reversal of recovery)	412	7,306
– exchange rate differences	30	16
– other (deferred interest, realised losses)	62	214
<b>30 September/31 December</b>	<b>2,270</b>	<b>1,572</b>

## 14 Financial assets designated at fair value through profit or loss

	30.09.2013	31.12.2012
Equity instruments	32,424	34,563
<b>Total</b>	<b>32,424</b>	<b>34,563</b>
Quoted	22,747	24,372
Unquoted	9,677	10,191
<b>Total</b>	<b>32,424</b>	<b>34,563</b>

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

	9M 2013	2012
<b>1 January</b>	<b>34,563</b>	<b>38,475</b>
<b>Increase during the year</b>	<b>1,078</b>	<b>7,120</b>
– acquisition	0	22
– change in fair value (recovery and reversal of impairment)	1,078	6,936
– deferred interest	0	34
– exchange rate differences	0	1
– other	0	127
<b>Decrease during the year</b>	<b>3,217</b>	<b>11,032</b>
– disposal (sale and redemption)	0	6,488
– change in fair value (impairment and reversal of recovery)	2,697	4,191
– interest received	0	120
– exchange rate differences	0	19
– other	520	214
<b>30 September/31 December</b>	<b>32,424</b>	<b>34,563</b>



## 15 Available-for-sale financial assets

### 15.1 Analysis by type and market segments

	30.09.2013	31.12.2012
<b>Equity instruments designated at fair value</b>	<b>36,214</b>	<b>50,810</b>
<b>Equity instruments measured at cost</b>	<b>23,231</b>	<b>23,225</b>
<b>Debt securities</b>	<b>804,810</b>	<b>515,378</b>
– issued by the state and the central bank	621,562	302,186
– issued by banks	145,352	176,662
– issued by other issuers	37,896	36,530
<b>Total</b>	<b>864,255</b>	<b>589,413</b>
Quoted	825,768	542,640
Unquoted	38,487	46,773
<b>Total</b>	<b>864,255</b>	<b>589,413</b>

### 15.2 Movement in available-for-sale financial assets

	Equity instruments		Debt securities	Total
	At fair value	At cost		
<b>1 January 2013</b>	<b>50,810</b>	<b>23,225</b>	<b>515,378</b>	<b>589,413</b>
Recognition of new financial assets	297	10,763	469,364	480,424
Interest	0	0	4,509	4,509
Net exchange rate differences	(1)	0	(114)	(115)
Net revaluation through equity	(963)	0	(11,210)	(12,173)
Net impairment through profit or loss	(5,737)	(10,757)	4	(16,490)
Derecognition of financial assets upon disposal	(8,623)	0	(1,030)	(9,653)
Derecognition of financial assets at maturity	0	0	(172,088)	(172,088)
Net gains/(losses) on sale	431	0	(3)	428
<b>30 September 2013</b>	<b>36,214</b>	<b>23,231</b>	<b>804,810</b>	<b>864,255</b>

	Equity instruments		Debt securities	Total
	At fair value	At cost		
<b>1 January 2012</b>	<b>67,752</b>	<b>21,429</b>	<b>610,422</b>	<b>699,603</b>
Recognition of new financial assets	234	4,596	124,141	128,971
Interest	0	0	(2,952)	(2,952)
Net exchange rate differences	(6)	0	(295)	(301)
Net revaluation through equity	5,544	0	24,160	29,704
Net impairment through profit or loss	(11,588)	(1,740)	1	(13,327)
Derecognition of financial assets upon disposal	(11,652)	(1,060)	(8,486)	(21,198)
Derecognition of financial assets at maturity	0	0	(230,434)	(230,434)
Net gains/(losses) on sale	526	0	(1,179)	(653)
<b>31 December 2012</b>	<b>50,810</b>	<b>23,225</b>	<b>515,378</b>	<b>589,413</b>



## 16 Loans and advances to banks

	30.09.2013	31.12.2012
Sight deposits	18,618	32,033
Current loans	51,689	102,067
Impairment of current loans	(2,524)	(2,585)
Non-current loans	12,409	31,186
Impairment of non-current loans	(120)	(293)
<b>Total – net amount</b>	<b>80,072</b>	<b>162,408</b>
<b>Impairment</b>	<b>2,644</b>	<b>2,878</b>
<b>Total – gross amount</b>	<b>82,716</b>	<b>165,286</b>

## 17 Loans and advances to customers

	30.09.2013	31.12.2012
Current loans	829,810	877,873
Impairment of current loans	(200,738)	(178,699)
Non-current loans	3,032,500	3,138,356
Impairment of non-current loans	(522,945)	(450,718)
Claims under guarantees	29,344	23,029
Impairment of claims under guarantees	(16,307)	(11,941)
<b>Total – net amount</b>	<b>3,151,664</b>	<b>3,397,900</b>
<b>Impairment</b>	<b>739,990</b>	<b>641,358</b>
<b>Total – gross amount</b>	<b>3,891,654</b>	<b>4,039,258</b>

### 17.1 Movement in impairment of loans and advances to customers

	9M 2013	2012
<b>1 January</b>	<b>641,358</b>	<b>443,321</b>
Net impairment of principal	88,069	222,630
– additional impairment of principal	163,769	362,044
– reversal of impairment of principal	(75,700)	(139,414)
Additional impairment of interest	15,689	21,817
Additional impairment/reversal of impairment of fees	(14)	59
Write-offs of loans and advances to customers	(15,328)	(45,332)
Exchange rate differences	(179)	(298)
Other	10,395	(839)
<b>30 September/31 December</b>	<b>739,990</b>	<b>641,358</b>



## 18 Other financial assets

	30.09.2013	31.12.2012
Cheques	87	136
Claims for fees and commissions	2,176	2,210
Claims for advance payments	13	7
Accounts receivables	989	948
Other financial assets	13,791	69,651
<b>Total – net amount</b>	<b>17,056</b>	<b>72,952</b>
<b>Impairment</b>	<b>4,699</b>	<b>10,053</b>
<b>Total – gross amount</b>	<b>21,755</b>	<b>83,005</b>

### 18.1 Movement in impairment of other financial assets

	9M 2013	2012
<b>1 January</b>	<b>10,053</b>	<b>2,789</b>
Net impairment of principal	(5,386)	7,530
– additional impairment of principal	2,010	8,314
– reversal of impairment of principal	(7,396)	(784)
Additional impairment of interest	11	18
Additional impairment of fees	90	242
Write-offs of other financial assets	(94)	(446)
Exchange rate differences	25	(80)
<b>30 September/31 December</b>	<b>4,699</b>	<b>10,053</b>

## 19 Held-to-maturity financial assets

	30.09.2013	31.12.2012
<b>Debt securities</b>	<b>256,054</b>	<b>500,108</b>
– current securities issued by the state and the central bank	5,955	37,787
– non-current securities issued by the state and the central bank	212,579	399,951
– non-current securities issued by banks and savings banks	27,589	50,172
– current securities issued by other issuers	1,360	3,566
– non-current securities issued by other issuers	8,571	8,632
<b>Total</b>	<b>256,054</b>	<b>500,108</b>
Quoted	254,719	496,543
Unquoted	1,335	3,565
<b>Total</b>	<b>256,054</b>	<b>500,108</b>



## 19.1 Movement in held-to-maturity financial assets

	9M 2013	2012
<b>1 January</b>	<b>500,108</b>	<b>449,605</b>
<b>Increase during the year</b>	<b>23,956</b>	<b>145,703</b>
– acquisition	11,857	126,005
– gains	683	916
– reversal of impairment	70	52
– other (deferred interest)	<b>11,346</b>	<b>18,730</b>
<b>Decrease during the year</b>	<b>268,010</b>	<b>95,200</b>
– redemption	257,492	83,226
– losses	1,006	974
– impairment	90	31
– exchange rate differences	32	0
– other (interest received)	9,390	10,969
<b>30 September/31 December</b>	<b>256,054</b>	<b>500,108</b>

## 20 Financial liabilities measured at amortised cost

	30.09.2013	31.12.2012
Deposits	3,549,154	3,719,283
Loans	459,530	582,476
Debt securities	67,225	88,592
Subordinated liabilities	98,921	98,069
Other financial liabilities	35,804	40,097
<b>Total</b>	<b>4,210,634</b>	<b>4,528,517</b>

### 20.1 Deposits by type of customers and maturity

	30.09.2013	31.12.2012
<b>Deposits from banks</b>	<b>75,260</b>	<b>107,077</b>
– sight deposits	2,808	5,691
– current deposits	69,577	97,245
– non-current deposits	2,875	4,141
<b>Deposits from customers</b>	<b>3,473,894</b>	<b>3,612,206</b>
– sight deposits	1,353,019	1,330,981
– current deposits	773,777	827,365
– non-current deposits	1,347,098	1,453,860
<b>Total</b>	<b>3,549,154</b>	<b>3,719,283</b>



## 20.2 Loans by type of customers and maturity

	30.09.2013	31.12.2012
<b>Loans from banks</b>	<b>454,061</b>	<b>576,004</b>
– current loans	5,814	13,846
– non-current loans	448,247	562,158
<b>Loans from customers</b>	<b>5,469</b>	<b>6,472</b>
– non-current loans	5,469	6,472
<b>Total</b>	<b>459,530</b>	<b>582,476</b>

## 20.3 Subordinated liabilities

ISIN code	Currency	Date of maturity	Interest rate	30.09.2013	31.12.2012
<b>Subordinated debt</b>					
Adria Bank AG	EUR	perpetual; call option on each 28.12.	variable	1,269	1,250
<b>Hybrid instruments as a component of additional own funds</b>					
Pošta Slovenije d.o.o.: contributions 1 to 4	EUR	perpetual	6M EURIBOR + 2.70 %	6,603	6,740
Pošta Slovenije d.o.o.: 5th contribution	EUR	perpetual	6M EURIBOR + 3.50 %	1,945	1,988
ISIN: XS0270427163	EUR	perpetual; call option after 05.10.2016	3M EURIBOR + 1.60%	50,908	50,222
ISIN: XS0325446903	EUR	perpetual; call option booked as executable on 31.12.2030	3M EURIBOR + 4.00%	12,266	11,920
<b>Hybrid instruments as a component of original own funds</b>					
ISIN: SI0022103046	EUR	perpetual; call option after 29.12.2014	8.70%	25,930	25,949
<b>Total</b>				<b>98,921</b>	<b>98,069</b>

Subordinated liabilities are included in the calculation of capital adequacy. Capital risk is disclosed in Note 29.

## 20.4 Other financial liabilities

	30.09.2013	31.12.2012
Liabilities for fees and commissions	31	70
Liabilities for gross salaries of employees	3,369	3,462
Liabilities to suppliers	3,339	5,733
Liabilities related to card transactions	5,350	5,420
Liabilities related to ATM transactions	2,106	2,036
Liabilities related to funds of customers provided for payments abroad	2,289	4,733
Liabilities related to cash transactions	5,065	665
Liabilities from participation in profits – dividends	75	75
Accruals and deferred income	6,163	7,129
Surplus arising from authorised transactions for customers	33	73
Other financial liabilities	7,984	10,701
<b>Total other financial liabilities</b>	<b>35,804</b>	<b>40,097</b>





## 21 Provisions

	Provisions for tax claims and other pending legal issues	Provisions for pensions and similar benefits	Provisions for off-balance sheet liabilities	Other provisions	Total
<b>1 January 2013</b>	<b>4,400</b>	<b>7,598</b>	<b>34,143</b>	<b>489</b>	<b>46,630</b>
Net provisions made during the year	479	(36)	(3,731)	2	(3,286)
– provisions made during the year	2,276	349	12,603	2	15,230
– provisions reversed during the year	(1,797)	(385)	(16,334)	0	(18,516)
Provisions used during the year	(157)	(478)	0	0	(635)
Exchange rate differences	(2)	(9)	(6)	0	(17)
<b>30 September 2013</b>	<b>4,720</b>	<b>7,075</b>	<b>30,406</b>	<b>491</b>	<b>42,692</b>

	Provisions for tax claims and other pending legal issues	Provisions for pensions and similar benefits	Provisions for off-balance sheet liabilities	Other provisions	Total
<b>1 January 2012</b>	<b>3,551</b>	<b>7,737</b>	<b>26,456</b>	<b>508</b>	<b>38,252</b>
Net provisions made during the year	874	566	7,650	(18)	9,072
– provisions made during the year	968	957	33,308	5	35,238
– provisions reversed during the year	(94)	(391)	(25,658)	(23)	(26,166)
Provisions used during the year	0	(608)	0	(1)	(609)
Exchange rate differences	(25)	(97)	37	0	(85)
<b>31 December 2012</b>	<b>4,400</b>	<b>7,598</b>	<b>34,143</b>	<b>489</b>	<b>46,630</b>

## 22 Share capital

	30.09.2013	31.12.2012
<b>Ordinary shares</b>	<b>143,225</b>	<b>40,814</b>
– subscribed by non-financial companies	3,107	7,209
– subscribed by the state	132,070	14,562
– subscribed by banks	125	458
– subscribed by other financial organisations	844	2,409
– subscribed by households	3,692	7,952
– subscribed by foreign persons	3,387	8,224



## 23 Revaluation reserves

	30.09.2013	31.12.2012
Revaluation reserves in respect of available-for-sale financial assets	(9,384)	(1,149)
– revaluation	(11,096)	(1,322)
– deferred taxes	1,712	173
<b>Total</b>	<b>(9,384)</b>	<b>(1,149)</b>

### 23.1 Movement in revaluation reserves

	9M 2013	2012
<b>1 January</b>	<b>(1,149)</b>	<b>(25,096)</b>
Net change in valuation of available-for-sale financial assets	(9,775)	29,804
– gains/(losses) recognised in revaluation reserves	(9,774)	19,050
– transferred from revaluation reserves to profit or loss	(1)	10,754
Exchange rate differences	1	(1)
Net change in deferred taxes	1,539	(5,856)
<b>30 September/31 December</b>	<b>(9,384)</b>	<b>(1,149)</b>

## 24 Reserves from profit

	30.09.2013	31.12.2012
Regulatory reserves	13,616	13,616
Reserves for treasury shares	1,412	1,412
Statutory reserves	174,184	174,184
Other reserves from profit	100,621	100,529
<b>Total</b>	<b>289,833</b>	<b>289,741</b>

### 24.1 Movement in reserves from profit

	9M 2013	2012
<b>1 January</b>	<b>289,741</b>	<b>300,726</b>
Decrease in regulatory reserves	0	(5,553)
Increase/(decrease) in other reserves	92	(5,432)
<b>30 September/31 December</b>	<b>289,833</b>	<b>289,741</b>



## Other notes

### 25 Commitments and contingent liabilities by type

	30.09.2013		
	Current	Non-current	Total
Financial guarantees	48,811	44,411	93,222
Service guarantees	98,150	95,858	194,008
<b>Total guarantees</b>	<b>146,961</b>	<b>140,269</b>	<b>287,230</b>
<b>Unsecured letters of credit</b>	<b>53</b>	<b>0</b>	<b>53</b>
Approved and undrawn loans	86,970	794	87,764
Approved and undrawn overdrafts	186,144	1,255	187,399
Approved credit lines	10,655	0	10,655
<b>Total commitments and contingent liabilities</b>	<b>283,769</b>	<b>2,049</b>	<b>285,818</b>
<b>Derivatives</b>	<b>141,003</b>	<b>40,000</b>	<b>181,003</b>
<b>Total</b>	<b>571,786</b>	<b>182,318</b>	<b>754,104</b>

	31.12.2012		
	Current	Non-current	Total
Financial guarantees	52,100	46,240	98,340
Service guarantees	104,381	92,290	196,671
<b>Total guarantees</b>	<b>156,481</b>	<b>138,530</b>	<b>295,011</b>
<b>Unsecured letters of credit</b>	<b>21</b>	<b>0</b>	<b>21</b>
Approved and undrawn loans	93,004	1,383	94,387
Approved and undrawn overdrafts	182,164	560	182,724
Approved credit lines	8,557	0	8,557
Other	6,989	0	6,989
<b>Total commitments and contingent liabilities</b>	<b>290,714</b>	<b>1,943</b>	<b>292,657</b>
<b>Derivatives</b>	<b>196,132</b>	<b>5,636</b>	<b>201,768</b>
<b>Total</b>	<b>643,348</b>	<b>146,109</b>	<b>789,457</b>



## 26 Related party transactions

### 26.1 Statement of financial position and off-balance sheet items

	Associates	
	30.09.2013	31.12.2012
<b>Assets</b>		
Loans and advances given (gross amount)	1	3
– loans and advances to customers	1	2
– other financial assets	0	1
Investments in securities	2,237	2,237
– equity instruments	2,237	2,237
<b>Liabilities</b>		
Deposits and loans received	1,736	1,696
– deposits and loans from customers	1,726	1,686
– other financial liabilities	10	10
Subordinated liabilities	12	27
<b>Off-balance sheet items</b>	<b>3</b>	<b>3</b>

	Key management personnel		Other related persons	
	30.09.2013	31.12.2012	30.09.2013	31.12.2012
<b>Assets</b>				
Loans and advances given (gross amount)	318	323	37,931	13,292
– loans and advances to customers	318	322	37,928	13,289
– other financial assets	0	1	3	3
Investments in securities	0	0	382	382
– equity instruments	0	0	382	382
– debt securities	0	0	0	0
Other claims	0	0	1	0
<b>Liabilities</b>				
Deposits and loans received	581	684	4,278	3,459
– deposits and loans from banks	0	0	0	0
– deposits and loans from customers	581	677	4,275	3,370
– other financial liabilities	0	7	3	89
Other liabilities	0	3	0	0
<b>Off-balance sheet items</b>	<b>56</b>	<b>90</b>	<b>601</b>	<b>939</b>



## 26.2 Statement of income

	Associates	
	9M 2013	9M 2012
Net interest income	(67)	(1,205)
Net fee and commission income	7	114
Costs of services	(20)	(524)
<b>Total</b>	<b>(80)</b>	<b>(1,615)</b>

	Key management personnel		Other related persons	
	9M 2013	9M 2012	9M 2013	9M 2012
Net interest income	(14)	(5)	1,365	1,140
Net fee and commission income	0	0	(360)	(452)
Costs of services	(288)	(227)	(1,103)	(1,065)
Individual impairments	0	0	(337)	0
<b>Total</b>	<b>(302)</b>	<b>(232)</b>	<b>(435)</b>	<b>(377)</b>

## 26.3 Loans and guarantees given

	Management Board members		Supervisory Board members		Other Group employees on individual contracts	
	30.09.2013	31.12.2012	30.09.2013	31.12.2012	30.09.2013	31.12.2012
Loans	14	7	50	58	2,647	2,807
Average interest rate on loans (%)	8.25	8.59	3.66	4.18	3.28	3.67
Repayments	0	0	9	10	377	682

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

Exposure to:	30.09.2013	31.12.2012
Bank of Slovenia	187,188	140,764
Republic of Slovenia	753,160	721,036
State-owned institutions	571,311	578,126
<b>Total exposure to the Bank of Slovenia, Republic of Slovenia and state-owned institutions</b>	<b>1,511,659</b>	<b>1,439,926</b>
Share in total assets (%)	30.11	27.06
Off-balance sheet items covered by collateral provided by the Bank of Slovenia or the Republic of Slovenia	9,260	11,664
<b>Total assets</b>	<b>5,019,974</b>	<b>5,321,810</b>



## 28 Credit risk management

### Exposure to credit risk

	Loans to customers		Loans to banks	
	30.09.2013	31.12.2012	30.09.2013	31.12.2012
<b>Net disbursed loans</b>	<b>3,151,664</b>	<b>3,397,900</b>	<b>80,072</b>	<b>162,408</b>
<b>Individual impairment</b>				
Gross amount	1,604,828	1,326,563	24,253	37,781
Impairment	(649,630)	(547,759)	(2,644)	(2,878)
Net amount	955,198	778,804	21,609	34,903
<b>Collective impairment</b>				
Credit rating A	1,157,900	1,313,927	0	0
Credit rating B	605,290	890,162	0	0
Credit rating C	376,729	370,368	0	0
Credit rating D	16,326	20,319	0	0
Credit rating E	56,873	41,297	0	0
<b>Gross amount</b>	<b>2,213,118</b>	<b>2,636,073</b>	<b>0</b>	<b>0</b>
<b>Impairment</b>	<b>(90,360)</b>	<b>(93,599)</b>	<b>0</b>	<b>0</b>
<b>Net amount</b>	<b>2,122,758</b>	<b>2,542,474</b>	<b>0</b>	<b>0</b>
<b>Net non-impaired loans</b>	<b>73,708</b>	<b>76,622</b>	<b>58,463</b>	<b>127,505</b>
<b>Total net loans</b>	<b>3,151,664</b>	<b>3,397,900</b>	<b>80,072</b>	<b>162,408</b>

### Past due and unpaid claims

	30.09.2013				
	Up to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
Banks	0	0	0	2,555	2,555
State	30	0	0	3	33
Legal entities	55,164	20,965	99,231	1,019,920	1,195,280
Households	9,251	933	1,423	53,982	65,589
<b>Total</b>	<b>64,445</b>	<b>21,898</b>	<b>100,654</b>	<b>1,076,460</b>	<b>1,263,457</b>

	31.12.2012				
	Up to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
Banks	0	0	0	2,585	2,585
State	149	1	0	2	152
Legal entities	51,010	21,044	13,605	797,255	882,914
Households	4,801	2,909	923	42,477	51,110
<b>Total</b>	<b>55,960</b>	<b>23,954</b>	<b>14,528</b>	<b>842,319</b>	<b>936,761</b>





## NPLs in the Group's total loan portfolio

	30.09.2013	31.12.2012
Gross NPLs (D, E)*	1,280,791	933,694
Impairment losses for NPLs (D, E)	652,961	476,458
Net NPLs (D, E)	627,830	457,236
Total gross loan portfolio	3,974,370	4,204,544
Total net loan portfolio	3,231,736	3,560,308
Gross NPLs/Total gross loan portfolio (%)	32.23	22.21
Net NPLs/Total net loan portfolio (%)	19.43	12.84

\* Gross NPLs (D, E) include collectively impaired loans, which are classified in credit rating categories D and E and for which prime collateral has not been provided, and individually impaired loans, the basic credit rating of which is D or E.

## Analysis of loans and the percentage of NPLs by industry sectors

Industry sector	30.09.2013			31.12.2012		
	Total loans	NPLs	Share of NPLs (%)	Total loans	NPLs	Share of NPLs (%)
Households	981,506	46,289	4.72	1,016,742	31,257	3.07
Agriculture and hunting, forestry, fishing	41,267	10,070	24.40	42,582	8,637	20.28
Mining	4,612	3,949	85.62	4,712	3,726	79.07
Manufacturing industry	802,567	275,185	34.29	841,441	217,135	25.81
Electricity, gas and steam supply	101,434	657	0.65	106,380	0	0.00
Water supply, waste and sewage management, rehabilitation of the environment	16,708	3,636	21.76	15,071	3,003	19.93
Construction	449,428	343,398	76.41	457,956	259,989	56.77
Trade, maintenance and repair of motor vehicles	452,475	187,943	41.54	446,943	85,496	19.13
Transportation and storage	72,450	11,668	16.10	83,561	13,648	16.33
Accommodation and food service activities	151,113	41,482	27.45	157,061	40,573	25.83
Information and communication activities	91,753	41,934	45.70	89,806	40,354	44.93
Financial intermediation	347,124	116,075	33.44	458,520	101,997	22.24
Real estate activities	140,231	97,522	69.54	140,527	62,619	44.56
Professional, scientific and technical activities	165,906	80,211	48.35	182,742	52,162	28.54
Other various business activities	16,751	7,691	45.91	17,561	6,277	35.74
Public administration and defence services, compulsory social security activities	19,181	0	0.00	19,938	221	1.11
Education	4,693	1,016	21.65	5,192	412	7.94
Health and welfare security	33,654	41	0.12	33,871	113	0.33
Arts, entertainment and recreation	64,014	3,635	5.68	68,913	3,580	5.19
Other activities	17,503	8,389	47.93	15,025	2,495	16.61
<b>Total gross loans</b>	<b>3,974,370</b>	<b>1,280,791</b>	<b>32.23</b>	<b>4,204,544</b>	<b>933,694</b>	<b>22.21</b>



## 29 Composition of regulatory capital and capital requirements

	30.09.2013	31.12.2012
<b>Original own funds</b>		
Paid-up share capital	143,225	40,814
(-) Treasury shares	(1,443)	(1,301)
Share premium	165,775	165,775
Reserves and retained earnings or loss	10,726	216,105
(-) Interim result used in the calculation (unaudited)	(55,835)	(203,773)
Revaluation excesses (PP) – prudential filters	(6,007)	(5,688)
Non-controlling interest	31,906	43,037
Hybrid instruments as a component of original own funds	25,930	125,930
(-) Intangible long-term assets	(34,440)	(37,485)
(-) Other country specific deductions	11,330	11,360
<b>Total</b>	<b>291,167</b>	<b>354,774</b>
<b>Additional own funds I</b>		
Hybrid instruments and preferential cumulative shares	38,254	38,254
Subordinated debt I	1,000	1,000
Other	4,807	5,446
<b>Total</b>	<b>44,061</b>	<b>44,700</b>
<b>(-) Deductions from original own funds and additional own funds I</b>		
(-) Deductions from original own funds	(1,527)	(1,545)
(-) Deductions from additional own funds I	(1,527)	(1,545)
<b>Total</b>	<b>(3,054)</b>	<b>(3,090)</b>
<b>Total equity (for solvency purposes)</b>	<b>332,174</b>	<b>396,384</b>
<b>Capital requirements</b>		
<b>Capital requirements for credit risk</b>	<b>286,854</b>	<b>313,058</b>
Central governments and central banks	0	0
Regional governments and local authorities	390	327
Administrative bodies	428	378
Institutions	12,712	15,674
Corporates	93,915	125,971
Retail banking	70,458	72,871
Secured by real estate	3,675	4,324
Past due items	21,662	19,942
Items belonging to regulatory high-risk categories	55,000	41,215
Collective investment undertakings	1,110	1,812
Other items	27,504	30,544
<b>Total capital requirements for market risks</b>	<b>2,107</b>	<b>3,063</b>
Debt securities	196	578
Equity instruments	646	532
Foreign exchange	1,265	1,953
<b>Capital requirement for operational risk</b>	<b>27,791</b>	<b>29,796</b>
<b>Total</b>	<b>316,752</b>	<b>345,917</b>
Total capital adequacy ratio	8.39%	9.17%
Tier I capital ratio	7.32%	8.17%
Core Tier I capital ratio	6.66%	5.26%
Core Tier I capital ratio (EBA methodology)	6.66%	7.57%



### 30 Fair value of financial assets and financial liabilities

	30.09.2013		31.12.2012	
	Book value	Fair value	Book value	Fair value
<b>Financial assets</b>				
Cash and balances with the central bank	283,110	283,110	223,882	223,882
Financial assets held for trading	2,270	2,270	1,572	1,572
Financial assets designated at fair value through profit or loss	32,424	32,424	34,563	34,563
Available-for-sale financial assets	864,255	864,255	589,413	589,413
Loans and advances to banks	80,072	80,072	162,408	162,259
Loans and advances to customers	3,151,664	3,160,941	3,397,900	3,408,314
Other financial assets	17,056	17,056	72,952	72,952
Held-to-maturity financial assets	256,054	251,896	500,108	501,743
<b>Financial liabilities</b>				
Financial liabilities due to the central bank	479,434	479,506	485,149	486,931
Financial liabilities held for trading	1,736	1,736	1,658	1,658
Deposits from banks	75,260	75,458	107,077	107,563
Deposits from customers	3,473,894	3,490,986	3,612,206	3,636,160
Loans from banks	454,061	456,199	576,004	578,304
Loans from customers	5,469	5,471	6,472	6,479
Debt securities	67,225	74,090	88,592	95,790
Subordinated liabilities	98,921	100,571	98,069	99,729
Other financial liabilities	35,804	35,804	40,097	40,097



## 31 Reporting by operating segments

Analysis by operating segments as of 30.09.2013

	Banking	Leasing	Fund management	Real estate activity	Other	Total	Inter-segment relationship	Relationship to third parties
<b>A. Net income/expense</b>	<b>110,461</b>	<b>(805)</b>	<b>3,767</b>	<b>(276)</b>	<b>16</b>	<b>113,163</b>	<b>235</b>	<b>112,928</b>
Interest and similar income	153,938	4,533	3	476	5	158,955	11,885	147,070
Interest and similar expense	(82,190)	(7,036)	(46)	(1,722)	0	(90,994)	(10,399)	(80,595)
<b>Net interest income</b>	<b>71,748</b>	<b>(2,503)</b>	<b>(43)</b>	<b>(1,246)</b>	<b>5</b>	<b>67,961</b>	<b>1,486</b>	<b>66,475</b>
<b>Dividend income</b>	<b>1,830</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>1,833</b>	<b>450</b>	<b>1,383</b>
Fee and commission income	65,962	71	4,377	3	0	70,413	877	69,536
Fee and commission expense	(25,070)	(134)	(571)	(27)	0	(25,802)	(739)	(25,063)
<b>Net fee and commission income</b>	<b>40,892</b>	<b>(63)</b>	<b>3,806</b>	<b>(24)</b>	<b>0</b>	<b>44,611</b>	<b>138</b>	<b>44,473</b>
Realised gains on financial assets and liabilities not measured at fair value through profit or loss	952	2	42	908	0	1,904	0	1,904
Net gains/(losses) on financial assets and liabilities held for trading	1,965	0	(59)	0	0	1,906	(599)	2,505
Net (losses) on financial assets (and liabilities) designated at fair value through profit or loss	(1,619)	0	0	0	0	(1,619)	0	(1,619)
Net exchange rate differences	(1,321)	(156)	0	0	0	(1,477)	0	(1,477)
Net gains/(losses) on derecognition of assets excluding non-current assets held for sale	365	43	0	(4)	0	404	0	404
Other net operating income/(loss)	(4,351)	1,872	20	88	11	(2,360)	(1,240)	(1,120)
<b>B. Other items by segments</b>	<b>(174,689)</b>	<b>(5,221)</b>	<b>(2,393)</b>	<b>(968)</b>	<b>(3)</b>	<b>(183,274)</b>	<b>(412)</b>	<b>(182,862)</b>
Administration costs	(70,869)	(2,032)	(1,608)	(990)	(3)	(75,502)	(307)	(75,195)
Depreciation and amortisation	(10,827)	(692)	(785)	(31)	0	(12,335)	(2)	(12,333)
Provisions	3,228	0	0	29	0	3,257	(29)	3,286
Impairment losses	(96,525)	(2,497)	0	24	0	(98,998)	5	(99,003)
Share of profits of associates and joint ventures accounted for using the equity method	0	0	0	0	0	0	(79)	79
Net gains from non-current assets held for sale and liabilities associated therewith	304	0	0	0	0	304	0	304
<b>C. Profit or loss</b>								
Profit/(loss) from continuing operations	(64,228)	(6,026)	1,374	(1,244)	13	(70,111)	(177)	(69,934)
Income tax related to profit or loss from continuing operations	2,030	0	0	(202)	(2)	1,826	(1,181)	3,007
<b>NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>	<b>(62,198)</b>	<b>(6,026)</b>	<b>1,374</b>	<b>(1,446)</b>	<b>11</b>	<b>(68,285)</b>	<b>(1,358)</b>	<b>(66,927)</b>
<b>D. Segment assets and liabilities</b>								
Total assets	5,179,691	196,525	14,925	62,704	210	5,454,055	434,081	5,019,974
- non-current assets held for sale and discontinued operations	1,962	1,948	0	0	0	3,910	0	3,910
- investments in associates and joint ventures accounted for using the equity method	57,302	33	0	0	0	57,335	54,281	3,054
Liabilities (excluding equity) by segments	4,855,673	240,723	2,193	79,023	2	5,177,614	435,659	4,741,955
Total equity	324,018	(44,198)	12,732	(16,319)	208	276,441	(1,578)	278,019
Increase in property, plant and equipment and intangible assets	6,030	82	22	16	0	6,150	0	6,150



## Analysis by operating segments as of 30.09.2012

	Banking	Leasing	Fund management	Real estate activity	Other	Total	Inter-segment relationship	Relationship to third parties
<b>A. Net income/expense</b>	<b>128,153</b>	<b>2,520</b>	<b>3,663</b>	<b>900</b>	<b>16</b>	<b>135,252</b>	<b>3,102</b>	<b>132,150</b>
Interest and similar income	183,771	6,703	23	763	4	191,264	11,172	180,092
Interest and similar expense	(96,111)	(8,096)	(119)	(1,367)	0	(105,693)	(11,172)	(94,521)
<b>Net interest income</b>	<b>87,660</b>	<b>(1,393)</b>	<b>(96)</b>	<b>(604)</b>	<b>4</b>	<b>85,571</b>	<b>0</b>	<b>85,571</b>
<b>Dividend income</b>	<b>5,405</b>	<b>0</b>	<b>1</b>	<b>5</b>	<b>0</b>	<b>5,411</b>	<b>2,855</b>	<b>2,556</b>
Fee and commission income	67,143	230	3,947	23	0	71,343	929	70,414
Fee and commission expense	(26,542)	(186)	(479)	(90)	0	(27,297)	(790)	(26,507)
<b>Net fee and commission income</b>	<b>40,601</b>	<b>44</b>	<b>3,468</b>	<b>(67)</b>	<b>0</b>	<b>44,046</b>	<b>139</b>	<b>43,907</b>
Realised gains on financial assets and liabilities not measured at fair value through profit or loss	567	1	235	949	0	1,752	0	1,752
Net (losses) on financial assets and liabilities held for trading	(5,582)	0	(1)	0	0	(5,583)	(269)	(5,314)
Net gains on financial assets (and liabilities) designated at fair value through profit or loss	1,408	0	26	0	0	1,434	0	1,434
Net exchange rate differences	(1,334)	53	0	172	0	(1,109)	2	(1,111)
Net gains on derecognition of assets excluding non-current assets held for sale	38	24	0	3	0	65	0	65
Other net operating income/(loss)	(610)	3,791	30	442	12	3,665	375	3,290
<b>B. Other items by segments</b>	<b>(229,996)</b>	<b>(6,458)</b>	<b>(2,483)</b>	<b>2,764</b>	<b>(3)</b>	<b>(236,176)</b>	<b>(458)</b>	<b>(235,718)</b>
Administration costs	(71,232)	(1,974)	(1,774)	(1,285)	(3)	(76,268)	(514)	(75,754)
Depreciation and amortisation	(10,619)	(813)	(708)	(37)	0	(12,177)	0	(12,177)
Provisions	(2,468)	0	(1)	0	0	(2,469)	206	(2,675)
Impairment losses	(146,064)	(3,671)	0	4,086	0	(145,649)	146	(145,795)
Share of profits of associates and joint ventures accounted for using the equity method	0	0	0	0	0	0	(296)	296
Net gains from non-current assets held for sale and liabilities associated therewith	387	0	0	0	0	387	0	387
<b>C. Profit or loss</b>								
Profit/(loss) from continuing operations	(101,843)	(3,938)	1,180	3,664	13	(100,924)	2,644	(103,568)
Income tax related to profit or loss from continuing operations	1,432	(458)	0	73	(2)	1,045	(57)	1,102
<b>NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>	<b>(100,411)</b>	<b>(4,396)</b>	<b>1,180</b>	<b>3,737</b>	<b>11</b>	<b>(99,879)</b>	<b>2,587</b>	<b>(102,466)</b>
Total profit after tax from discontinued operations					(4,824)	4,824		
<b>D. Segment assets and liabilities</b>								
Total assets	5,737,160	266,556	16,746	73,827	195	6,094,484	528,540	5,565,944
- non-current assets held for sale and discontinued operations	334	5,930	0	0	0	6,264	0	6,264
- investments in associates and joint ventures accounted for using the equity method	101,967	33	0	0	0	102,000	48,286	53,714
Liabilities (excluding equity) by segments	5,350,869	267,383	2,512	82,504	1	5,703,269	483,754	5,219,515
Total equity	386,291	(827)	14,234	(8,677)	194	391,215	44,786	346,429
Increase in property, plant and equipment and intangible assets	5,948	5,947	6,849	15	0	18,759	0	18,759



## 32 Events after the statement of financial position date

There have been no events since the statement of financial position date that would affect the Group's financial statements for the nine-month period ended 30 September 2013.



**UNAUDITED INTERIM  
FINANCIAL REPORT OF  
NOVA KBM d.d.  
  
JANUARY – SEPTEMBER 2013**



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

€000

ITEM DESCRIPTION	Notes	Nine months ended 30.09.2013	Nine months ended 30.09.2012
Interest income	1	118,459	136,976
Interest expense	1	(67,340)	(80,556)
<b>Net interest income</b>	<b>1</b>	<b>51,119</b>	<b>56,420</b>
<b>Dividend income</b>	<b>2</b>	<b>1,807</b>	<b>3,360</b>
Fee and commission income	3	34,445	34,382
Fee and commission expense	3	(3,212)	(3,142)
<b>Net fee and commission income</b>	<b>3</b>	<b>31,233</b>	<b>31,240</b>
Realised gains on financial assets and liabilities not measured at fair value through profit or loss	-	1,083	640
Net gains/(losses) on financial assets and liabilities held for trading	4	1,264	(5,834)
Net gains/(losses) on financial assets and liabilities designated at fair value through profit or loss	5	(1,619)	1,407
Net exchange rate differences	6	(1,244)	589
Net gains/(losses) on derecognition of assets excluding non-current assets held for sale	-	127	(22)
Other net operating (loss)	-	(3,190)	(422)
Administration costs	7	(50,219)	(50,806)
Depreciation and amortisation	-	(8,821)	(8,944)
Provisions	8	3,577	(2,621)
Impairment losses	9	(71,368)	(128,909)
Net gains from non-current assets held for sale and liabilities associated therewith	-	304	387
<b>(LOSS) FROM CONTINUING OPERATIONS</b>	<b>-</b>	<b>(45,947)</b>	<b>(103,515)</b>
Income tax related to profit or loss from continuing operations	10	2,215	1,229
<b>NET (LOSS) FROM CONTINUING OPERATIONS</b>	<b>-</b>	<b>(43,732)</b>	<b>(102,286)</b>
Total profit after tax from discontinued operations	-	0	2,032
<b>NET (LOSS) FOR THE PERIOD</b>	<b>-</b>	<b>(43,732)</b>	<b>(100,254)</b>
Basic (loss) per share (€)	-	(0.29)	(2.56)
Diluted (loss) per share (€)	-	(0.29)	(2.56)



## Interim Statement of Income – Nova KBM d.d. (by quarter)

€000

ITEM DESCRIPTION	2013			2012			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Interest income	39,746	37,257	41,456	40,050	41,888	45,378	49,710
Interest expense	(20,473)	(21,981)	(24,886)	(24,734)	(26,707)	(26,596)	(27,253)
<b>Net interest income</b>	<b>19,273</b>	<b>15,276</b>	<b>16,570</b>	<b>15,316</b>	<b>15,181</b>	<b>18,782</b>	<b>22,457</b>
<b>Dividend income</b>	<b>1,010</b>	<b>797</b>	<b>0</b>	<b>4</b>	<b>1,299</b>	<b>2,061</b>	<b>0</b>
Fee and commission income	12,046	11,858	10,541	11,983	11,257	11,491	11,634
Fee and commission expense	(1,001)	(1,541)	(670)	(1,488)	(1,150)	(1,141)	(851)
<b>Net fee and commission income</b>	<b>11,045</b>	<b>10,317</b>	<b>9,871</b>	<b>10,495</b>	<b>10,107</b>	<b>10,350</b>	<b>10,783</b>
Realised gains on financial assets and liabilities not measured at fair value through profit or loss	295	640	148	23,910	133	217	290
Net gains/(losses) on financial assets and liabilities held for trading	(376)	558	1,082	(2,796)	179	(2,735)	(3,278)
Net gains/(losses) on financial assets and liabilities designated at fair value through profit or loss	(1,389)	1,281	(1,511)	1,226	859	(2,263)	2,811
Net exchange rate differences	546	(919)	(871)	127	(561)	172	978
Net gains/(losses) on derecognition of assets excluding non-current assets held for sale	55	39	33	(4)	(2)	1	(21)
Other net operating (loss)	(1,054)	(1,545)	(591)	(645)	(159)	(113)	(150)
Administration costs	(16,936)	(17,321)	(15,962)	(19,351)	(17,787)	(16,515)	(16,504)
Depreciation and amortisation	(2,977)	(2,966)	(2,878)	(3,042)	(3,030)	(3,012)	(2,902)
Provisions	1,243	38	2,296	(7,326)	2,512	(4,774)	(359)
Impairment losses	(10,388)	(46,526)	(14,454)	(166,129)	(72,643)	(42,911)	(13,355)
Net gains from non-current assets held for sale and liabilities associated therewith	150	72	82	10	276	84	27
<b>PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>	<b>497</b>	<b>(40,259)</b>	<b>(6,185)</b>	<b>(148,205)</b>	<b>(63,636)</b>	<b>(40,656)</b>	<b>777</b>
Income tax related to profit or loss from continuing operations	(55)	678	1,592	9,851	(26)	1,496	(241)
<b>NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>	<b>442</b>	<b>(39,581)</b>	<b>(4,593)</b>	<b>(138,354)</b>	<b>(63,662)</b>	<b>(39,160)</b>	<b>536</b>
Total profit after tax from discontinued operations	0	0	0	35,353	2,032	0	0
<b>NET PROFIT/(LOSS) FOR THE PERIOD</b>	<b>442</b>	<b>(39,581)</b>	<b>(4,593)</b>	<b>(103,001)</b>	<b>(61,630)</b>	<b>(39,160)</b>	<b>536</b>
Basic earnings/(loss) per share (€)	0.29	(0.46)	(0.12)	(2.64)	(1.57)	(1.00)	0.01
Diluted earnings/(loss) per share (€)	0.29	(0.46)	(0.12)	(2.64)	(1.57)	(1.00)	0.01



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

€000

ITEM DESCRIPTION	Nine months ended 30.09.2013	Nine months ended 30.09.2012
<b>NET (LOSS) FOR THE PERIOD AFTER TAX</b>	<b>(43,732)</b>	<b>(100,254)</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) AFTER TAX</b>	<b>(5,569)</b>	<b>10,073</b>
<b>Available-for-sale financial assets</b>	<b>(6,552)</b>	<b>13,228</b>
Valuation gains/(losses) taken to equity	(6,552)	12,980
Transferred to profit or loss	0	248
<b>Income tax related to components of other comprehensive income</b>	<b>983</b>	<b>(3,155)</b>
<b>TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD AFTER TAX</b>	<b>(49,301)</b>	<b>(90,181)</b>



## Interim Statement of Other Comprehensive Income – Nova KBM d.d. (by quarter)

€000

ITEM DESCRIPTION	2013			2012			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
NET PROFIT/(LOSS) FOR THE PERIOD AFTER TAX	442	(39,581)	(4,593)	(103,001)	(61,630)	(39,160)	536
OTHER COMPREHENSIVE INCOME/(LOSS) AFTER TAX	(4,145)	1,537	(2,961)	12,016	1,043	(6,036)	15,066
Available-for-sale financial assets	(4,876)	1,807	(3,483)	14,537	1,257	(6,861)	18,832
Valuation gains/(losses) taken to equity	(4,876)	1,807	(3,483)	4,081	1,009	(6,861)	18,832
Transferred to profit or loss	0	0	0	10,456	248	0	0
Income tax related to components of other comprehensive income	731	(270)	522	(2,521)	(214)	825	(3,766)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD AFTER TAX	(3,703)	(38,044)	(7,554)	(90,985)	(60,587)	(45,196)	15,602



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

€000

ITEM DESCRIPTION	Notes	30.09.2013	31.12.2012
Cash and balances with the central bank	11	181,441	151,124
Financial assets held for trading	12	845	1,178
Financial assets designated at fair value through profit or loss	13	32,424	34,043
Available-for-sale financial assets	14	645,929	417,102
Loans and advances	-	2,855,062	3,127,450
– loans and advances to banks	15	137,250	169,382
– loans and advances to customers	16	2,707,768	2,891,136
– other financial assets	17	10,044	66,932
Held-to-maturity financial assets	18	166,166	397,130
Non-current assets and disposal groups classified as held for sale and discontinued operations	-	189	310
Property, plant and equipment	-	59,679	62,004
Investment property	-	3,041	1,660
Intangible assets	-	19,579	23,381
Investments in the equity of subsidiaries, associates and joint ventures accounted for using the equity method	-	57,302	55,980
Tax assets	-	38,296	35,100
– current tax assets	-	2	4
– deferred tax assets	-	38,294	35,096
Other assets	-	33,801	32,106
<b>TOTAL ASSETS</b>	-	<b>4,093,754</b>	<b>4,338,568</b>
Financial liabilities due to the central bank	-	425,609	423,646
Financial liabilities held for trading	-	4,201	3,412
Financial liabilities measured at amortised cost	19	3,376,854	3,674,360
– deposits from banks	19	50,867	53,880
– deposits from customers	19	2,743,218	2,910,847
– loans from banks	19	393,469	501,368
– loans from customers	19	5,467	6,470
– debt securities	-	75,440	88,591
– subordinated liabilities	19	89,204	88,190
– other financial liabilities	19	19,189	25,014
Provisions	20	37,366	41,033
Other liabilities	-	4,045	3,548
<b>TOTAL LIABILITIES</b>	-	<b>3,848,075</b>	<b>4,145,999</b>
Share capital	21	143,225	40,814
Share premium	-	165,775	165,775
Revaluation reserves	22	(7,661)	(2,092)
Reserves from profit	23	275,044	275,044
Retained loss (including net loss for the financial year)	-	(330,704)	(286,972)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	-	<b>245,679</b>	<b>192,569</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	-	<b>4,093,754</b>	<b>4,338,568</b>



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

€000

Designation	ITEM DESCRIPTION	Nine months ended 30.09.2013	Nine months ended 30.09.2012
<b>A.</b>	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>a)</b>	<b>Net (loss) before tax</b>	<b>(45,947)</b>	<b>(103,515)</b>
	Depreciation and amortisation	8,821	8,944
	Impairment of investments in the equity of subsidiaries, associates and joint ventures	4,155	0
	Net (gains)/losses from exchange rate differences	1,244	(589)
	Net (gains)/losses from held-to-maturity financial assets	323	(21)
	Net (gains)/losses from the sale of tangible assets and investment properties	(127)	20
	Other (gains) from investing activities	(8,839)	(11,822)
	Other losses from financing activities	3,424	8,029
	Net unrealised (gains) from non-current assets held for sale and discontinued operations and liabilities associated therewith	(304)	(387)
	Other adjustments to total profit or loss before tax	63,636	131,530
	Cash flow from operating activities before changes in operating assets and liabilities	26,386	32,189
<b>b)</b>	<b>(Increase)/decrease in operating assets (excluding cash equivalents)</b>	<b>(100,039)</b>	<b>231,318</b>
	Net decrease in financial assets held for trading	333	6,536
	Net decrease in financial assets designated at fair value through profit or loss	1,619	5,110
	Net (increase)/decrease in available-for-sale financial assets	(251,875)	119,441
	Net decrease in loans and advances	150,896	101,251
	Net decrease in non-current assets held for sale	682	642
	Net (increase) in other assets	(1,694)	(1,662)
<b>c)</b>	<b>(Decrease) in operating liabilities</b>	<b>(293,825)</b>	<b>(155,606)</b>
	Net increase in financial liabilities to the central bank	1,963	52,376
	Net increase/(decrease) in financial liabilities held for trading	789	(962)
	Net (decrease) in deposits and loans measured at amortised cost	(283,833)	(218,356)
	Net increase/(decrease) in debt securities in issue measured at amortised cost	(13,151)	13,584
	Net increase/(decrease) in other liabilities	407	(2,248)
<b>d)</b>	<b>Cash flow from operating activities (a+b+c)</b>	<b>(367,478)</b>	<b>107,901</b>
<b>e)</b>	<b>Income tax (paid)/refunded</b>	<b>0</b>	<b>0</b>
<b>f)</b>	<b>Net cash flow from operating activities</b>	<b>(367,478)</b>	<b>107,901</b>



€000

Designation	ITEM DESCRIPTION	Nine months ended 30.09.2013	Nine months ended 30.09.2012
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>a)</b>	<b>Receipts from investing activities</b>	<b>291,335</b>	<b>66,557</b>
	Receipts from the sale of tangible assets and investment properties	260	39
	Receipts from the disposal of subsidiaries, associates and joint ventures – discontinued operations	50,034	0
	Receipts from non-current assets or liabilities held for sale	561	526
	Receipts from the sale of held-to-maturity financial assets	238,954	63,136
	Other receipts from investing activities	1,526	2,856
<b>b)</b>	<b>Cash payments on investing activities</b>	<b>(9,897)</b>	<b>(112,544)</b>
	(Cash payments to acquire tangible assets and investment properties)	(3,003)	(2,260)
	(Cash payments to acquire intangible assets)	(1,417)	(2,028)
	(Cash payments for the investment in subsidiaries, associates and joint ventures)	(5,477)	0
	(Cash payments to acquire held-to-maturity financial assets)	0	(108,256)
<b>c)</b>	<b>Net cash flow from investing activities (a+b)</b>	<b>281,438</b>	<b>(45,987)</b>
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>a)</b>	<b>Cash proceeds from financing activities</b>	<b>100,000</b>	<b>0</b>
	Cash proceeds from subordinated liabilities issued	100,000	0
<b>b)</b>	<b>Cash payments on financing activities</b>	<b>0</b>	<b>(1,077)</b>
	(Dividends paid)	0	(3)
	(Repayment of subordinated liabilities)	0	(1,074)
<b>c)</b>	<b>Net cash flow from financing activities (a+b)</b>	<b>100,000</b>	<b>(1,077)</b>
<b>D.</b>	<b>Effects of change in exchange rates on cash and cash equivalents</b>	<b>(1,444)</b>	<b>186</b>
<b>E.</b>	<b>Net increase in cash and cash equivalents (Af+Bc+Cc)</b>	<b>13,960</b>	<b>60,837</b>
<b>F.</b>	<b>Opening balance of cash and cash equivalents</b>	<b>220,530</b>	<b>200,933</b>
<b>G.</b>	<b>Closing balance of cash and cash equivalents (D+E+F)</b>	<b>233,046</b>	<b>261,956</b>

Reconciliation of cash and cash equivalents with the statement of financial position items as of 30 September 2013 is presented in Note 11.1.

The balance of cash and cash equivalents as of 30 September 2012 amounted to €261,956,000 and was made up of cash and balances with the central bank, in the amount of €93,600,000, and loans and advances to banks with original maturity of up to three months, in the amount of €168,356,000.

## Cash flows from interest, dividends and participation in profits

€000

ITEM DESCRIPTION	Nine months ended 30.09.2013	Nine months ended 30.09.2012
Interest paid	(63,465)	(72,106)
Interest received	100,872	128,594
Dividends paid	0	(3)
Dividends and participation in profits received	1,798	5,116



## Interim Statement of Changes in Equity – Nova KBM d.d.

### Interim Statement of Changes in Equity for the nine months ended 30.09.2013

€000

ITEM DESCRIPTION	Share capital	Share premium	Revaluation reserves	Reserves from profit	Retained (loss) (including net loss for the period)	Total shareholders' equity
OPENING BALANCE FOR THE REPORTING PERIOD	40,814	165,775	(2,092)	275,044	(286,972)	192,569
Total comprehensive (loss) for the period after tax	0	0	(5,569)	0	(43,732)	(49,301)
New share capital subscribed (paid)	102,411	0	0	0	0	102,411
CLOSING BALANCE FOR THE REPORTING PERIOD	143,225	165,775	(7,661)	275,044	(330,704)	245,679

### Interim Statement of Changes in Equity for the nine months ended 30.09.2012

€000

ITEM DESCRIPTION	Share capital	Share premium	Revaluation reserves	Reserves from profit	Retained (loss) (including net loss for the period)	Total shareholders' equity
OPENING BALANCE FOR THE REPORTING PERIOD	40,815	165,775	(24,181)	275,044	(83,717)	373,736
Total comprehensive (loss) for the period after tax	0	0	10,073	0	(100,254)	(90,181)
Other	(1)	0	0	0	0	(1)
CLOSING BALANCE FOR THE REPORTING PERIOD	40,814	165,775	(14,108)	275,044	(183,971)	283,554

The figure in the line 'Other' results from rounding adjustments.





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

The financial statements of Nova KBM d.d. for the nine-month period ended 30 September 2013 were authorised for issue on 29 October 2013 by the Management Board of Nova KBM d.d.

### Statement of compliance

The 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 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. Slight discrepancies in totals may occur due to rounding adjustments.

### 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 2012 Annual Report of Nova KBM d.d.



## Notes to the statement of income items

### 1 Interest income and expense

#### 1.1 Analysis of interest by market segments

	9M 2013		9M 2012	
	Income	Expense	Income	Expense
Non-financial companies	52,451	3,556	61,639	2,760
State	16,776	14,197	14,850	15,533
Banks	5,532	13,212	6,970	24,265
Other financial organisations	7,434	5,145	8,143	5,814
Households	32,183	30,265	38,946	31,301
Foreign persons	3,959	757	6,226	685
Non-profit household service providers	124	208	202	198
<b>Total</b>	<b>118,459</b>	<b>67,340</b>	<b>136,976</b>	<b>80,556</b>
<b>Net interest income</b>	<b>51,119</b>		<b>56,420</b>	

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

	9M 2013		9M 2012	
	Current	Non-current	Current	Non-current
<b>Interest income</b>				
Balances with the central bank (measured at amortised cost)	121	0	236	0
Financial assets held for trading	132	0	31	0
Financial assets designated at fair value through profit or loss	0	0	0	34
Available-for-sale financial assets	8,467	3,406	8,250	0
Loans and advances (including finance leases)	21,421	76,566	26,988	90,411
Held-to-maturity financial assets	145	8,168	499	10,499
Other financial assets	33	0	28	0
<b>Total by maturity</b>	<b>30,319</b>	<b>88,140</b>	<b>36,032</b>	<b>100,944</b>
<b>Total</b>	<b>118,459</b>		<b>136,976</b>	
<b>Interest expense</b>				
Financial liabilities due to the central bank (measured at amortised cost)	0	1,963	117	2,757
Financial liabilities held for trading	0	128	0	41
Financial liabilities measured at amortised cost	11,798	53,451	13,916	63,725
<b>Total by maturity</b>	<b>11,798</b>	<b>55,542</b>	<b>14,033</b>	<b>66,523</b>
<b>Total</b>	<b>67,340</b>		<b>80,556</b>	
<b>Net interest income</b>	<b>51,119</b>		<b>56,420</b>	

### 2 Dividend income

	9M 2013	9M 2012
Financial assets held for trading	0	59
Financial assets designated at fair value through profit or loss	1,077	1,218
Available-for-sale financial assets	204	1,259
Investments in the equity of subsidiaries and associates accounted for using the equity method	526	824
<b>Total</b>	<b>1,807</b>	<b>3,360</b>



### 3 Fee and commission income and expense

	9M 2013	9M 2012
<b>Fee and commission income</b>	<b>34,445</b>	<b>34,382</b>
Guarantees	2,521	2,614
Services provided to banks in the Group	696	677
Services provided to other Group subsidiaries	153	222
Domestic payment transactions	14,066	13,500
Transactions under current accounts	6,864	6,393
Card operations	4,632	5,337
International payment transactions	1,161	505
Brokerage and agency services	364	201
Transactions in securities for customers	215	197
Lending operations	3,658	4,117
Other services	69	567
Safekeeping of objects and valuables	46	52
<b>Fee and commission expense</b>	<b>3,212</b>	<b>3,142</b>
Domestic banking services	1,955	947
Banking services abroad	698	1,244
Brokerage and agency services	27	60
Stock exchange transactions and other transactions in securities	239	217
Payment transactions	271	631
Services of banks in the Group	19	41
Other services	3	2
<b>Net fee and commission income</b>	<b>31,233</b>	<b>31,240</b>

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

	9M 2013			9M 2012		
	Gains	Losses	Net gains/(losses)	Gains	Losses	Net gains/(losses)
Trading in equity instruments	18	62	(44)	250	190	60
Trading in foreign exchange (purchase/sale)	715	415	300	1,325	905	420
Trading in derivatives	3,466	2,458	1,008	3,951	10,265	(6,314)
– futures/forwards	3,271	1,835	1,436	3,550	9,899	(6,349)
– options	0	424	(424)	0	0	0
– swaps	195	199	(4)	401	366	35
<b>Total</b>	<b>4,199</b>	<b>2,935</b>	<b>1,264</b>	<b>5,526</b>	<b>11,360</b>	<b>(5,834)</b>

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

	9M 2013			9M 2012		
	Gains	Losses	Net (losses)	Gains	Losses	Net gains
Financial assets designated at fair value through profit or loss	1,078	2,697	(1,619)	5,787	4,380	1,407
<b>Total</b>	<b>1,078</b>	<b>2,697</b>	<b>(1,619)</b>	<b>5,787</b>	<b>4,380</b>	<b>1,407</b>



## 6 Net exchange rate differences

	9M 2013	9M 2012
Foreign exchange gains	12,386	12,480
Foreign exchange losses	13,630	11,891
<b>Net foreign exchange gain/(loss)</b>	<b>(1,244)</b>	<b>589</b>

## 7 Administration costs

	9M 2013	9M 2012
<b>Staff expenses</b>	<b>28,219</b>	<b>30,173</b>
Gross salaries	21,826	23,354
Social security and pension insurance contribution	3,525	3,778
Pay for annual leave	754	770
Other staff costs	2,114	2,271
<b>General and administrative expenses</b>	<b>22,000</b>	<b>20,633</b>
Costs of materials	1,673	1,802
Costs of services	14,416	12,756
Maintenance costs of fixed assets	3,210	3,384
Advertising costs	1,573	1,892
Other administrative costs	1,128	799
<b>Total administration costs</b>	<b>50,219</b>	<b>50,806</b>

## 8 Provisions

	9M 2013	9M 2012
Provisions for off-balance sheet liabilities	(4,176)	1,980
Provisions for tax claims and other pending legal issues	671	742
Other provisions	(72)	(101)
<b>Total</b>	<b>(3,577)</b>	<b>2,621</b>

## 9 Impairment losses

	9M 2013	9M 2012
Financial assets not measured at fair value through profit or loss	67,214	128,898
Other assets	4,154	11
<b>Total impairment losses</b>	<b>71,368</b>	<b>128,909</b>

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

	9M 2013	9M 2012
Financial assets measured at cost	10,750	0
Available-for-sale financial assets designated at fair value	5,746	1,038
Loans and advances (including finance leases and other financial assets) measured at amortised cost	50,718	127,860
– loans and advances to banks	(2)	(75)
– loans and advances to customers	56,587	127,711
– other financial assets	(5,867)	224
<b>Total impairment of financial assets not measured at fair value through profit or loss</b>	<b>67,214</b>	<b>128,898</b>



## 10 Income tax related to profit or loss from continuing operations

	9M 2013	9M 2012
Deferred tax related to continuing operations	2,215	1,229
<b>Total</b>	<b>2,215</b>	<b>1,229</b>

## Notes to the statement of financial position items

### 11 Cash and balances with the central bank

	30.09.2013	31.12.2012
Cash in hand	35,747	39,490
Obligatory deposits with the central bank	141,695	107,758
Other deposits with the central bank	3,999	3,876
<b>Total</b>	<b>181,441</b>	<b>151,124</b>

Obligatory deposit funds are available to finance day-to-day operations and are therefore considered as cash equivalent.

#### 11.1 Cash and cash equivalents

	30.09.2013	31.12.2012
Cash and balances with the central bank	181,441	151,124
Loans and advances to banks	51,605	69,406
<b>Total</b>	<b>233,046</b>	<b>220,530</b>

### 12 Financial assets held for trading

	30.09.2013	31.12.2012
Derivatives	845	1,178
<b>Total</b>	<b>845</b>	<b>1,178</b>
Unquoted	845	1,178
<b>Total</b>	<b>845</b>	<b>1,178</b>

#### 12.1 Movement in financial assets held for trading

	9M 2013	2012
<b>1 January</b>	<b>1,178</b>	<b>8,442</b>
<b>Increase during the year</b>	<b>0</b>	<b>12,689</b>
– acquisition	0	12,402
– other (deferred interest, realised gains)	0	287
<b>Decrease during the year</b>	<b>333</b>	<b>19,953</b>
– disposal (sale and redemption)	0	12,474
– change in fair value (impairment and reversal of recovery)	333	7,264
– exchange rate differences	0	1
– other (deferred interest, realised losses)	0	214
<b>30 September/31 December</b>	<b>845</b>	<b>1,178</b>



## 13 Financial assets designated at fair value through profit or loss

	30.09.2013	31.12.2012
Equity instruments	32,424	34,043
<b>Total</b>	<b>32,424</b>	<b>34,043</b>
Quoted	22,747	24,366
Unquoted	9,677	9,677
<b>Total</b>	<b>32,424</b>	<b>34,043</b>

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

	9M 2013	2012
<b>1 January</b>	<b>34,043</b>	<b>37,942</b>
<b>Increase during the year</b>	<b>1,078</b>	<b>7,033</b>
– change in fair value (recovery and reversal of impairment)	1,078	6,871
– deferred interest	0	34
– exchange rate differences	0	1
– other	0	127
<b>Decrease during the year</b>	<b>2,697</b>	<b>10,932</b>
– disposal (sale and redemption)	0	6,431
– change in fair value (impairment and reversal of recovery)	2,697	4,151
– interest received	0	120
– exchange rate differences	0	16
– other	0	214
<b>30 September/31 December</b>	<b>32,424</b>	<b>34,043</b>

## 14 Available-for-sale financial assets

### 14.1 Analysis by type and market segments

	30.09.2013	31.12.2012
<b>Equity instruments designated at fair value</b>	<b>31,207</b>	<b>45,425</b>
<b>Equity instruments measured at cost</b>	<b>23,094</b>	<b>23,081</b>
<b>Debt securities</b>	<b>591,628</b>	<b>348,596</b>
– issued by the state and the central bank	462,465	182,824
– issued by banks	106,323	142,599
– issued by other issuers	22,840	23,173
<b>Total</b>	<b>645,929</b>	<b>417,102</b>
Quoted	611,561	374,939
Unquoted	34,368	42,163
<b>Total</b>	<b>645,929</b>	<b>417,102</b>



## 14.2 Movement in available-for-sale financial assets

	Equity instruments		Debt securities	Total
	At fair value	At cost		
<b>1 January 2013</b>	<b>45,425</b>	<b>23,081</b>	<b>348,596</b>	<b>417,102</b>
Recognition of new financial assets	297	10,763	409,678	420,738
Interest	0	0	3,558	3,558
Net revaluation through equity	(751)	0	(5,801)	(6,552)
Net impairment through profit or loss	(5,746)	(10,750)	0	(16,496)
Derecognition of financial assets at maturity	0	0	(164,400)	(164,400)
Derecognition of financial assets upon disposal	(8,408)	0	0	(8,408)
Net gains/(losses) on sale	390	0	(3)	387
<b>30 September 2013</b>	<b>31,207</b>	<b>23,094</b>	<b>591,628</b>	<b>645,929</b>

	Equity instruments		Debt securities	Total
	At fair value	At cost		
<b>1 January 2012</b>	<b>61,041</b>	<b>20,322</b>	<b>442,569</b>	<b>523,932</b>
Recognition of new financial assets	234	3,600	70,352	74,186
Interest	0	0	(2,944)	(2,944)
Net revaluation through equity	5,462	0	22,303	27,765
Net impairment through profit or loss	(11,494)	(840)	0	(12,334)
Derecognition of financial assets at maturity	0	0	(174,019)	(174,019)
Derecognition of financial assets upon disposal	(10,110)	(1)	(8,486)	(18,597)
Net gains/(losses) on sale	292	0	(1,179)	(887)
<b>31 December 2012</b>	<b>45,425</b>	<b>23,081</b>	<b>348,596</b>	<b>417,102</b>

## 15 Loans and advances to banks

	30.09.2013	31.12.2012
Sight deposits	4,409	6,995
Current loans	78,278	97,783
Impairment of current loans	(156)	(172)
Non-current loans	54,853	64,893
Impairment of non-current loans	(134)	(117)
<b>Total – net amount</b>	<b>137,250</b>	<b>169,382</b>
<b>Impairment</b>	<b>290</b>	<b>289</b>
<b>Total – gross amount</b>	<b>137,540</b>	<b>169,671</b>



## 16 Loans and advances to customers

	30.09.2013	31.12.2012
Current loans	525,087	579,103
Impairment of current loans	(127,523)	(120,282)
Non-current loans	2,798,320	2,866,538
Impairment of non-current loans	(499,326)	(443,849)
Claims under guarantees	24,565	18,729
Impairment of claims under guarantees	(13,355)	(9,103)
<b>Total – net amount</b>	<b>2,707,768</b>	<b>2,891,136</b>
<b>Impairment</b>	<b>640,204</b>	<b>573,234</b>
<b>Total – gross amount</b>	<b>3,347,972</b>	<b>3,464,370</b>

### 16.1 Movement in impairment of loans and advances to customers

	9M 2013	2012
<b>1 January</b>	<b>573,234</b>	<b>335,073</b>
Net impairment of principal	56,587	248,235
– additional impairment of principal	120,512	361,917
– reversal of impairment of principal	(63,925)	(113,682)
Additional impairment of interest	12,831	20,531
Additional impairment/reversal of impairment of fees	(14)	59
Write-offs of loans and advances to customers	(2,434)	(30,664)
<b>30 September/31 December</b>	<b>640,204</b>	<b>573,234</b>

## 17 Other financial assets

	30.09.2013	31.12.2012
Cheques	42	75
Claims for fees and commissions	1,487	1,673
Accounts receivables	108	245
Other financial assets	8,407	64,939
<b>Total – net amount</b>	<b>10,044</b>	<b>66,932</b>
<b>Impairment</b>	<b>1,866</b>	<b>7,721</b>
<b>Total – gross amount</b>	<b>11,910</b>	<b>74,653</b>

### 17.1 Movement in impairment of other financial assets

	9M 2013	2012
<b>1 January</b>	<b>7,721</b>	<b>918</b>
Net impairment of principal	(5,867)	6,825
– additional impairment of principal	1,463	7,475
– reversal of impairment of principal	(7,330)	(650)
Additional impairment of interest	11	18
Additional impairment of fees	90	242
Write-offs of other financial assets	(89)	(282)
<b>30 September/31 December</b>	<b>1,866</b>	<b>7,721</b>





## 18 Held-to-maturity financial assets

	30.09.2013	31.12.2012
<b>Debt securities</b>		
– current securities issued by the state and the central bank	0	29,855
– non-current securities issued by the state and the central bank	151,581	330,194
– non-current securities issued by banks and savings banks	10,758	33,203
– non-current securities issued by other issuers	3,827	3,878
<b>Total</b>	<b>166,166</b>	<b>397,130</b>
Quoted	164,509	395,473
Unquoted	1,657	1,657
<b>Total</b>	<b>166,166</b>	<b>397,130</b>

### 18.1 Movement in held-to-maturity financial assets

	9M 2013	2012
<b>1 January</b>	<b>397,130</b>	<b>339,819</b>
<b>Increase during the year</b>	<b>8,996</b>	<b>123,821</b>
– acquisition	0	108,257
– gains	683	916
– other (deferred interest)	8,313	14,648
<b>Decrease during the year</b>	<b>239,960</b>	<b>66,510</b>
– redemption	231,923	58,729
– losses	1,006	974
– other (interest received)	7,031	6,807
<b>30 September/31 December</b>	<b>166,166</b>	<b>397,130</b>

## 19 Financial liabilities measured at amortised cost

	30.09.2013	31.12.2012
Deposits	2,794,085	2,964,727
Loans	398,936	507,838
Debt securities	75,440	88,591
Subordinated liabilities	89,204	88,190
Other financial liabilities	19,189	25,014
<b>Total</b>	<b>3,376,854</b>	<b>3,674,360</b>

### 19.1 Deposits by type of customers and maturity

	30.09.2013	31.12.2012
<b>Deposits from banks</b>	<b>50,867</b>	<b>53,880</b>
– sight deposits	2,202	2,471
– current deposits	1,746	3,540
– non-current deposits	46,919	47,869
<b>Deposits from customers</b>	<b>2,743,218</b>	<b>2,910,847</b>
– sight deposits	982,935	971,591
– current deposits	570,401	616,703
– non-current deposits	1,189,882	1,322,553
<b>Total</b>	<b>2,794,085</b>	<b>2,964,727</b>



## 19.2 Loans by type of customers and maturity

	30.09.2013	31.12.2012
<b>Loans from banks</b>	<b>393,469</b>	<b>501,368</b>
– non-current loans	393,469	501,368
<b>Loans from customers</b>	<b>5,467</b>	<b>6,470</b>
– non-current loans	5,467	6,470
<b>Total</b>	<b>398,936</b>	<b>507,838</b>

## 19.3 Subordinated liabilities

ISIN code	Currency	Date of maturity	Interest rate	30.09.2013	31.12.2012
<b>Hybrid instruments as a component of additional own funds</b>					
ISIN: XS0270427163	EUR	perpetual; call option after 05.10.2016	3M EURIBOR + 1.0%	50,908	50,222
ISIN: XS0325446903	EUR	perpetual; call option booked as executable on 31.12.2030	3M EURIBOR + 4.00%	12,266	11,920
<b>Hybrid instruments as a component of original own funds</b>					
ISIN: SI0022103046	EUR	perpetual; call option after 29.12.2014	8.70%	26,030	26,048
<b>Total</b>				<b>89,204</b>	<b>88,190</b>

Subordinated liabilities are included in the calculation of capital adequacy. Capital risk is disclosed in Note 28.

## 19.4 Other financial liabilities

	30.09.2013	31.12.2012
Liabilities for fees and commissions	4	22
Liabilities for gross salaries of employees	2,442	2,472
Liabilities to suppliers	2,011	4,384
Liabilities related to card transactions	5,302	5,420
Liabilities related to ATM transactions	1,946	2,036
Liabilities related to funds of customers provided for payments abroad	2,171	4,733
Liabilities related to cash transactions	502	665
Liabilities from participation in profits – dividends	75	75
Accruals and deferred income	2,644	2,985
Surplus arising from authorised transactions for customers	30	72
Other financial liabilities	2,062	2,150
<b>Total other financial liabilities</b>	<b>19,189</b>	<b>25,014</b>



## 20 Provisions

	Provisions for tax claims and other pending legal issues	Provisions for pensions and similar benefits	Provisions for off-balance sheet liabilities	Other provisions	Total
<b>1 January 2013</b>	<b>3,274</b>	<b>4,333</b>	<b>32,998</b>	<b>428</b>	<b>41,033</b>
Net provisions made during the year	671	(72)	(4,176)	0	(3,577)
– provisions made during the year	2,249	0	11,207	0	13,456
– provisions reversed during the year	(1,578)	(72)	(15,383)	0	(17,033)
Provisions used during the year	0	(90)	0	0	(90)
<b>30 September 2013</b>	<b>3,945</b>	<b>4,171</b>	<b>28,822</b>	<b>428</b>	<b>37,366</b>

	Provisions for tax claims and other pending legal issues	Provisions for pensions and similar benefits	Provisions for off-balance sheet liabilities	Other provisions	Total
<b>1 January 2012</b>	<b>2,532</b>	<b>4,529</b>	<b>23,773</b>	<b>434</b>	<b>31,268</b>
Net provisions made during the year	742	(14)	9,225	(6)	9,947
– provisions made during the year	836	238	31,900	0	32,974
– provisions reversed during the year	(94)	(252)	(22,675)	(6)	(23,027)
Provisions used during the year	0	(182)	0	0	(182)
<b>31 December 2012</b>	<b>3,274</b>	<b>4,333</b>	<b>32,998</b>	<b>428</b>	<b>41,033</b>

## 21 Share capital

	30.09.2013	31.12.2012
<b>Ordinary shares</b>	<b>143,225</b>	<b>40,814</b>
– subscribed by non-financial companies	3,107	7,209
– subscribed by the state	132,070	14,562
– subscribed by banks	125	458
– subscribed by other financial organisations	844	2,409
– subscribed by households	3,692	7,952
– subscribed by foreign persons	3,387	8,224

## 22 Revaluation reserves

	30.09.2013	31.12.2012
Revaluation reserves in respect of available-for-sale financial assets	(7,661)	(2,092)
– revaluation	(9,013)	(2,461)
– deferred taxes	1,352	369
<b>Total</b>	<b>(7,661)</b>	<b>(2,092)</b>



## 22.1 Movement in revaluation reserves

	9M 2013	2012
<b>1 January</b>	<b>(2,092)</b>	<b>(24,181)</b>
Net change in valuation of available-for-sale financial assets	(6,552)	27,765
– gains/(losses) recognised in revaluation reserves	(6,552)	17,061
– transferred from revaluation reserves to profit or loss	0	10,704
Net change in deferred taxes	983	(5,676)
<b>30 September/31 December</b>	<b>(7,661)</b>	<b>(2,092)</b>

## 23 Reserves from profit

	30.09.2013	31.12.2012
Regulatory reserves	12,145	12,145
Statutory reserves	172,158	172,158
Other reserves from profit	90,741	90,741
<b>Total</b>	<b>275,044</b>	<b>275,044</b>

## Other notes

## 24 Commitments and contingent liabilities by type

	30.09.2013		Total
	Current	Non-current	
Financial guarantees	40,705	35,825	76,530
Service guarantees	87,140	81,321	168,461
<b>Total guarantees</b>	<b>127,845</b>	<b>117,146</b>	<b>244,991</b>
<b>Unsecured letters of credit</b>	<b>307</b>	<b>0</b>	<b>307</b>
Approved and undrawn loans	83,351	495	83,846
Approved and undrawn overdrafts	156,718	0	156,718
<b>Total commitments and contingent liabilities</b>	<b>240,069</b>	<b>495</b>	<b>240,564</b>
<b>Derivatives</b>	<b>129,503</b>	<b>40,000</b>	<b>169,503</b>
<b>Total</b>	<b>497,724</b>	<b>157,641</b>	<b>655,365</b>

	31.12.2012		Total
	Current	Non-current	
Financial guarantees	43,060	38,036	81,096
Service guarantees	95,669	79,827	175,496
<b>Total guarantees</b>	<b>138,729</b>	<b>117,863</b>	<b>256,592</b>
<b>Unsecured letters of credit</b>	<b>249</b>	<b>0</b>	<b>249</b>
Approved and undrawn loans	89,671	1,124	90,795
Approved and undrawn overdrafts	160,906	180	161,086
Other	165	0	165
<b>Total commitments and contingent liabilities</b>	<b>250,742</b>	<b>1,304</b>	<b>252,046</b>
<b>Derivatives</b>	<b>184,632</b>	<b>5,636</b>	<b>190,268</b>
<b>Total</b>	<b>574,352</b>	<b>124,803</b>	<b>699,155</b>



## 25 Related party transactions

### 25.1 Statement of financial position and off-balance sheet items

	Subsidiaries		Associates	
	30.09.2013	31.12.2012	30.09.2013	31.12.2012
<b>Assets</b>				
Loans and advances given (gross amount)	330,236	343,928	1	3
– loans and advances to banks	80,818	81,609	0	0
– loans and advances to customers	249,369	260,936	1	2
– other financial assets	49	1,383	0	1
Investments in securities	56,747	57,089	2,237	2,237
– equity instruments	55,065	55,432	2,237	2,237
– debt securities	1,682	1,657	0	0
Other claims	135	0	0	0
<b>Liabilities</b>				
Deposits and loans received	51,974	50,730	1,725	1,659
– deposits and loans from banks	48,041	47,418	0	0
– deposits and loans from customers	3,118	3,066	1,725	1,659
– other financial liabilities	815	246	0	0
Securities issued	8,216	0	0	0
– debt securities	8,216	0	0	0
Subordinated liabilities	100	100	12	27
Other liabilities	1	0	0	0
Off-balance sheet items	4,159	4,900	3	3

	Key management personnel		Other related persons	
	30.09.2013	31.12.2012	30.09.2013	31.12.2012
<b>Assets</b>				
Loans and advances given (gross amount)	318	323	17,943	12,660
– loans and advances to customers	318	322	17,940	12,657
– other financial assets	0	1	3	3
Investments in securities	0	0	348	348
– equity instruments	0	0	348	348
Other claims	0	0	1	0
<b>Liabilities</b>				
Deposits and loans received	481	684	2,523	898
– deposits and loans from customers	481	677	2,520	809
– other financial liabilities	0	7	3	89
Other liabilities	0	3	0	0
Off-balance sheet items	56	90	139	33

Transactions with related persons are conducted on an arm's length basis.



## 25.2 Statement of income

	Subsidiaries		Associates	
	9M 2013	9M 2012	9M 2013	9M 2012
Net interest income	9,852	7,813	(67)	(1,019)
Dividend income	526	824	0	2,032
Net fee and commission income	727	802	7	340
Costs of services	(86)	(309)	0	(455)
Individual impairments	(1,456)	2,201	0	0
Impairment of loans	4,155	0	0	0
Write-offs	0	0	0	0
<b>Total</b>	<b>13,718</b>	<b>11,331</b>	<b>(60)</b>	<b>898</b>

	Key management personnel		Other related persons	
	9M 2013	9M 2012	9M 2013	9M 2012
Net interest income	(11)	(5)	556	855
Net fee and commission income	0	0	35	41
Costs of services	(185)	(153)	(1,036)	(945)
Individual impairments	0	0	0	0
Write-offs	0	0	0	0
<b>Total</b>	<b>(196)</b>	<b>(158)</b>	<b>(445)</b>	<b>(49)</b>

## 25.3 Loans and guarantees given

	Management Board members		Supervisory Board members		Other Bank employees on individual contracts	
	30.09.2013	31.12.2012	30.09.2013	31.12.2012	30.09.2013	31.12.2012
Loans	14	7	50	58	1,599	1,755
Average interest rate on loans (%)	8.25	8.59	3.66	4.18	3.09	3.30
Repayments	0	0	9	10	218	441

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

Exposure to:	30.09.2013	31.12.2012
Bank of Slovenia	145,694	111,634
Republic of Slovenia	540,419	524,953
State-owned institutions	695,673	718,163
<b>Total exposure to the Bank of Slovenia, Republic of Slovenia and state-owned institutions</b>	<b>1,381,786</b>	<b>1,354,750</b>
Share in total assets (%)	33.75	31.23
Off-balance sheet items covered by collateral provided by the Bank of Slovenia or the Republic of Slovenia	9,260	11,664
<b>Total assets</b>	<b>4,093,754</b>	<b>4,338,568</b>



## 27 Credit risk management

### Exposure to credit risk

	Loans to customers		Loans to banks	
	30.09.2013	31.12.2012	30.09.2013	31.12.2012
<b>Net disbursed loans</b>	<b>2,707,768</b>	<b>2,891,136</b>	<b>137,250</b>	<b>169,382</b>
<b>Individual impairment</b>				
Gross amount	1,263,173	1,191,874	61,486	62,062
Impairment	(563,096)	(502,173)	(290)	(289)
Net amount	700,077	689,701	61,196	61,773
<b>Collective impairment</b>				
Credit rating A	972,179	1,111,019	0	0
Credit rating B	555,895	687,393	0	0
Credit rating C	420,518	352,383	0	0
Credit rating D	21,604	15,546	0	0
Credit rating E	42,987	29,645	0	0
<b>Gross amount</b>	<b>2,013,183</b>	<b>2,195,986</b>	<b>0</b>	<b>0</b>
<b>Impairment</b>	<b>(77,108)</b>	<b>(71,061)</b>	<b>0</b>	<b>0</b>
<b>Net amount</b>	<b>1,936,075</b>	<b>2,124,925</b>	<b>0</b>	<b>0</b>
<b>Net non-impaired loans</b>	<b>71,616</b>	<b>76,510</b>	<b>76,054</b>	<b>107,609</b>
<b>Total net loans</b>	<b>2,707,768</b>	<b>2,891,136</b>	<b>137,250</b>	<b>169,382</b>

### Past due and unpaid claims

	30.09.2013				
	Up to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
Banks	0	0	0	13	13
State	25	0	0	0	25
Legal entities	42,603	14,242	76,274	783,885	917,004
Households	8,155	538	734	35,547	44,974
<b>Total</b>	<b>50,783</b>	<b>14,780</b>	<b>77,008</b>	<b>819,445</b>	<b>962,016</b>

	31.12.2012				
	Up to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
Banks	0	0	0	29	29
State	144	0	0	0	144
Legal entities	37,480	14,678	2,604	613,901	668,663
Households	3,780	1,103	538	27,144	32,565
<b>Total</b>	<b>41,404</b>	<b>15,781</b>	<b>3,142</b>	<b>641,074</b>	<b>701,401</b>



## NPLs in the Bank's total loan portfolio

	30.09.2013	31.12.2012
Gross NPLs (D, E)*	1,000,219	712,671
Impairment losses for NPLs (D, E)	510,303	362,486
Net NPLs (D, E)	489,916	350,185
Total gross loan portfolio	3,485,512	3,634,041
Total net loan portfolio	2,845,018	3,060,518
Gross NPLs/Total gross loan portfolio (%)	28.70	19.61
Net NPLs/Total net loan portfolio (%)	17.22	11.44

\* Gross NPLs (D, E) include collectively impaired loans, which are classified in credit rating categories D and E and for which prime collateral has not been provided, and individually impaired loans, the basic credit rating of which is D or E.

## Analysis of loans and the percentage of NPLs by industry sectors

Industry sector	30.09.2013			31.12.2012		
	Total loans	NPLs	Share of NPLs (%)	Total loans	NPLs	Share of NPLs (%)
Households	863,020	33,917	3.93	898,235	23,722	2.64
Agriculture and hunting, forestry, fishing	26,673	5,045	18.91	27,644	4,020	14.54
Mining	2,045	1,830	89.49	2,131	1,798	84.37
Manufacturing industry	634,117	222,390	35.07	659,623	172,150	26.10
Electricity, gas and steam supply	91,818	0	0.00	92,266	0	0.00
Water supply, waste and sewage management, rehabilitation of the environment	7,951	3,072	38.64	7,247	2,276	31.41
Construction	340,006	260,849	76.72	337,679	196,414	58.17
Trade, maintenance and repair of motor vehicles	314,560	142,449	45.29	320,881	55,631	17.34
Transportation and storage	65,056	9,305	14.30	70,962	8,402	11.84
Accommodation and food service activities	126,357	27,877	22.06	131,166	31,419	23.95
Information and communication activities	66,649	37,509	56.28	66,581	36,007	54.08
Financial intermediation	526,150	98,570	18.73	588,752	91,770	15.59
Real estate activities	163,547	85,717	52.41	166,951	53,764	32.20
Professional, scientific and technical activities	137,482	58,835	42.79	145,397	29,229	20.10
Other various business activities	10,957	3,996	36.47	10,789	3,093	28.67
Public administration and defence services, compulsory social security activities	11,979	0	0.00	12,419	0	0.00
Education	4,383	973	22.20	4,902	348	7.10
Health and welfare security	26,792	40	0.15	26,250	104	0.40
Arts, entertainment and recreation	56,107	1,921	3.42	59,193	1,991	3.36
Other activities	9,863	5,924	60.06	4,973	533	10.72
<b>Total gross loans</b>	<b>3,485,512</b>	<b>1,000,219</b>	<b>28.70</b>	<b>3,634,041</b>	<b>712,671</b>	<b>19.61</b>





## 28 Composition of regulatory capital and capital requirements

	30.09.2013	31.12.2012
<b>Original own funds</b>		
Paid-up share capital	143,225	40,814
(-) Treasury shares	(32)	(111)
Share premium	165,775	165,775
Reserves and retained earnings or loss	(11,899)	191,356
(-) Interim result used in the calculation (unaudited)	(43,703)	(203,226)
Revaluation excesses (PP) – prudential filters	(810)	(794)
Hybrid instruments as a component of original own funds	26,030	126,030
(-) Intangible long-term assets	(19,579)	(23,381)
(-) Other country specific deductions	11,330	11,356
<b>Total</b>	<b>270,337</b>	<b>307,819</b>
<b>Additional own funds I</b>		
Hybrid instruments and preferential cumulative shares	29,908	29,908
Other	1,882	2,380
<b>Total</b>	<b>31,790</b>	<b>32,288</b>
<b>(-) Deductions from original own funds and additional own funds I</b>		
(-) Deductions from original own funds	(1,119)	(1,119)
(-) Deductions from additional own funds I	(1,119)	(1,119)
<b>Total</b>	<b>(2,238)</b>	<b>(2,238)</b>
<b>Total equity (for solvency purposes)</b>	<b>299,889</b>	<b>337,869</b>
<b>Capital requirements</b>		
<b>Capital requirements for credit risk</b>	<b>247,989</b>	<b>269,546</b>
Regional governments and local authorities	212	182
Administrative bodies	37	24
Institutions	12,676	14,558
Corporates	87,275	113,339
Retail banking	57,508	59,361
Secured by real estate	3,697	4,324
Past due items	12,736	11,782
Items belonging to regulatory high-risk categories	44,279	33,651
Collective investment undertakings	757	1,381
Other items	28,812	30,944
<b>Total capital requirements for market risks</b>	<b>1,229</b>	<b>1,805</b>
Debt securities	191	577
Equity instruments	481	483
Foreign exchange	557	745
<b>Capital requirement for operational risk</b>	<b>20,897</b>	<b>23,237</b>
<b>Total</b>	<b>270,115</b>	<b>294,588</b>
Total capital adequacy ratio	8.88 %	9.18 %
Tier I capital ratio	7.97 %	8.33 %
Core Tier I capital ratio	7.20 %	4.91 %
Core Tier I capital ratio (EBA methodology)	7.20 %	7.62 %



## 29 Fair value of financial assets and financial liabilities

	30.09.2013		31.12.2012	
	Book value	Fair value	Book value	Fair value
<b>Financial assets</b>				
Cash and balances with the central bank	181,441	181,441	151,124	151,124
Financial assets held for trading	845	845	1,178	1,178
Financial assets designated at fair value through profit or loss	32,424	32,424	34,043	34,043
Available-for-sale financial assets	645,929	645,929	417,102	417,102
Loans and advances to banks	137,250	137,250	169,382	169,233
Loans and advances to customers	2,707,768	2,717,197	2,891,136	2,901,689
Other financial assets	10,044	10,044	66,932	66,932
Held-to-maturity financial assets	166,166	162,556	397,130	399,072
<b>Financial liabilities</b>				
Financial liabilities due to the central bank	425,609	425,681	423,646	425,428
Financial liabilities held for trading	4,201	4,201	3,412	3,412
Deposits from banks	50,867	51,065	53,880	54,354
Deposits from customers	2,743,218	2,759,954	2,910,847	2,924,576
Loans from banks	393,469	395,607	501,368	501,368
Loans from customers	5,467	5,469	6,470	6,470
Debt securities	75,440	82,305	88,591	95,602
Subordinated liabilities	89,204	90,854	88,190	90,965
Other financial liabilities	19,189	19,189	25,014	25,014

## 30 Events after the statement of financial position date

There have been no events since the statement of financial position date that would affect the Bank's financial statements for the nine-month period ended 30 September 2013.



## Financial calendar of Nova KBM d.d. for the rest of 2013

All notices and announcements released by Nova KBM are available in the electronic dissemination system of the Ljubljana Stock Exchange, SEOnet ([www.ljse.si](http://www.ljse.si)), through the ESPI system of the Warsaw Stock Exchange ([www.gpw.pl](http://www.gpw.pl)), and on the Bank's website ([www.nkbm.si](http://www.nkbm.si)).

Type of publication or event	Anticipated date of publication or event
The 2014 Business Plan of Nova KBM d.d. and the Nova KBM Group	Thursday, 19 December 2013

The date stated above is indicative only and is subject to change. Any change in the release date will be published on the website of Nova KBM.

**Nova KBM d.d., November 2013**