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UNAUDITED REPORT ON OPERATIONS
OF THE NOVA KBM GROUP
AND NOVA KBM D.D.
JANUARY – SEPTEMBER 2015

NOVEMBER 2015



Corporate governance bodies of Nova KBM as of 30 September 2015

Management Board of Nova KBM

Robert Senica	President
Sabina Župec Kranjc	Member

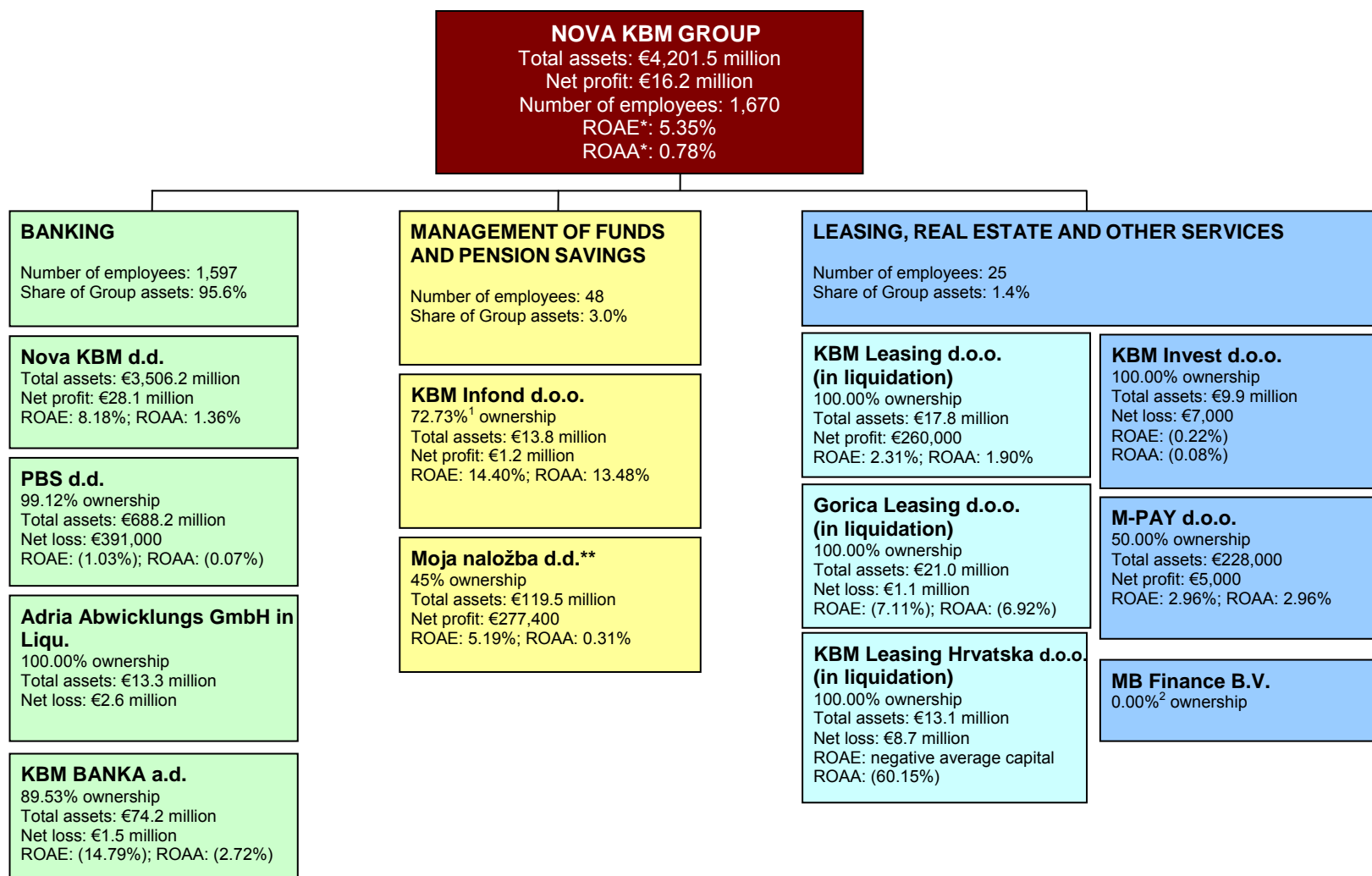
Executive Directors of Nova KBM

Aleksander Batič
 Jernej Močnik
 Vlasta Brečko
 Primož Britovšek
 Darja Hota Mesarič

Supervisory Board of Nova KBM

Peter Kukovica	Chair
Niko Samec	Deputy Chair
Andrej Fatur	Member
Peter Kavčič	Member
Miha Glavič	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:	€150,000,000



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

** Associated company.

¹ The Group's stake in the share capital of KBM Infond accounts for 72.00%. Because KBM Infond holds a certain number of its own shares, the Group's stake in the capital of and voting rights in KBM Infond equals 72.73%.

² In accordance with IFRS 10, 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, and the operations of this entity are considered to be immaterial to the Group.

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Key performance indicators of the Nova KBM Group and Nova KBM

	Nova KBM Group			Nova KBM		
	2015	2014	Ind.	2015	2014	Ind.
Statement of financial position (€000)	30.9.	31.12.		30.9.	31.12.	
Total assets	4,201,547	4,369,010	96	3,506,247	3,608,215	97
Total deposits from the non-banking sector	3,021,828	3,076,875	98	2,443,710	2,466,097	99
Total loans and advances to the non-banking sector	1,826,153	1,920,875	95	1,537,305	1,593,294	96
Total equity	624,724	616,357	101	601,488	580,347	104
Income statement (€000)	1.1. – 30.9.	1.1. – 30.9.		1.1. – 30.9.	1.1. – 30.9.	
Net interest income	73,707	81,710	90	59,533	68,128	87
Net fee and commission income	40,972	42,301	97	30,230	31,485	96
Net gains from trading in securities and foreign exchange	7,808	16,307	48	8,168	13,209	62
Other expenses	(444)	(1,288)	35	(100)	(3,729)	3
Operating costs	(70,459)	(75,116)	94	(51,616)	(53,651)	96
Impairment losses and provisions	(26,684)	(32,671)	82	(10,124)	(33,177)	31
Profit before tax from continuing and discontinued operations	24,900	31,243	80	36,091	22,265	162
Net profit for the reporting period	16,239	26,424	61	28,093	17,790	158
Ratios (%)	30.9.	31.12.		30.9.	31.12.	
Interest margin	2.31	2.38		2.24	2.48	
Total capital adequacy	25.14	23.30		28.04	25.75	
Tier 1 capital adequacy	25.14	23.30		28.04	25.75	
Common Equity Tier 1 capital adequacy	25.14	23.30		28.04	25.75	
ROAA before tax	0.78	0.40		1.36	0.82	
ROAE before tax	5.35	3.07		8.18	5.57	
Operating costs/Average total assets	2.20	2.23		1.94	1.96	
Operating costs/Income (CIR)	57.73	62.14		52.76	50.05	
Net customer loans/Customer deposits (LTD)	60.43	62.43		62.91	64.61	

Significant events during the first nine months of 2015

January

- On 27 January, the Poštna banka Slovenije (PBS) Supervisory Board appointed Marko Novak as the new President of the PBS Management Board, subject to approval of the Bank of Slovenia. Aleksander Jerenko was appointed as a substitute member of the Management Board.
- PBS received recognition from the Information Commissioner of the Republic of Slovenia for implementing good practice in the area of personal data protection.
- On 28 January, Vesna Užnik Đorić, a member of the KBM Banka Executive Board, ended her employment with KBM Banka.

February

- On 3 February, the National Bank of Serbia consented to the appointment of Nikola Fržović as a member of the KBM Banka Executive Board.
- On 27 February, the Nova KBM Supervisory Board took a decision to recall Aleš Hauc from the position of the President of the Nova KBM Management Board, and appointed Robert Senica as the new President. Sabina Župec Kranjc remained on the Management Board as a member.
- Nova KBM extended its offering of payment cards by introducing contactless payment cards, thereby enabling its customers to make payments in a simpler and faster manner, and to benefit from other advantages of using these payment cards.
- In an assessment conducted by the Moje Finance magazine, two of the mutual funds managed by KBM Infond were declared as the best mutual funds in a total of three different categories, while as many as five KBM Infond fund managers were ranked among the best in their profession.

March

- The competent authorities approved a document outlining the organisational activities to be carried out to accomplish the envisaged integration of PBS's operations into those of Nova KBM.
- On 17 March, Aleš Hauc stepped down as the Chair of the PBS Supervisory Board.
- On 23 March, Adria Bank returned to the Austrian Financial Market Authority (FMA) its licence for providing banking services.
- Also on 23 March, Damijan Podlesek was appointed as a new member of the KBM Invest Supervisory Board.
- Nova KBM was awarded the full 'Family-Friendly Company Certificate'.

- As part of a socially responsible campaign called 'Donate a Book, Donate a Future', Nova KBM handed over to the Friends of Youth Association of Slovenia more than 2,200 books it had collected from its employees and customers.
- At the Slovene Advertising Festival, Nova KBM's trademark 'Sveta Vlada' (*Ruler of the World*) was awarded the main prize for the best digital marketing campaign, and the silver EFFIE prize for marketing and communication effectiveness.
- PBS added a car insurance service to the range of insurance brokerage services it provides. In addition, it offered its corporate customers the Activa Visa Business Electron debit card, and participated in the installation of the first bill payment machine of Pošta Slovenije (Post of Slovenia) which makes it possible for money order payments to be settled in cash.
- KBM Infond took over the management of the Perspektiva Umbrella Fund with six sub-funds.
- Nova KBM received €12,500,000 as the first portion of funds provided to it under a tripartite loan facility agreement it signed with the European Investment Bank and SID Banka in December 2014.

April

- Nova KBM offered its customers new MasterCard and Visa charge cards that allow payments in instalments and NFC contactless payments, and the design of which may be customized by customers themselves.
- On 1 April, Marija Brenk became a member of the PBS Management Board. Mojca Mak remained on the PBS Management Board as a substitute member.
- On 7 April, Sabina Župec Kranjc, who had until then been acting as a member of the PBS Supervisory Board, was appointed as its Chair, while Boris Novak was appointed her deputy.
- On 30 April, the Shareholders' Meeting of KBM Leasing Hrvatska made the decision to initiate the liquidation of the company.

May

- On 19 May, Fitch Ratings downgraded Nova KBM's Long-Term Issuer Default Rating (IDR) to 'B+' from 'BB-', with the rating being assigned a stable outlook, and raised its Viability Rating by one notch, to 'b+' from 'b'. Nova KBM's Support Rating was downgraded to '5' from '3', while the Support Rating Floor was changed to 'No Floor' from 'BB-'.
- PBS added ECO consumer and ECO housing loans to its offering of retail loans.
- Adria Bank changed its legal form from a joint stock company to a limited liability company (GmbH) named Adria Abwicklungs.
- In May and June, Nova KBM repaid early the remaining principals of four loans it had taken in the past from SID Banka, totalling €22,857,000.

June

- Moody's Investors Service upgraded Nova KBM's long-term local and foreign-currency deposit ratings to 'B3' from 'Caa1', and at the same time raised the outlook on the ratings to 'positive' from 'stable'. Moody's also upgraded Nova KBM's baseline

credit assessment (BCA) and adjusted BCA to 'caa1' from 'caa2'. Short-term local and foreign-currency deposit ratings were affirmed at 'Not Prime'.

- For its professional execution of commercial payments sent through Deutsche Bank, Nova KBM received the 'Deutsche Bank's 2014 Gold Straight-through Processing Excellence Award/EUR STP Excellence Award', thus being ranked among the most effective banks in the payment service business.
- At DIGGIT, a Slovene conference on digital communication, Nova KBM received recognition for its innovative advertising campaign called 'Zlatko – Živim lajf' (*Zlatko – Living Life*).
- PBS extended its offering by introducing new types of personal accounts, in addition to creating packages of products customized to the needs of individual customer segments.
- On 12 June, the Moja naložba Supervisory Board appointed Robert Senica as its new Chair. Senica replaced in this position Aleš Hauc, who continues to serve on the Supervisory Board as a member.
- Based on a ruling made by the relevant court, the liquidation of KBM Leasing Hrvatska started on 15 June.
- On 18 June, Natalija Muršič Tomažič started her term of office as a substitute member of the PBS Management Board, replacing in this position Mojca Mak, whose term of office expired on the same day.
- Also on 18 June, the Shareholders' Meeting of Adria Abwicklungs made the decision to initiate the liquidation of the company.
- On 30 June, the Slovene Sovereign Holding, Apollo Global Management LLC and the European Bank for Reconstruction and Development signed the agreement concerning the sale of a 100% shareholding of the Republic of Slovenia in Nova KBM.

July

- Nova KBM closed three of its branch offices – in Šentilj, Rožna Dolina and Lucija.
- On 2 July, Primož Britovšek was appointed as a member of the KBM Invest Supervisory Board.
- Irena Matija, who was appointed as the Deputy Manager of the Nova KBM Group Governance Centre on 6 July 2015, took over the running of the project of integrating the operations of PBS into those of Nova KBM.
- Nova KBM arranged with SID Banka two long-term loan facilities totalling €49,237,000, the funds of which are to be used to finance the development of competitive economic activities and projects supporting regional and social development.

August

- On 12 August, the KBM Invest Supervisory Board elected its then member Damijan Podlesek as its Deputy Chair.
- The maximum maturity of Nova KBM housing loans secured by payments of insurance premiums, and of housing loans with fixed interest rates was extended from 10 to 15 years.

September

- On 18 September, Nova KBM opened its refurbished branch office in Lenart.
- On 22 September, Merkur Zavarovalnica sold its 10% shareholding in Moja naložba to Sava Re. Until this transaction, Sava Re's total shareholding in Moja naložba had been 45%, of which 20% had been held directly, while the remaining balance had been held by Sava Re indirectly through its equity stakes in Zavarovalnica Maribor and Zavarovalnica Tilia. The agreement concerning the sale of the shareholding was concluded under the suspensive condition of obtaining the necessary approvals from the Insurance Supervision Agency and the Slovene Competition Protection Agency. Nova KBM continued to be a shareholder of Moja naložba, holding 45% of its equity.
- On 28 September, Marko Novak took up the position of President of the PBS Management Board. Marija Brenk remained on the Management Board as a member, while Natalija Muršič Tomažič, who had until then been acting as a substitute member of the Management Board, resumed her previous position as the Manager of the Treasury Department.
- At the international Digital Communication Awards 2015 held in Berlin, Nova KBM's marketing campaign 'Živim lajf' (*Living Life*), launched to reinforce its trademark 'Sveta vladar' (*Ruler of the World*), was awarded the highest prize in the category Content Marketing.
- In this year's edition of the WEBSI competition, the 2014 Annual Report of Nova KBM in digital format won the third prize in the category Special Digital Projects.

Events after the end of the reporting period

The liquidation proceedings against KBM Leasing and Gorica Leasing had not been completed by 31 July 2015, as originally planned, because some of the activities that the liquidators intended to carry out as part of the business closing process were still in progress.

On 14 October, the Nova KBM Management Board recalled Jure Hartman and Silvan Križman as liquidators of KBM Leasing and Gorica Leasing, respectively, and appointed Dražen Nikolić as the new liquidator of both companies.

In October, Nova KBM successfully redeemed from the market, at a price of 111.50%, a total of 27,798 of its own-issued KBM10 bonds, with a total nominal value of €27,798,000.

In November, work began to merge PBS with Nova KBM, which is one of the strategically most important projects undertaken as part of the consolidation of the Nova KBM Group. The basis upon which the implementation of activities towards the merger of the said banks has started was a consent given by each bank's supervisory board. Until the legal merger, which is scheduled for 1 July 2016, the banks will continue to operate as separate legal entities, given that, prior to taking any further steps towards their integration, they must obtain the necessary approvals from the Bank of Slovenia, the European Central Bank, the European Commission and other competent bodies, and must also meet all relevant regulatory

requirements. Although the operations of the customers of both banks will generally be unaffected until the merger is complete, appropriate measures will be taken to ensure that the information on any changes in this regard is distributed in a timely fashion.

Changes in the Supervisory Board of Nova KBM

There were no changes in the composition of the Nova KBM Supervisory Board in the first nine months of 2015.

Statement of management's responsibilities

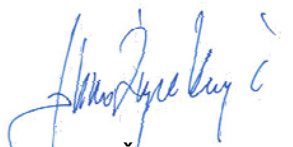
(pursuant to Articles 113 and 114 of the Financial Instruments Market Act)

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


- the financial report summary has been drawn up in accordance with the appropriate accounting framework of reporting and that it provides a true and fair view of the assets, liabilities, the financial position and the profit and loss of Nova KBM and other companies included in the consolidation as a whole, and
- the interim business report, which has been drawn up in accordance with the relevant accounting standard, provides a fair view of significant transactions with related persons.

Maribor, 16 November 2015

Management Board of Nova KBM d.d.



Sabina Župec Kranjc
Member



Robert Senica
President

Profile of the Nova KBM Group and Nova KBM

Nova KBM d.d. (herein also referred to as 'Nova KBM' or the 'Bank') is the parent company of the Nova KBM Group (herein also referred to as the 'Group') which, as of 30 September 2015, comprised the parent company and 10 subsidiary companies. Nova KBM is a commercial bank with a tradition of understanding and supporting its retail and corporate customers to whom it provides standard banking products. Its registered office is at Ulica Vita Kraigherja 4, 2505 Maribor, Republic of Slovenia.

Nova KBM is obliged to prepare consolidated financial statements.

The Group comprises the parent bank and its subsidiary companies.

Company	Position in the Group	Group's voting rights in the company (%)	Registered office (country of incorporation)
Nova Kreditna banka Maribor d.d.	parent bank		Maribor, Slovenia
Poštna banka Slovenije d.d.	subsidiary bank	99.12	Maribor, Slovenia
Adria Abwicklungs GmbH in Liqu.	subsidiary company	100.00 ¹	Vienna, Austria
KBM Banka a.d.	subsidiary bank	89.53	Kragujevac, Serbia
KBM Infond d.o.o.	subsidiary company	72.73 ²	Maribor, Slovenia
KBM Leasing d.o.o. (in liquidation)	subsidiary company	100.00 ³	Maribor, Slovenia
KBM Invest d.o.o.	subsidiary company	100.00	Maribor, Slovenia
Gorica Leasing d.o.o. (in liquidation)	subsidiary company	100.00 ⁴	Nova Gorica, Slovenia
M-PAY d.o.o.	subsidiary company	50.00	Maribor, Slovenia
KBM Leasing Hrvatska d.o.o. (in liquidation)	subsidiary company	100.00 ⁵	Zagreb, Croatia
MB Finance B.V.	subsidiary company	00.00 ⁶	Netherlands

¹ On 23 March 2015, Adria Bank returned to the Austrian Financial Market Authority (FMA) its licence for providing banking services, after which, on 11 June 2015, it changed its legal form from a joint stock company to a limited liability company (GmbH) named Adria Abwicklungs.

² The Group's stake in the share capital of KBM Infond accounts for 72.00%. Because KBM Infond holds a certain number of its own shares, the Group's stake in the capital of and voting rights in KBM Infond equals 72.73%.

³ Gorica Leasing filed for controlled liquidation on 31 December 2014.

⁴ KBM Leasing filed for controlled liquidation on 31 December 2014.

⁵ KBM Leasing Hrvatska filed for controlled liquidation on 30 April 2015.

⁶ In accordance with IFRS 10, 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, and the operations of this entity are considered to be immaterial to the Group.

Key performance indicators of individual Group companies for the nine-month period ended 30 September 2015

COMPANY	Number of employees 30.9.2015	Net profit/(loss) (€000)	Total assets (€000)	ROAE before tax (%)	ROAA before tax (%)
Nova KBM d.d.	1,111	28,093	3,506,247	8.18	1.36
Poštna banka Slovenije d.d.	221	(391)	688,153	(1.03)	(0.07)
Adria Abwicklungs GmbH (in liquidation)	3	(2,648)	13,312	*	*
KBM Banka a.d.	262	(1,540)	74,193	(14.79)	(2.72)
KBM Infond d.o.o.	34	1,163	13,770	14.40	13.48
KBM Leasing d.o.o. (in liquidation)	5	260	17,775	2.31	1.90
KBM Invest d.o.o.	8	(7)	9,919	(0.22)	(0.08)
Gorica Leasing d.o.o. (in liquidation)	9	(1,144)	21,005	(7.11)	(6.92)
M-Pay d.o.o.	0	5	228	2.96	2.96
KBM Leasing Hrvatska d.o.o. (in liquidation)	3	(8,664)	13,085	**	(60.15)
Moja naložba d.d.	14	277	119,506	5.19	0.31

* The performance ratios of Adria Abwicklungs (in liquidation), a company into which Adria Bank was legally transformed after it had returned its licence for providing banking services and transferred its assets to Nova KBM, are not presented because they are irrelevant.

** Not calculated due to the company having negative average capital.

Shareholder structure of Nova KBM and information about its shares

As of 30 September 2015, the share capital of Nova KBM totalled €150,000,000 and was split into 10,000,000 ordinary no-par-value shares, all of which were held by the Republic of Slovenia. Nova KBM shares, with the ticker symbol KBMS, are not quoted on a regulated stock market.

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 Bank Shareholders' Meeting. The rights of the holders of ordinary shares are set out in the relevant legislation of the Republic of Slovenia.

Information about shares

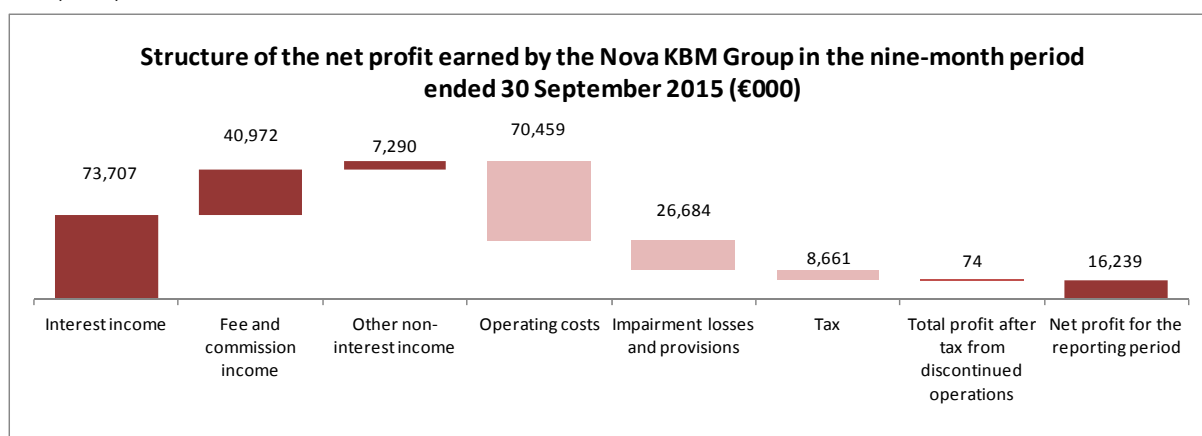
	Nova KBM Group				Nova KBM			
	30.9.15	31.12.14	31.12.13	31.12.12	30.9.15	31.12.14	31.12.13	31.12.12
Book value per share ⁷ (€)	62.17	61.34	56.67	5.37	60.15	58.03	51.77	4.92
Net earnings/(loss) per share ⁸ (€)	2.12	2.19	(63.05)	(5.25)	3.75	3.59	(65.65)	(5.20)

⁷ 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 total number of Bank shares outstanding at the end of the reporting period.

⁸ 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 Bank shares in the year. The total number of KBMS shares outstanding at the end of the reporting period was taken into account in the calculation of the 2013 net loss and the 2014 net earnings per share.

Operating results of the Nova KBM Group

For the nine-month period ended 30 September 2015, the Nova KBM Group reported a **net profit** of €16,239,000, compared to €26,424,000 reported for the same period last year. Total income earned by the Group declined year-on-year by 12.2% and totalled €122,043,000, of which €73,707,000 was attributable to net interest income and €40,972,000 was attributable to net fee and commission income. Operating costs incurred by the Group in the first nine months of 2015 totalled €70,459,000, down 6.2% on the comparable period last year, while net provisioning charges recorded by the Group from January through September 2015 totalled €26,684,000, a decline from the same period last year when these charges reached €32,671,000.



Net interest income earned by the Group in the first nine months of the year reached €73,707,000, down €8,003,000, or 9.8%, on the same period last year, with interest income and interest expenses registering a year-on-year decline of 23.4% and 50.9%, respectively. The year-on-year decline in interest income was attributable mainly to a reduction in the lending volume and interest rates on loans recorded by Nova KBM, but also due to lower business volumes registered by other Group companies. The decline in interest expenses was attributable mainly to a reduction in deposit interest rates.

The structure of interest income and interest expenses by market segment and type of assets and liabilities for both the Group and the Bank is presented in the notes to the financial statements.

Net fee and commission income generated by the Group in the first nine months of the year totalled €40,972,000, a decline of 3.1% compared with the same period last year. Both fee and commission income, and fee and commission expenses registered a decline, with fees earned on payment services declining the most. The structure of fees and commissions for both the Group and the Bank is presented in the notes to the financial statements.

Other non-interest income⁹ was €7,364,000, down from €15,019,000 reported for the same period last year.

Operating costs (administration costs, including depreciation and amortisation) incurred by the Group in the first nine months of the year totalled €70,459,000, a decline of 6.2% compared with the same period last year, with Group banks registering the largest drop. As regards the composition of operating costs, staff costs accounted for 48.6% of the total operating costs, followed by general and administrative costs (37.7%), and depreciation and amortisation (13.7%). The Group's cost-to-income ratio reached 57.73% in the first nine months of the year.

The Group's **net provisioning charges** totalled €26,684,000 in the first nine months of the year, compared to €32,671,000 reported for the same period last year. The structure of provisions and impairment losses by type of assets for both the Group and the Bank is presented in the notes to the financial statements.

The Nova KBM Group expects to end the financial year of 2015 with a profit.

9 Other non-interest income includes: dividend income; realised gains or losses on financial assets and liabilities not measured at fair value through profit or loss; net gains or losses on financial assets and liabilities held for trading; gains or losses on financial assets and liabilities designated at fair value through profit or loss; net exchange rate differences; net gains or losses on derecognition of assets other than non-current assets held for sale; other net operating income or loss; share of profits or losses of associates and joint ventures accounted for using the equity method; net gains or losses from non-current assets held for sale and liabilities associated therewith; and total profit or loss after tax from discontinued operations.

Financial position of the Nova KBM Group

At the end of September 2015, the **Group's total assets** amounted to €4,201,547,000, down 3.8%, or €167,463,000, on the end of 2014. The decline in total assets was in line with the requirements of the European Commission.

The decline in the **balance of cash funds** was largely attributable to a reduction in the volume of deposits held by Nova KBM with the central bank and commercial banks.

The decline in the volume of **loans** in the first nine months of the year was mostly the result of a reduction in loans outstanding to the non-banking sector. This decline was partially offset by a marginal increase in loans outstanding to banks.

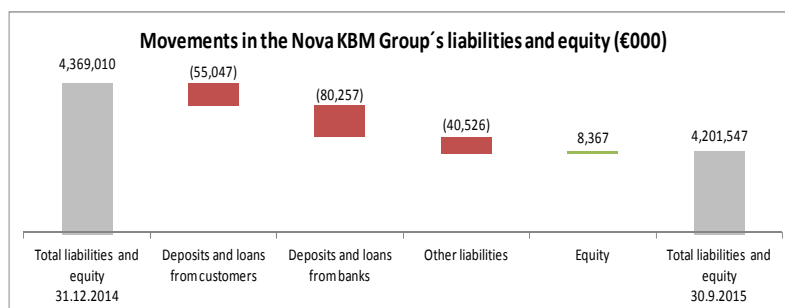
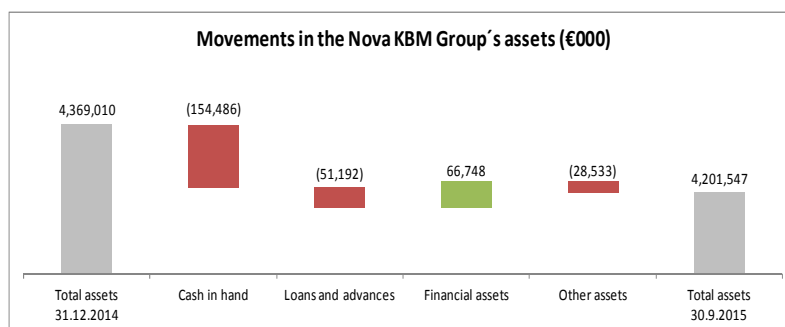
The increase in the balance of the Group's **financial assets** registered in the first nine months of the year was largely attributable to an increase in the portfolio of available-for-sale financial assets held by Nova KBM.

The decline in **deposits and loans from customers** was chiefly attributable to a reduction in current and non-current deposits placed with Group banks.

As of 30 September 2015, the Group's **total equity** amounted to €624,724,000, an increase of 1.4% from the end of last year, with its **total capital adequacy ratio** standing at 25.14%. The composition of the Group's equity is presented in the notes to the financial statements.

As a result of a decline in both net loans outstanding to the non-banking sector and deposits from the non-banking sector, the Group's loan-to-deposit ratio (**net LTD ratio**) contracted in the first nine months of the year by 2.0 percentage points, to 60.43% at the end of September 2015.

The Group is consistently implementing its restructuring programme and is scaling down its business volumes and risk-weighted assets in accordance with the commitments it has given to the European Commission.



**INTERIM FINANCIAL REPORT OF THE
NOVA KBM GROUP
AND
NOVA KBM d.d.
JANUARY – SEPTEMBER 2015**

FINANCIAL STATEMENTS

NOVA KBM GROUP AND NOVA KBM d.d.

1 Interim Income Statement

€000

ITEM DESCRIPTION	Notes	Nova KBM Group		Nova KBM d.d.	
		1.1.– 30.9.2015	1.1.– 30.9.2014	1.1.– 30.9.2015	1.1.– 30.9.2014
Interest income	8	93,548	122,096	77,391	102,537
Interest expenses	8	(19,841)	(40,386)	(17,858)	(34,409)
Net interest income	8	73,707	81,710	59,533	68,128
Dividend income	9	1,139	1,017	1,531	1,386
Fee and commission income	10	60,951	64,077	33,176	34,341
Fee and commission expenses	10	(19,979)	(21,776)	(2,946)	(2,856)
Net fee and commission income	10	40,972	42,301	30,230	31,485
Realised gains on financial assets and liabilities not measured at fair value through profit or loss	11	10,131	8,912	10,496	6,445
Net (losses) on financial assets and liabilities held for trading	12	(4,161)	(1,246)	(4,253)	(1,812)
Net gains/(losses) on financial assets and liabilities designated at fair value through profit or loss	13	(4,624)	7,547	(4,624)	7,546
Net exchange rate differences	14	6,462	1,094	6,549	1,030
Net gains on derecognition of assets other than non-current assets held for sale	-	116	321	8	423
Other net operating (loss)	-	(1,958)	(2,505)	(1,699)	(4,100)
Administration costs	15	(60,815)	(64,201)	(44,397)	(45,352)
Depreciation and amortisation	-	(9,644)	(10,915)	(7,219)	(8,299)
Provisions	16	14,081	5,067	12,769	4,686
Impairment losses	17	(40,765)	(37,738)	(22,893)	(37,863)
Share of profits of associates and joint ventures accounted for using the equity method	-	125	167	0	0
Total profit from non-current assets and disposal groups classified as held for sale	-	60	238	60	238
PROFIT FROM CONTINUING OPERATIONS	-	24,826	31,769	36,091	23,941
Tax (expense) related to profit or loss from continuing operations	18	(8,661)	(4,819)	(7,998)	(4,475)
NET PROFIT FROM CONTINUING OPERATIONS	-	16,165	26,950	28,093	19,466
Total profit/(loss) after tax from discontinued operations	-	74	(526)	0	(1,676)
NET PROFIT FOR THE REPORTING PERIOD	-	16,239	26,424	28,093	17,790
a) Attributable to owners of the parent	-	15,915	23,627	28,093	17,790
– continuing operations	-	15,849	24,077	28,093	17,790
– discontinued operations	-	66	(450)	0	0
b) Attributable to non-controlling interests	-	324	2,797	0	0
– continuing operations	-	316	2,873	0	0
– discontinued operations	-	8	(76)	0	0
Basic earnings per share (€)	-	1.59	2.36	2.81	1.78
Diluted earnings per share (€)	-	1.59	2.36	2.81	1.78

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

1.1 Interim Income Statement – presented by quarter

							€000
Nova KBM Group							2015
ITEM DESCRIPTION	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Interest income	29,250	31,230	33,068	39,159	40,408	39,862	41,826
Interest expenses	(5,510)	(6,491)	(7,840)	(10,143)	(11,716)	(13,570)	(15,100)
Net interest income	23,740	24,739	25,228	29,016	28,692	26,292	26,726
Dividend income	367	772	0	29	953	64	0
Fee and commission income	20,143	20,796	20,012	21,366	21,114	22,128	20,835
Fee and commission expenses	(6,771)	(6,592)	(6,616)	(7,708)	(7,206)	(7,396)	(7,174)
Net fee and commission income	13,372	14,204	13,396	13,658	13,908	14,732	13,661
Realised gains on financial assets and liabilities not measured at fair value through profit or loss	3,036	5,146	1,949	6,188	472	5,790	2,650
Net gains/(losses) on financial assets and liabilities held for trading	2,975	347	(7,483)	350	(601)	231	(876)
Net gains/(losses) on financial assets and liabilities designated at fair value through profit or loss	(2,565)	(2,155)	96	(1,829)	2,798	1,053	3,696
Net exchange rate differences	(2,652)	319	8,795	118	448	273	373
Net gains/(losses) on derecognition of assets other than non-current assets held for sale	63	31	22	(160)	412	(81)	(10)
Other net operating (loss)	(1,058)	(460)	(440)	(504)	(984)	(799)	(722)
Administration costs	(20,332)	(20,470)	(20,013)	(24,945)	(21,599)	(21,862)	(20,740)
Depreciation and amortisation	(3,116)	(3,213)	(3,315)	(3,547)	(3,509)	(3,656)	(3,750)
Provisions	9,302	4,783	(4)	10,430	1,496	2,568	1,003
Impairment losses	(14,570)	(21,132)	(5,063)	(22,273)	(15,449)	(16,819)	(5,470)
Share of profits/(losses) of associates and joint ventures accounted for using the equity method	54	(9)	80	(13)	66	66	35
Total profit/(loss) from non-current assets and disposal groups classified as held for sale	0	(1)	61	(323)	174	0	64
PROFIT FROM CONTINUING OPERATIONS	8,616	2,901	13,309	6,195	7,277	7,852	16,640
Tax (expense)/income related to profit or loss from continuing operations	(4,603)	(3,023)	(1,035)	9,243	(1,604)	(3,009)	(206)
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	4,013	(122)	12,274	15,438	5,673	4,843	16,434
Total profit/(loss) after tax from discontinued operations	(50)	135	(11)	(18,581)	(125)	(331)	(70)
NET PROFIT/(LOSS) FOR THE REPORTING PERIOD	3,963	13	12,263	(3,143)	5,548	4,512	16,364
a) Attributable to owners of the parent	3,901	(96)	12,110	(1,729)	5,457	4,367	13,803
– continuing operations	3,941	(225)	12,133	15,381	5,563	4,656	13,858
– discontinued operations	(40)	129	(23)	(17,110)	(106)	(289)	(55)
b) Attributable to non-controlling interests	62	109	153	(1,414)	91	145	2,561
– continuing operations	72	103	141	57	110	187	2,576
– discontinued operations	(10)	6	12	(1,471)	(19)	(42)	(15)
Basic earnings/(loss) per share (€)	0.39	(0.01)	1.21	(0.17)	0.55	0.44	1.38
Diluted earnings/(loss) per share (€)	0.39	(0.01)	1.21	(0.17)	0.55	0.44	1.38

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Nova KBM d.d. ITEM DESCRIPTION	Q3	Q2	2015 Q1	Q4	Q3	Q2	2014 Q1
Interest income	24,167	25,910	27,314	34,201	34,120	33,727	34,690
Interest expenses	(5,041)	(5,864)	(6,953)	(8,738)	(10,079)	(11,469)	(12,861)
Net interest income	19,126	20,046	20,361	25,463	24,041	22,258	21,829
Dividend income	283	1,248	0	29	898	488	0
Fee and commission income	11,193	11,449	10,534	11,822	11,432	11,915	10,994
Fee and commission expenses	(1,176)	(913)	(857)	(1,185)	(1,013)	(1,058)	(785)
Net fee and commission income	10,017	10,536	9,677	10,637	10,419	10,857	10,209
Realised gains on financial assets and liabilities not measured at fair value through profit or loss	3,558	5,147	1,791	3,758	421	3,754	2,270
Net gains/(losses) on financial assets and liabilities held for trading	2,951	404	(7,608)	194	(841)	43	(1,014)
Net gains/(losses) on financial assets and liabilities designated at fair value through profit or loss	(2,565)	(2,155)	96	(1,828)	2,798	1,052	3,696
Net exchange rate differences	(2,524)	290	8,783	208	480	154	396
Net gains/(losses) on derecognition of assets other than non-current assets held for sale	3	10	(5)	3,274	379	0	44
Other net operating (loss)	(676)	(417)	(606)	(983)	(1,357)	(1,472)	(1,271)
Administration costs	(14,977)	(15,001)	(14,419)	(17,827)	(15,550)	(15,398)	(14,404)
Depreciation and amortisation	(2,349)	(2,404)	(2,466)	(2,567)	(2,631)	(2,780)	(2,888)
Provisions	8,689	4,746	(666)	3,774	1,657	4,436	(1,407)
Impairment losses	(11,368)	(9,325)	(2,200)	(13,676)	(14,754)	(14,427)	(8,682)
Total profit/(loss) from non-current assets and disposal groups classified as held for sale	0	(1)	61	(215)	174	0	64
PROFIT FROM CONTINUING OPERATIONS	10,168	13,124	12,799	10,241	6,134	8,965	8,842
Tax (expense)/income related to profit or loss from continuing operations	(4,540)	(2,570)	(888)	9,560	(1,490)	(3,065)	80
NET PROFIT FROM CONTINUING OPERATIONS	5,628	10,554	11,911	19,801	4,644	5,900	8,922
Total (loss) after tax from discontinued operations	0	0	0	(1,675)	(1,676)	0	0
NET PROFIT FOR THE REPORTING PERIOD	5,628	10,554	11,911	18,126	2,968	5,900	8,922
Basic earnings per share (€)	0.56	1.06	1.19	1.81	0.30	0.59	0.89
Diluted earnings per share (€)	0.56	1.06	1.19	1.81	0.30	0.59	0.89

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

2 Interim Statement of Other Comprehensive Income

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ITEM DESCRIPTION	Nova KBM Group		Nova KBM d.d.	
	1.1.– 30.9.2015	1.1.– 30.9.2014	1.1.– 30.9.2015	1.1.– 30.9.2014
NET PROFIT FOR THE REPORTING PERIOD AFTER TAX	16,239	26,424	28,093	17,790
OTHER COMPREHENSIVE INCOME/(LOSS) AFTER TAX	(7,694)	37,754	(6,956)	29,042
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS	(7,694)	37,754	(6,956)	29,042
Foreign currency translation	15	(44)	0	0
– translation gains/(losses) taken to equity	15	(44)	0	0
Available-for-sale financial assets	(9,336)	46,218	(8,380)	34,991
– valuation gains/(losses) taken to equity	(9,577)	46,228	(8,380)	34,991
– transferred to profit or loss	241	(10)	0	0
Share of (losses) of associates and joint ventures accounted for using the equity method	(46)	(40)	0	0
Net profit/(loss) related to discontinued operations	105	(520)	0	0
Income tax relating to items that may be reclassified to profit or loss	1,568	(7,860)	1,424	(5,949)
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD AFTER TAX	8,545	64,178	21,137	46,832
a) Attributable to owners of the parent	8,245	61,265	21,137	46,832
– continuing operations	8,168	62,181	21,137	48,508
– discontinued operations	77	(916)	0	(1,676)
b) Attributable to non-controlling interests	300	2,913	0	0
– continuing operations	291	3,043	0	0
– discontinued operations	9	(130)	0	0

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

2.1 Interim Statement of Other Comprehensive Income – presented by quarter

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Nova KBM Group ITEM DESCRIPTION	2015				2014		
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
NET PROFIT/(LOSS) FOR THE REPORTING PERIOD AFTER TAX	3,963	13	12,263	(3,143)	5,548	4,512	16,364
OTHER COMPREHENSIVE INCOME/(LOSS) AFTER TAX	5,295	(20,654)	7,665	(4,546)	7,098	7,480	23,176
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS	0	0	0	(819)	0	0	0
Actuarial net (losses) on defined benefit pension plans	0	0	0	(858)	0	0	0
Net (losses) related to non-current assets and disposal groups classified as held for sale	0	0	0	(6)	0	0	0
Income tax relating to items that will not be reclassified to profit or loss	0	0	0	45	0	0	0
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS	5,295	(20,654)	7,665	(3,727)	7,098	7,480	23,176
Foreign currency translation	73	(58)	0	(4)	9	(67)	14
– valuation gains/(losses) taken to equity	73	(58)	0	(4)	9	(67)	14
Available-for-sale financial assets	6,239	(24,694)	9,119	(4,406)	8,974	9,194	28,050
– valuation gains/(losses) taken to equity	5,998	(24,694)	9,119	(4,421)	8,974	9,192	28,062
– transferred to profit or loss	241	0	0	15	0	2	(12)
Share of profits/(losses) of associates and joint ventures accounted for using the equity method	(30)	(48)	32	92	6	9	(55)
Net profit/(loss) related to discontinued operations	93	(52)	64	(177)	(377)	(82)	(61)
Income tax relating to items that may be reclassified to profit or loss	(1,080)	4,198	(1,550)	768	(1,514)	(1,574)	(4,772)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE REPORTING PERIOD AFTER TAX	9,258	(20,641)	19,928	(7,689)	12,646	11,992	39,540
a) Attributable to owners of the parent	9,231	(20,680)	19,694	(6,229)	12,553	11,805	36,907
– continuing operations	9,271	(20,763)	19,660	11,044	12,997	12,167	37,017
– discontinued operations	(40)	83	34	(17,273)	(444)	(362)	(110)
b) Attributable to non-controlling interests	27	39	234	(1,460)	93	187	2,633
– continuing operations	37	39	215	31	151	238	2,654
– discontinued operations	(10)	0	19	(1,491)	(58)	(51)	(21)

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Nova KBM d.d.			2015				2014
ITEM DESCRIPTION	Q3	Q2	Q1	Q4	Q3	Q2	Q1
NET PROFIT FOR THE REPORTING PERIOD AFTER TAX	5,628	10,554	11,911	18,126	2,968	5,900	8,922
OTHER COMPREHENSIVE INCOME/(LOSS) AFTER TAX	4,122	(16,349)	5,271	(2,323)	5,786	6,611	16,645
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS	0	0	0	(700)	0	0	0
Actuarial net (losses) on defined benefit pension plans	0	0	0	(725)	0	0	0
Income tax relating to items that will not be reclassified to profit or loss	0	0	0	25	0	0	0
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS	4,122	(16,349)	5,271	(1,623)	5,786	6,611	16,645
Available-for-sale financial assets	4,967	(19,698)	6,351	(1,955)	6,971	7,966	20,054
– valuation gains/(losses) taken to equity	4,967	(19,698)	6,351	(1,955)	6,971	7,966	20,054
Income tax relating to items that may be reclassified to profit or loss	(845)	3,349	(1,080)	332	(1,185)	(1,355)	(3,409)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE REPORTING PERIOD AFTER TAX	9,750	(5,795)	17,182	15,803	8,754	12,511	25,567
– continuing operations	9,750	(5,795)	17,182	17,478	10,430	12,511	25,567
– discontinued operations	0	0	0	(1,675)	(1,676)	0	0

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

3 Interim Statement of Financial Position

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ITEM DESCRIPTION	Notes	Nova KBM Group		Nova KBM d.d.	
		30.9.2015	31.12.2014	30.9.2015	31.12.2014
Cash, cash balances at central banks and other demand deposits at banks	19	267,778	422,264	210,301	335,417
Financial assets held for trading	20	3,221	1,841	1,720	187
Financial assets designated at fair value through profit or loss	21	13,233	17,857	13,233	17,857
Available-for-sale financial assets	22	1,619,344	1,482,120	1,388,143	1,275,213
Loans and advances	-	1,940,150	1,991,342	1,642,513	1,664,347
– loans and advances to banks	23	88,561	50,124	87,433	59,299
– loans and advances to customers	24	1,826,153	1,920,875	1,537,305	1,593,294
– other financial assets	25	25,436	20,343	17,775	11,754
Held-to-maturity financial assets	26	139,308	206,540	38,421	89,950
Non-current assets held for sale and discontinued operations	-	56,926	61,273	751	865
Property, plant and equipment	-	58,396	61,431	50,565	52,570
Investment property	-	32,352	36,759	29,077	29,188
Intangible assets	-	21,986	25,483	11,733	14,335
Investments in the equity of subsidiaries, associates and joint ventures accounted for using the equity method	-	3,243	3,164	96,764	96,764
Tax assets	-	8,763	12,984	8,557	12,291
– current tax assets	-	1,880	258	1,674	2
– deferred tax assets	-	6,883	12,726	6,883	12,289
Other assets	-	36,847	45,952	14,469	19,231
TOTAL ASSETS		4,201,547	4,369,010	3,506,247	3,608,215
Financial liabilities held for trading	-	207	1,229	207	1,170
Financial liabilities measured at amortised cost	27	3,444,150	3,585,893	2,836,762	2,935,277
– deposits from banks and central banks	27	2,798	20,875	5,305	11,780
– deposits from customers	27	3,020,007	3,074,146	2,441,889	2,463,368
– loans from banks and central banks	27	332,033	394,213	307,969	363,552
– loans from customers	27	1,821	2,729	1,821	2,729
– debt securities issued	27	53,016	59,129	55,039	67,452
– subordinated liabilities	27	610	1,250	0	0
– other financial liabilities	27	33,865	33,551	24,739	26,396
Liabilities included in disposal groups classified as held for sale and discontinued operations	-	56,153	59,823	0	0
Provisions	28	65,080	83,011	59,695	74,605
Tax liabilities	-	2,552	4,557	1,167	2,494
– current tax liabilities	-	1,219	3,021	1,167	2,494
– deferred tax liabilities	-	1,333	1,536	0	0
Other liabilities	-	8,681	18,140	6,928	14,322
TOTAL LIABILITIES		3,576,823	3,752,653	2,904,759	3,027,868
Share capital	29	150,000	150,000	150,000	150,000
Share premium	-	360,572	360,572	360,572	360,572
Accumulated other comprehensive income	30	35,053	42,841	26,903	33,859
Translation reserves	-	(3,091)	(3,208)	0	0
Reserves from profit	31	27,831	27,895	27,389	27,389
Retained earnings (including net profit for the reporting period)	-	51,318	35,338	36,624	8,527
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	-	621,683	613,438	601,488	580,347
Equity attributable to non-controlling interests	-	3,041	2,919	0	0
TOTAL EQUITY	-	624,724	616,357	601,488	580,347
TOTAL LIABILITIES AND EQUITY	-	4,201,547	4,369,010	3,506,247	3,608,215

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

4 Interim Statement of Cash Flows

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Designation	ITEM DESCRIPTION	Nova KBM Group		Nova KBM d.d.	
		1.1.– 30.9.2015	1.1.– 30.9.2014	1.1.– 30.9.2015	1.1.– 30.9.2014
A.	CASH FLOWS FROM OPERATING ACTIVITIES				
a)	Total profit before tax	24,900	31,243	36,091	23,941
	Depreciation and amortisation	10,147	11,502	7,219	8,299
	Impairment of available-for-sale financial assets	0	2,685	0	2,671
	Impairment of loans and advances	40,571	36,571	22,781	16,617
	(Reversal of impairment) of held-to-maturity financial assets	(417)	(5)	0	0
	Impairment/(reversal of impairment) of tangible assets, investment property, intangible assets and other assets	(114)	(670)	112	20
	Impairment of investments in the equity of subsidiaries, associates and joint ventures	0	0	0	18,555
	Share of (profits) of associates and joint ventures accounting for using the equity method	(125)	(167)	0	0
	Net (gains) from exchange rate differences	(6,326)	(1,165)	(6,549)	(1,030)
	Net (gains) from the sale of tangible assets and investment properties	(109)	(345)	(8)	(423)
	Other (gains) from investing activities	(2,683)	(5,617)	(1,903)	(3,427)
	Other losses from financing activities	0	19	0	0
	Net unrealised (gains) from non-current assets held for sale and discontinued operations and liabilities associated therewith	(60)	(238)	(60)	(238)
	Other adjustments to total profit or loss before tax	(14,195)	(5,356)	(12,769)	(4,686)
	Cash flow from operating activities before changes in operating assets and liabilities	51,589	68,457	44,914	60,299
b)	(Increase)/decrease in operating assets (excluding cash equivalents)	(80,290)	58,028	(86,194)	(16,097)
	Net (increase)/decrease in financial assets held for trading	(291)	(1,205)	(1,536)	416
	Net decrease in financial assets designated at fair value through profit or loss	4,624	4,901	4,624	4,901
	Net (increase) in available-for-sale financial assets	(148,835)	(92,058)	(121,310)	(120,072)
	Net decrease in loans and advances	53,726	129,517	26,916	100,547
	Net decrease in non-current assets held for sale	104	1,164	114	95
	Net (increase)/decrease in other assets	10,382	15,709	4,998	(1,984)
c)	(Decrease) in operating liabilities	(164,104)	(406,543)	(112,818)	(341,059)
	Net increase/(decrease) in financial liabilities held for trading	(1,022)	429	(963)	726
	Net (decrease) in deposits, loans and advances measured at amortised cost	(143,156)	(406,376)	(89,794)	(341,434)
	Net increase/(decrease) in debt securities in issue measured at amortised cost	(6,113)	68	(12,413)	(15)
	Net (decrease) in other liabilities	(13,813)	(664)	(9,648)	(336)
d)	Cash flow from operating activities (a + b + c)	(192,805)	(280,058)	(154,098)	(296,857)
e)	Income taxes (paid)/refunded	(4,822)	390	(4,171)	0
f)	Net cash flow from operating activities (d + e)	(197,627)	(279,668)	(158,269)	(296,857)

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Designation	ITEM DESCRIPTION	Nova KBM Group		Nova KBM d.d.	
		1.1.– 30.9.2015	1.1.– 30.9.2014	1.1.– 30.9.2015	1.1.– 30.9.2014
B.	CASH FLOWS FROM INVESTING ACTIVITIES				
a)	Receipts from investing activities	109,329	119,100	53,494	98,564
	Receipts from the sale of tangible assets and investment properties	4,048	3,462	62	2,210
	Receipts from the sale of intangible assets	0	1	0	0
	Receipts from non-current assets or liabilities held for sale	0	117	0	0
	Receipts from the sale of held-to-maturity financial assets	105,281	115,520	52,904	95,866
	Other receipts from investing activities	0	0	528	488
b)	Cash payments on investing activities	(38,367)	(81,230)	(2,517)	(25,047)
	(Cash payments to acquire tangible assets and investment properties)	(816)	(4,332)	(666)	(3,622)
	(Cash payments to acquire intangible assets)	(2,560)	(2,304)	(1,842)	(1,740)
	(Cash payments for investments in the equity of subsidiaries)	0	0	0	(19,685)
	(Cash outflow to non-current assets or liabilities held for sale)	(9)	0	(9)	0
	(Cash payments to acquire held-to-maturity financial assets)	(34,982)	(74,594)	0	0
c)	Net cash flow from investing activities (a + b)	70,962	37,870	50,977	73,517
C.	CASH FLOWS FROM FINANCING ACTIVITIES				
b)	Cash proceeds from financing activities	(766)	(96)	0	(1)
	(Dividends and shares in profits paid)	(126)	(96)	0	(1)
	(Repayments of subordinated liabilities)	(640)	0	0	0
c)	Net cash flow from financing activities (a + b)	(766)	(96)	0	(1)
D.	Effects of change in exchange rates on cash and cash equivalents	(2,185)	1,922	(2,472)	2,482
E.	Net (decrease) in cash and cash equivalents (Af + Bc + Cc)	(127,431)	(241,894)	(107,292)	(223,341)
F.	Opening balance of cash and cash equivalents	477,831	557,246	365,599	453,124
G.	Closing balance of cash and cash equivalents (D + E + F)	348,215	317,274	255,835	232,265

The statement of cash flows includes cash flows, cash and cash equivalents in respect of discontinued operations. Reconciliation of cash and cash equivalents with the statement of financial position items is presented in Note 19.1.

The balance of cash and cash equivalents as of 30 September 2014 amounted to €317,274,000 and was made up of cash and balances with the central bank, in the amount of €220,257,000, and loans and advances to banks with an original maturity of up to three months, in the amount of €97,017,000.

Cash Flows from Interest, Dividends and Participation in Profits

€000

	Nova KBM Group		Nova KBM d.d.	
	1.1.– 30.9.2015	1.1.– 30.9.2014	1.1.– 30.9.2015	1.1.– 30.9.2014
Interest paid	(28,407)	(42,232)	(24,435)	(34,468)
Interest received	95,379	93,868	74,357	64,117
Dividends and participation in profits paid	(126)	(96)	0	(1)
Dividends and participation in profits received	1,084	55	1,528	0

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

5 Interim Statement of Changes in Equity

Interim statement of changes in equity of the Nova KBM Group for the nine months ended 30 September 2015

€000

ITEM DESCRIPTION	Share capital	Share premium	Accumulated other comprehensive income	Translation reserves	Reserves from profit	Retained earnings (including net profit for the reporting period)	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
OPENING BALANCE FOR THE REPORTING PERIOD	150,000	360,572	42,841	(3,208)	27,895	35,338	613,438	2,919	616,357
Total comprehensive income for the reporting period after tax	0	0	(7,788)	118	0	15,915	8,245	300	8,545
Appropriation of (accounting for) dividends	0	0	0	0	0	0	0	(126)	(126)
Transfer of net profit to reserves from profit	0	0	0	0	(64)	64	0	0	0
Other	0	0	0	(1)	0	1	0	(52)	(52)
CLOSING BALANCE FOR THE REPORTING PERIOD	150,000	360,572	35,053	(3,091)	27,831	51,318	621,683	3,041	624,724

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

Interim statement of changes in equity of Nova KBM d.d. for the nine months ended 30 September 2015

€000

ITEM DESCRIPTION	Share capital	Share premium	Accumulated other comprehensive income	Reserves from profit	Retained earnings (including net profit for the reporting period)	Total equity
OPENING BALANCE FOR THE REPORTING PERIOD	150,000	360,572	33,859	27,389	8,527	580,347
Total comprehensive income for the reporting period after tax	0	0	(6,956)	0	28,093	21,137
Other	0	0	0	0	4	4
CLOSING BALANCE FOR THE REPORTING PERIOD	150,000	360,572	26,903	27,389	36,624	601,488

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

Interim statement of changes in equity of the Nova KBM Group for the nine months ended 30 September 2014

€000

ITEM DESCRIPTION	Share capital	Share premium	Accumulated other comprehensive income	Translation reserves	Reserves from profit	Retained earnings (including net profit for the reporting period)	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
OPENING BALANCE FOR THE REPORTING PERIOD	150,000	360,572	8,981	(2,486)	663	48,937	566,667	(6,639)	560,028
Total comprehensive income for the reporting period after tax	0	0	38,175	(537)	0	23,627	61,265	2,913	64,178
Recapitalisation of subsidiaries	0	0	0	0	0	(8,264)	(8,264)	8,264	0
Appropriation of (accounting for) dividends	0	0	0	0	0	0	0	(95)	(95)
Transfer of net profit to reserves from profit	0	0	0	0	(164)	164	0	0	0
Other	0	0	0	0	0	0	0	(64)	(64)
CLOSING BALANCE FOR THE REPORTING PERIOD	150,000	360,572	47,156	(3,023)	499	64,464	619,668	4,379	624,047

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

Interim statement of changes in equity of Nova KBM d.d. for the nine months ended 30 September 2014

€000

ITEM DESCRIPTION	Share capital	Share premium	Accumulated other comprehensive income	Retained earnings (including net profit for the reporting period)	Total equity
OPENING BALANCE FOR THE REPORTING PERIOD	150,000	360,572	7,140	0	517,712
Total comprehensive income for the reporting period after tax	0	0	29,042	17,790	46,832
CLOSING BALANCE FOR THE REPORTING PERIOD	150,000	360,572	36,182	17,790	564,544

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

NOTES TO THE FINANCIAL STATEMENTS

**NOVA KBM GROUP
AND
NOVA KBM d.d.**

1 General information

Nova KBM d.d. (herein also referred to as 'Nova KBM' or the 'Bank') is the parent company of the Nova KBM Group (herein also referred to as the 'Group') which, as of 30 September 2015, comprised the parent company and 10 subsidiary companies.

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

As of 30 September 2015, the share capital of Nova KBM totalled €150,000,000 and was split into 10,000,000 ordinary no-par-value shares, all of which were held by the Republic of Slovenia.

On 30 June 2015, the Slovene Sovereign Holding, Apollo Global Management LLC (Apollo) and the European Bank for Reconstruction and Development (EBRD) signed the agreement concerning the sale of a 100% shareholding of the Republic of Slovenia in Nova KBM. The buyers, Apollo and EBRD, will endeavour to ensure the further growth of Nova KBM, while developing its services and broadening its offerings. Moreover, they will make every effort to strengthen the relationships with Nova KBM's corporate and retail customers, as well as its other stakeholders. The following sale-related actions will be taken over the next few months: the acquisition of approvals from the relevant supervisory bodies, the payment of the purchase consideration, and the transfer and registration of the shareholding – i.e. the closing of the sale process.

Nova KBM is obliged to prepare consolidated financial statements.

2 Definition of the Group

The Group comprises the parent bank and its subsidiary companies.

Company	Position in the Group	Group's voting rights in the company (%)	Registered office (country of incorporation)
Nova Kreditna banka Maribor d.d.	parent bank		Maribor, Slovenia
Poštna banka Slovenije d.d.	subsidiary bank	99.12	Maribor, Slovenia
Adria Abwicklungs GmbH in Liqu.	subsidiary company	100.00	Vienna, Austria
KBM Banka a.d.	subsidiary bank	89.53	Kragujevac, Serbia
KBM Infond d.o.o.	subsidiary company	72.73 ¹	Maribor, Slovenia
KBM Leasing d.o.o. (in liquidation)	subsidiary company	100.00	Maribor, Slovenia
KBM Invest d.o.o.	subsidiary company	100.00	Maribor, Slovenia
Gorica Leasing d.o.o. (in liquidation)	subsidiary company	100.00	Nova Gorica, Slovenia
M-PAY d.o.o.	subsidiary company	50.00	Maribor, Slovenia
KBM Leasing Hrvatska d.o.o. (in liquidation)	subsidiary company	100.00	Zagreb, Croatia
MB Finance B.V.	subsidiary company	00.00 ²	Netherlands

¹ The Group's stake in the share capital of KBM Infond accounts for 72.00%. Because KBM Infond holds a certain number of its own shares, the Group's stake in the capital of and voting rights in KBM Infond equals 72.73%.

² In accordance with IFRS 10, 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, and the operations of this entity are considered to be immaterial to the Group.

In August 2014, the Adria Bank Supervisory Board reached a decision to start the procedures to terminate the operations of Adria Bank. Adria Bank returned its licence for providing banking services to the Austrian Financial Market Authority (FMA) on 23 March 2015, the same day on which it ceased its banking operations and met the conditions to wind down its business. On 11 June 2014, Adria Bank was legally transformed from a joint stock company into a limited liability company (GmbH) named Adria Abwicklungs, which filed for

controlled liquidation on 26 June 2015, in accordance with a ruling made by the relevant court. On 3 September 2015, the Shareholders' Meeting of Adria Abwicklungs made the decision to reduce the share capital of the company by €8.86 million.

In accordance with the adopted restructuring programme and commitments given to the European Commission by the Republic of Slovenia and Nova KBM regarding the restructuring of the Nova KBM Group, the controlled liquidation of KBM Leasing and Gorica Leasing started at the end of 2014, while that of KBM Leasing Hrvatska started in April 2015, based on appropriate decisions made by Nova KBM. While these three companies are still controlled by Nova KBM and are therefore fully consolidated in the Group's accounts, their financial statements have been prepared on a non-going concern basis. A non-going concern assumption has been taken into consideration in the valuation of the investments in, and credit exposures to, these companies.

The liquidation proceedings against KBM Leasing and Gorica Leasing had not been completed by 31 July 2015, as originally planned, because some of the activities that the liquidators intended to carry out as part of the business closing process were still in progress. At present, it is not possible to predict when the liquidation proceedings against the said companies will be completed.

In December 2014, the Nova KBM Management Board passed a decision to sell KBM Banka, based on which the investment of Nova KBM in KBM Banka was book-transferred to 'Non-current assets held for sale'. KBM Banka is fully consolidated in the consolidated financial statements, with its assets, liabilities and profit and loss components being presented as separate items. KBM Banka is still in the process of being sold. While preparations have started for a due diligence review of KBM Banka, negotiations are in progress with some potential buyers with respect to the terms of the sale. In the next phase of the sale process, the selected buyer will have to obtain from the relevant Serbian regulator a preliminary opinion regarding the acquisition of a qualified stake in KBM Banka.

Istra Plan, a company 100% owned by KBM Invest, is not regarded as a business entity. Consequently, only the assets of this company, totalling €651,000, have been included in the consolidated financial statements.

3 Basis for the presentation of consolidated financial statements

The financial statements of the Nova KBM Group and Nova KBM for the nine months ended 30 September 2015 were authorised for issue on 28 October 2015 by the Nova KBM Management Board.

The interim financial statements have been prepared in accordance with the regulatory requirements and on the assumption that both Nova KBM and the Nova KBM Group will continue as going concerns in the foreseeable future and that they will be able to meet their liabilities when due.

3.1 Statement of compliance and purpose of financial statements

The separate and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (hereafter '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 IAS 34 – Interim Financial Reporting.

Interim financial statements are unaudited and are regarded as general-purpose financial statements. They are not intended for use by any party for purposes of decision-making

concerning ownership, financing or any other specific transactions relating to the Group. Accordingly, users of these interim financial statements should not rely exclusively on the financial statements and should undertake other procedures before making decisions.

3.2 Presentation and functional currency

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

All amounts in the financial statements and in the notes to the financial statements are expressed in thousands of euros, unless stated otherwise. Slight discrepancies in the totals may occur due to rounding adjustments.

4 Significant accounting policies

The accounting policies used by the Group are presented in detail in its 2014 Annual Report.

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

During the interim reporting period and in 2014, the Group did not reclassify any of its financial assets into another category.

Newly adopted standards, revisions and interpretations that have been adopted by the EU and that have or will come into effect in 2015 are presented below:

- **Amendments to various standards – Improvements to IFRSs (cycle 2010 – 2012)** resulting from the annual improvement project of IFRSs (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording; adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015).
- **Amendments to various standards – Improvements to IFRSs (cycle 2011 – 2013)** resulting from the annual improvement project of IFRSs (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording; adopted by the EU on 18 December 2014 (effective for annual periods beginning on or after 1 January 2015).
- **Amendments to IAS 19 – Employee Benefits – Defined Benefit Plans: Employee Contributions**; adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015).
- **IFRIC 21 – Levies**; adopted by the EU on 13 June 2014 (effective for annual periods beginning on or after 17 June 2014).

The amendments to the existing standards have not led to any material changes in the Group's accounting policies.

Standards and interpretations issued by the International Accounting Standards Board (IASB) but, as of the date of this interim report, not yet adopted for use by the EU are set out below:

- **IFRS 9 – Financial Instruments** (effective for annual periods beginning on or after 1 January 2018).
- **IFRS 14 – Regulatory Deferral Accounts** (effective for annual periods beginning on or after 1 January 2016).
- **IFRS 15 – Revenue from Contracts with Customers** (effective for annual periods beginning on or after 1 January 2018).
- **Amendments to IFRS 10 – Consolidated Financial Statements, and IAS 28 – Investments in Associates and Joint Ventures – Sale or Contribution of Assets**

- **Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosure of Interests in Other Entities, and IAS 28 – Investments in Associates and Joint Ventures** – Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016).
- **Amendments to IFRS 11 – Joint Arrangements** – Accounting for Acquisition of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016).
- **Amendments to IAS 1 – Presentation of Financial Statements** – Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016).
- **Amendments to IAS 16 – Property, Plant and Equipment, and IAS 38 – Intangible Assets** – Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016).
- **Amendments to IAS 16 – Property, Plant and Equipment, and IAS 41 – Agriculture** – Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016).
- **Amendments to IAS 27 – Separate Financial Statements** – Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016).
- **Amendments to various standards – Improvements to IFRSs (cycle 2012 – 2014)** resulting from the annual improvement project of IFRSs (IFRS 5, IFRS 7, IFRS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 January 2016).

The Group has not early adopted any standard or interpretation that has been issued but is not yet effective. It anticipates that the adoption of these standards, revisions and interpretations will have no material impact on its financial statements in the period of initial application, with the exception of IFRS 9, the impact of which on the financial statements of the Group and the Bank has not been assessed yet.

5 Risk review

The Bank Management Board delegates risk oversight and management to the senior management (policy holders). The policy holders, together with officers responsible for particular policies, determine the method of measuring individual risks. The responsible officers are specialised in defining, measuring and controlling individual risks.

The organisational unit responsible for defining the acceptable level of a specific type of risk and the method of measuring and monitoring the risk is organisationally separate from the unit it monitors. In accordance with the rules of procedure, each risk management policy has to be approved by the Policy Approval Committee and, in addition, agreed by the President of the Management Board or his deputy. The Group companies may use their own approach in managing individual risks, taking into consideration the importance of risk and the regulatory framework.

Further details with respect to risk management are provided in the Group's 2014 Annual Report.

5.1 Credit risk

Analysis of exposure to credit risk

Nova KBM Group	Loans to customers		Loans to banks	
	30.9.2015	31.12.2014	30.9.2015	31.12.2014
Net outstanding loans	1,826,153	1,920,875	88,561	50,124
Individual impairment				
Gross amount	917,638	966,592	1,299	730
Impairment	(550,111)	(531,869)	(5)	(3)
Net amount	367,527	434,723	1,294	727
Collective impairment				
Credit rating A	957,584	941,848	0	0
Credit rating B	261,516	298,683	0	0
Credit rating C	161,764	174,665	0	0
Credit rating D	25,082	29,477	0	0
Credit rating E	79,599	71,194	0	0
Gross amount	1,485,545	1,515,867	0	0
Impairment	(89,132)	(86,958)	0	0
Net amount	1,396,413	1,428,909	0	0
Net non-impaired loans	62,213	57,243	87,267	49,397
Total net loans	1,826,153	1,920,875	88,561	50,124

Nova KBM d.d.	Loans to customers		Loans to banks	
	30.9.2015	31.12.2014	30.9.2015	31.12.2014
Net outstanding loans	1,537,305	1,593,294	87,433	59,299
Individual impairment				
Gross amount	647,307	672,926	5,177	5,015
Impairment	(356,267)	(344,441)	(5,177)	(5,013)
Net amount	291,040	328,485	0	2
Collective impairment				
Credit rating A	854,310	804,293	0	0
Credit rating B	187,857	232,345	0	0
Credit rating C	127,713	154,612	0	0
Credit rating D	22,136	26,815	0	0
Credit rating E	62,394	58,294	0	0
Gross amount	1,254,410	1,276,359	0	0
Impairment	(68,961)	(67,558)	0	0
Net amount	1,185,449	1,208,801	0	0
Net non-impaired loans	60,816	56,008	87,433	59,297
Total net loans	1,537,305	1,593,294	87,433	59,299

Past-due and unpaid claims

Nova KBM Group					30.9.2015
	Up to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
Banks	5	0	0	132	137
State	5	4	5	12	26
Legal entities	22,716	4,647	2,255	532,582	562,200
Households	2,088	444	950	71,728	75,210
Total	24,814	5,095	3,210	604,454	637,573

Nova KBM Group					31.12.2014
	Up to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
Banks	14	0	0	2	16
State	112	5	5	3	125
Legal entities	44,698	34,190	24,941	486,058	589,887
Households	1,984	525	3,044	60,256	65,809
Total	46,808	34,720	27,990	546,319	655,837

Nova KBM d.d.					30.9.2015
	Up to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
Banks	0	0	0	132	132
State	0	0	0	0	0
Legal entities	21,184	612	92	319,224	341,112
Households	1,296	358	343	50,562	52,559
Total	22,480	970	435	369,918	393,803

Nova KBM d.d.					31.12.2014
	Up to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
Banks	14	0	0	2	16
State	107	0	1	0	108
Legal entities	28,321	32,892	19,981	271,318	352,512
Households	1,465	339	2,930	38,068	42,802
Total	29,907	33,231	22,912	309,388	395,438

NPLs in the total loan portfolio

	Nova KBM Group		Nova KBM d.d.	
	30.9.2015	31.12.2014	30.9.2015	31.12.2014
Total gross loan portfolio	2,553,962	2,589,829	2,055,143	2,069,605
Total net loan portfolio	1,914,714	1,970,999	1,624,738	1,652,593
Net NPLs	413,742	462,519	332,749	370,457
Net NPLs/total net loan portfolio (%)	21.61	23.47	20.48	22.42

Analysis of NPLs by industry sectors

The following tables set forth, for the periods indicated, the total net loans and net NPLs outstanding to individual industry sectors, and the proportion of net NPLs in net loans:

Nova KBM Group			30.9.2015			31.12.2014		
Industry sector	Total net loans	Net NPLs	Share of NPLs (%)	Total net loans	Net NPLs	Share of NPLs (%)		
Households	857,988	36,259	4.23	857,683	33,849	3.95		
Agriculture and hunting, forestry, fishing	26,939	8,489	31.51	23,240	8,532	36.71		
Mining	2,065	229	11.09	2,786	676	24.26		
Manufacturing industry	287,516	119,053	41.41	342,155	142,670	41.70		
Electricity, gas and steam supply	38,000	1,154	3.04	46,771	3,946	8.44		
Water supply, waste and sewage management, rehabilitation of the environment	27,825	2,233	8.03	24,052	979	4.07		
Construction	65,419	36,850	56.33	71,471	31,088	43.50		
Trade, maintenance and repair of motor vehicles	188,158	71,134	37.81	188,896	76,590	40.55		
Transportation and storage	46,204	4,038	8.74	52,511	6,025	11.47		
Accommodation and food service activities	35,247	17,172	48.72	39,621	19,292	48.69		
Information and communication activities	18,900	13,871	73.39	22,526	13,507	59.96		
Financial intermediation	128,486	10,697	8.33	92,590	20,442	22.08		
Real estate activities	33,248	26,828	80.69	39,025	29,712	76.14		
Professional, scientific and technical activities	39,957	19,385	48.51	47,680	25,601	53.69		
Other various business activities	10,162	2,881	28.35	15,764	2,758	17.50		
Public administration and defence services, compulsory social security activities	43,972	590	1.34	32,415	185	0.57		
Education	3,388	262	7.73	3,181	392	12.32		
Health and welfare security	20,041	7,365	36.75	23,128	8,704	37.63		
Arts, entertainment and recreation	37,112	34,595	93.22	38,824	35,957	92.62		
Other activities	4,087	657	16.08	6,680	1,614	24.16		
Total net loans	1,914,714	413,742	21.61	1,970,999	462,519	23.47		

Nova KBM d.d.			30.9.2015			31.12.2014
Industry sector	Total net loans	Net NPLs	Share of NPLs (%)	Total net loans	Net NPLs	Share of NPLs (%)
Households	760,307	34,095	4.48	762,689	31,509	4.13
Agriculture and hunting, forestry, fishing	20,271	3,968	19.57	17,216	4,626	26.87
Mining	1,772	229	12.92	1,989	229	11.51
Manufacturing industry	226,979	90,372	39.82	272,295	111,133	40.81
Electricity, gas and steam supply	35,643	865	2.43	43,954	3,838	8.73
Water supply, waste and sewage management, rehabilitation of the environment	22,015	1,185	5.38	14,602	241	1.65
Construction	44,394	24,252	54.63	42,208	14,273	33.82
Trade, maintenance and repair of motor vehicles	139,377	53,043	38.06	130,157	57,208	43.95
Transportation and storage	43,200	3,281	7.59	48,826	5,151	10.55
Accommodation and food service activities	27,223	12,950	47.57	29,728	13,940	46.89
Information and communication activities	14,709	10,360	70.43	14,362	8,022	55.86
Financial intermediation	134,505	20,582	15.30	111,939	32,035	28.62
Real estate activities	26,013	20,117	77.33	32,292	23,907	74.03
Professional, scientific and technical activities	26,847	13,536	50.42	31,597	18,478	58.48
Other various business activities	6,567	1,761	26.82	8,021	1,196	14.91
Public administration and defence services, compulsory social security activities	34,624	40	0.12	26,229	0	0.00
Education	3,313	263	7.94	3,020	369	12.22
Health and welfare security	17,749	7,342	41.37	20,497	8,673	42.31
Arts, entertainment and recreation	36,077	34,020	94.30	37,555	35,184	93.69
Other activities	3,153	488	15.48	3,417	445	13.02
Total net loans	1,624,738	332,749	20.48	1,652,593	370,457	22.42

5.2 Composition of regulatory capital and capital requirements

	Nova KBM Group		Nova KBM d.d.	
	30.9.2015	31.12.2014	30.9.2015	31.12.2014
Tier 1 capital	554,997	549,824	534,054	521,962
Paid-in capital instruments	150,000	150,000	150,000	150,000
Share premium	360,572	360,572	360,572	360,572
Retained earnings and value adjustments of investment property from previous years	44,311	50,122	9,561	1,030
(–) Loss for the current financial year	0	(5,743)	0	0
Accumulated other comprehensive income	(4,170)	(5,187)	1,721	(343)
Other reserves	27,831	27,895	27,389	27,389
(–) Intangible assets	(21,986)	(25,483)	(11,733)	(14,335)
(–) Deferred tax assets	(1,561)	(2,352)	(3,456)	(2,351)
Additional capital	0	0	0	0
Total capital	554,997	549,824	534,054	521,962
Risk weighted exposure amounts for credit risk	1,897,692	2,029,975	1,672,525	1,773,173
Central governments or central banks	5,184	11,822	5,184	10,736
Regional governments or local authorities	11,882	1,497	3,304	561
Public sector entities	7,016	1,305	1,534	147
Multilateral development banks	0	0	0	0
Institutions	98,844	101,892	69,603	82,173
Corporates	373,102	424,425	306,359	336,354
Retail	639,067	676,203	526,037	559,299
Exposures secured by mortgages on immovable property	82,630	54,636	82,630	54,636
Exposures in default	450,715	532,059	331,531	397,374
Items associated with particular high risk	58,714	59,067	209,203	207,044
Collective investment undertakings	5,828	6,155	2,812	2,814
Equity	17,269	16,854	13,398	14,538
Other items	147,441	144,060	120,930	107,497
Risk weighted exposure amounts for market risks	43,451	40,719	28,857	37,332
Traded debt instruments	1,094	1,542	1,086	1,476
Equity instruments	30,664	39,034	27,657	35,713
Foreign exchange	11,579	0	0	0
Credit value adjustment risk	114	143	114	143
Risk weighted exposure amounts for operational risk	266,496	289,222	203,088	216,403
Total risk weighted exposure amount	2,207,639	2,359,916	1,904,470	2,026,908
Total capital adequacy ratio	25.14%	23.30%	28.04%	25.75%
Tier 1 capital ratio	25.14%	23.30%	28.04%	25.75%
Common Equity Tier 1 capital ratio	25.14%	23.30%	28.04%	25.75%

6 Fair value of financial assets and financial liabilities

Where possible, the Group determines the fair value of financial instruments on the basis of their market prices. The Group starts to measure the value of financial assets according to a valuation model once it establishes that the market is not active.

Further details with respect to the policy of determining the fair value of financial assets and financial liabilities are presented in the Group's 2014 Annual Report.

Analysis of fair value hierarchy

Nova KBM Group	30.9.2015				31.12.2014			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Financial assets								
Derivatives	1,124	0	1,124	0	187	0	187	0
Financial assets held for trading	2,097	2,097	0	0	1,654	1,654	0	0
– equity financial instruments	2,097	2,097	0	0	1,654	1,654	0	0
Available-for-sale financial assets	1,619,344	1,165,232	450,650	3,462	1,482,120	1,038,084	440,932	3,104
– debt financial instruments	1,587,182	1,152,171	435,011	0	1,463,106	1,022,174	440,932	0
– equity financial instruments	32,162	13,061	15,639	3,462	19,014	15,910	0	3,104
Financial assets designated at fair value through profit or loss	13,233	13,233	0	0	17,857	17,857	0	0
– equity financial instruments	13,233	13,233	0	0	17,857	17,857	0	0
Financial liabilities								
Derivatives	207	0	207	0	1,229	0	1,229	0

Nova KBM d.d.	30.9.2015				31.12.2014			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Financial assets								
Derivatives	1,124	0	1,124	0	187	0	187	0
Financial assets held for trading	596	596	0	0	0	0	0	0
– equity financial instruments	596	596	0	0	0	0	0	0
Available-for-sale financial assets	1,388,143	949,331	435,561	3,251	1,275,213	844,020	428,304	2,889
– debt financial instruments	1,361,867	940,546	421,321	0	1,261,435	833,131	428,304	0
– equity financial instruments	26,276	8,785	14,240	3,251	13,778	10,889	0	2,889
Financial assets designated at fair value through profit or loss	13,233	13,233	0	0	17,857	17,857	0	0
– equity financial instruments	13,233	13,233	0	0	17,857	17,857	0	0
Financial liabilities								
Derivatives	207	0	207	0	1,170	0	1,170	0

The following table presents for each type of financial instruments the triggers that lead to the transfer of a financial instrument between the fair value hierarchy levels:

Transfer	Financial instruments	Reason for transfer between levels
From Level 2 to Level 1	bonds	Re-availability of the market price of the financial instrument. The price of a bond is considered to be available if the published market price is the result of the actual turnover in the period of less than one month.
From Level 3 to Level 1	shares and funds	Re-availability of the market price of the financial instrument. The price of a share or an investment fund is considered to be available if the published market price is the result of the actual turnover in the period of less than one month.
From Level 1 to Level 2	bonds	Valuation of bonds that have been previously valued according to the market price. The reason for the valuation of a bond and for changing its level is either the withdrawal of a bond from the regulated market or its illiquidity (no transaction has been concluded in a one-month period).
From Level 1 to Level 3	shares and funds	Valuation of shares and investment funds that have been previously valued according to the market price. The reason for the valuation of a share or an investment fund and for changing its level is the withdrawal of a share or an investment fund from the regulated market.
From Level 2 to Level 3	derivatives	The underlying instrument to which the derivative refers has been reclassified from Level 1 to either Level 2 or Level 3. The market price of the underlying instrument is no longer available.
From Level 3 to Level 2	derivatives	The underlying instrument to which the derivative refers has been reclassified to Level 1. The market price of the underlying instrument exists.

Analysis of transfers between fair value hierarchy levels

Nova KBM Group			30.9.2015			31.12.2014
	Transfer from Level 1 to Level 2	Transfer from Level 2 to Level 1	Transfer from Level 1 to Level 3	Transfer from Level 1 to Level 2	Transfer from Level 2 to Level 1	Transfer from Level 1 to Level 3
Available-for-sale financial assets	1,055	6,508	0	404,152	0	0
– debt financial instruments	1,055	6,508	0	404,152	0	0
– equity financial instruments	0	0	0	0	0	0

Nova KBM d.d.			30.9.2015			31.12.2014
	Transfer from Level 1 to Level 2	Transfer from Level 2 to Level 1	Transfer from Level 1 to Level 3	Transfer from Level 1 to Level 2	Transfer from Level 2 to Level 1	Transfer from Level 1 to Level 3
Available-for-sale financial assets	0	6,508	0	391,927	0	0
– debt financial instruments	0	6,508	0	391,927	0	0
– equity financial instruments	0	0	0	0	0	0

Movements in financial assets included in Level 3

Available-for-sale financial assets	Nova KBM Group			Nova KBM d.d.		
	Total	Shares	Stocks	Total	Shares	Stocks
1 January 2014	3,167	2,553	614	3,026	2,540	486
Change due to sale	(972)	(972)	0	(972)	(972)	0
Change due to debt-to-equity conversions	2,116	2,036	80	2,036	2,036	0
Shares returned from BAMC	834	834	0	834	834	0
Change due to revaluation	(2,041)	(2,041)	0	(2,035)	(2,036)	1
31 December 2014	3,104	2,410	694	2,889	2,402	487
Change due to debt-to-equity conversions	362	362	0	362	362	0
Changes in the portfolio of Adria Abwicklungs GmbH	(4)	0	(4)	0	0	0
1 January 2015	3,104	2,410	694	2,889	2,402	487
30 September 2015	3,462	2,772	690	3,251	2,764	487

The change that occurred in the first nine months of 2015 in the balance of financial assets included in Level 3 was attributable mainly to the conversion of claims against Polzela into the equity of this company.

Fair value of financial instruments measured at amortised cost

Nova KBM Group	30.9.2015		
	Book value	Fair value	Level 3
Financial assets			
Cash, cash balances at central banks and other demand deposits at banks	267,778	267,778	0
Loans and advances to banks	88,561	94,253	0
Loans and advances to customers	1,826,153	1,833,896	0
Other financial assets	25,436	25,436	0
Held-to-maturity financial assets	139,308	147,236	1,495
Financial liabilities			
Deposits from banks and central banks	2,798	2,844	0
Deposits from customers	3,020,007	3,023,795	0
Loans from banks and central banks	332,033	332,404	0
Loans from customers	1,821	1,822	0
Debt securities	53,016	56,932	0
Subordinated liabilities	610	610	0
Other financial liabilities	33,865	33,865	0

Nova KBM Group					31.12.2014
	Book value	Fair value	Level 1	Level 2	Level 3
Financial assets					
Cash, cash balances at central banks and other demand deposits at banks	422,264	422,264	422,264	0	0
Loans and advances to banks	50,124	56,173	0	56,173	0
Loans and advances to customers	1,920,875	1,928,869	0	0	1,928,869
Other financial assets	20,343	20,343	0	0	20,343
Held-to-maturity financial assets	206,540	213,247	208,635	4,612	0
Financial liabilities					
Deposits from banks and central banks	20,875	20,768	0	20,768	0
Deposits from customers	3,074,146	3,080,697	0	3,080,697	0
Loans from banks and central banks	394,213	395,259	0	395,259	0
Loans from customers	2,729	2,732	0	2,732	0
Debt securities	59,129	63,012	0	63,012	0
Subordinated liabilities	1,250	1,250	0	1,250	0
Other financial liabilities	33,551	33,551	0	0	33,551

Nova KBM d.d.					30.9.2015
	Book value	Fair value	Level 1	Level 2	Level 3
Financial assets					
Cash, cash balances at central banks and other demand deposits at banks	210,301	210,301	210,301	0	0
Loans and advances to banks	87,433	93,125	0	93,125	0
Loans and advances to customers	1,537,305	1,544,686	0	0	1,544,686
Other financial assets	17,775	17,775	0	0	17,775
Held-to-maturity financial assets	38,421	43,991	43,991	0	0
Financial liabilities					
Deposits from banks and central banks	5,305	5,351	0	5,351	0
Deposits from customers	2,441,889	2,445,529	0	2,445,529	0
Loans from banks and central banks	307,969	308,340	0	308,340	0
Loans from customers	1,821	1,822	0	1,822	0
Debt securities	55,039	58,955	0	58,955	0
Other financial liabilities	24,739	24,739	0	0	24,739

Nova KBM d.d.					31.12.2014
	Book value	Fair value	Level 1	Level 2	Level 3
Financial assets					
Cash, cash balances at central banks and other demand deposits at banks	335,417	335,417	335,417	0	0
Loans and advances to banks	59,299	65,348	0	65,348	0
Loans and advances to customers	1,593,294	1,601,398	0	0	1,601,398
Other financial assets	11,754	11,754	0	0	11,754
Held-to-maturity financial assets	89,950	95,101	90,489	4,612	0
Financial liabilities					
Deposits from banks and central banks	11,780	11,673	0	11,673	0
Deposits from customers	2,463,368	2,469,612	0	2,469,612	0
Loans from banks and central banks	363,552	364,598	0	364,598	0
Loans from customers	2,729	2,732	0	2,732	0
Debt securities	67,452	71,335	0	71,335	0
Other financial liabilities	26,396	26,396	0	0	26,396

The Group determines fair values according to the following hierarchy: market value; valuation made using a market interest rate model; acquisition cost. The tables above present fair values of individual balance sheet items. The fair value of held-to-maturity financial assets has been, where possible, determined on the basis of market prices of financial instruments. The fair value of items measured at amortised or acquisition cost is determined on the basis of a model that takes into account market interest rates. The fair value is calculated for items with a fixed interest rate and residual maturity of over one year. The fair value of each item is established on the basis of discounted cash flows, taking into consideration the market interest rates prevailing at the reporting date. As for other items, the Bank considers there is no material difference between the book and fair values.

7 Reporting by operating segments

7.1 Analysis by operating segments as of 30 September 2015

ITEM DESCRIPTION	Banking	Leasing	Fund management	Real estate activity	Other	Total	Inter-segment relationships	Relationships with third parties
A. Net income/expenses	116,693	1,434	3,853	301	478	122,759	975	121,784
Interest income	93,220	1,790	6	0	308	95,324	1,776	93,548
Interest expenses	(20,536)	(645)	0	(233)	(67)	(21,481)	(1,640)	(19,841)
Net interest income	72,684	1,145	6	(233)	241	73,843	136	73,707
Dividend income	1,615	0	0	0	0	1,615	476	1,139
Fee and commission income	56,368	43	4,910	0	200	61,521	570	60,951
Fee and commission expenses	(19,268)	(45)	(1,132)	(4)	(12)	(20,461)	(482)	(19,979)
Net fee and commission income	37,100	(2)	3,778	(4)	188	41,060	88	40,972
Realised gains on financial assets and liabilities not measured at fair value through profit or loss	10,198	4	100	0	10	10,312	181	10,131
Net gains/(losses) on financial assets and liabilities held for trading	(4,151)	0	(13)	0	3	(4,161)	0	(4,161)
Net (losses) on financial assets and liabilities designated at fair value through profit or loss	(4,624)	0	0	0	0	(4,624)	0	(4,624)
Net exchange rate differences	6,512	(50)	(2)	0	1	6,461	(1)	6,462
Net gains on derecognition of assets other than non-current assets held for sale	16	88	0	11	0	115	(1)	116
Other net operating income/(loss)	(2,657)	249	(16)	527	35	(1,862)	96	(1,958)
B. Other items by segments	(80,993)	(10,982)	(2,468)	(308)	(2,683)	(97,434)	(476)	(96,958)
Administration costs	(54,985)	(1,741)	(1,670)	(303)	(2,357)	(61,056)	(241)	(60,815)
Depreciation and amortisation	(8,461)	(272)	(798)	(5)	(108)	(9,644)	0	(9,644)
Provisions	14,055	250	0	0	(384)	13,921	(160)	14,081
Impairment losses	(31,662)	(9,219)	0	0	166	(40,715)	50	(40,765)
Share of profits of associates and joint ventures accounted for using the equity method	0	0	0	0	0	0	(125)	125
Total profit from non-current assets and disposal groups classified as held for sale	60	0	0	0	0	60	0	60
C. Profit or loss								
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	35,700	(9,548)	1,385	(7)	(2,205)	25,325	499	24,826
Tax (expense) related to profit or loss from continuing operations	(7,998)	0	(222)	0	(438)	(8,658)	3	(8,661)
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	27,702	(9,548)	1,163	(7)	(2,643)	16,667	502	16,165
Total profit after tax from discontinued operations	74	0	0	0	0	74	0	74
NET PROFIT/(LOSS) FOR THE REPORTING PERIOD	27,776	(9,548)	1,163	(7)	(2,643)	16,741	502	16,239
D. Segment assets and liabilities								
Total assets	4,251,224	51,865	13,770	9,919	13,540	4,340,318	138,771	4,201,547
– non-current assets held for sale and discontinued operations	56,904	22	0	0	0	56,926	0	56,926
– investments in the equity of associates and joint ventures accounted for using the equity method	96,764	0	0	0	0	96,764	93,521	3,243
Liabilities (excluding equity) by segments	3,605,255	24,519	771	5,593	3,791	3,639,929	63,106	3,576,823
Total equity	645,969	27,346	12,999	4,326	9,749	700,389	75,665	624,724
Increase in property, plant and equipment and intangible assets	2,740	0	245	0	0	2,985	0	2,985

The column 'Inter-segment relationships' includes the following items: intra-Group income and expenses; income from dividends from subsidiaries; additional impairments/reversal of impairments as a result of changing over to a harmonised customer classification across the Group; impairment of investments in the equity of subsidiaries and of loans given to subsidiaries; the effects of valuation of the associated company using the equity method; claims and liabilities between Group companies; investments in subsidiaries and the proportional share of equity of subsidiaries; and other consolidation entries.

Analysis by operating segments as of 30 September 2014

ITEM DESCRIPTION	Banking	Leasing	Fund management	Real estate activity	Other	Total	Inter-segment relationships	Relationships with third parties
A. Net income/expenses	135,813	(320)	3,613	510	18	139,634	483	139,151
Interest income	126,932	3,159	0	406	3	130,500	8,404	122,096
Interest expenses	(42,069)	(5,434)	(5)	(947)	0	(48,455)	(8,069)	(40,386)
Net interest income	84,863	(2,275)	(5)	(541)	3	82,045	335	81,710
Dividend income	1,441	0	0	0	0	1,441	424	1,017
Fee and commission income	60,456	45	4,176	0	0	64,677	600	64,077
Fee and commission expenses	(21,263)	(202)	(764)	(12)	0	(22,241)	(465)	(21,776)
Net fee and commission income	39,193	(157)	3,412	(12)	0	42,436	135	42,301
Realised gains on financial assets and liabilities not measured at fair value through profit or loss	8,032	10	110	761	0	8,913	1	8,912
Net gains/(losses) on financial assets and liabilities held for trading	(1,341)	2	92	0	0	(1,247)	(1)	(1,246)
Net gains on financial assets and liabilities designated at fair value through profit or loss	7,546	0	0	0	0	7,546	(1)	7,547
Net exchange rate differences	1,062	31	(1)	0	0	1,092	(2)	1,094
Net gains/(losses) on derecognition of assets other than non-current assets held for sale	378	(67)	0	10	0	321	0	321
Other net operating income/(loss)	(5,361)	2,136	5	292	15	(2,913)	(408)	(2,505)
B. Other items by segments	(111,761)	(1,475)	(2,287)	(788)	(3)	(116,314)	(8,932)	(107,382)
Administration costs	(60,369)	(1,779)	(1,510)	(786)	(3)	(64,447)	(246)	(64,201)
Depreciation and amortisation	(9,829)	(304)	(777)	(5)	0	(10,915)	0	(10,915)
Provisions	4,142	1,117	0	0	0	5,259	192	5,067
Impairment losses	(45,943)	(509)	0	3	0	(46,449)	(8,711)	(37,738)
Share of profits of associates and joint ventures accounted for using the equity method	0	0	0	0	0	0	(167)	167
Total profit from non-current assets and disposal groups classified as held for sale	238	0	0	0	0	238	0	238
C. Profit or loss								
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	24,052	(1,795)	1,326	(278)	15	23,320	(8,449)	31,769
Tax (expense) related to profit or loss from continuing operations	(4,386)	0	(224)	(207)	(3)	(4,820)	(1)	(4,819)
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	19,666	(1,795)	1,102	(485)	12	18,500	(8,450)	26,950
Total (loss) after tax from discontinued operations	(526)	0	0	0	0	(526)	0	(526)
NET PROFIT/(LOSS) FOR THE REPORTING PERIOD	19,140	(1,795)	1,102	(485)	12	17,974	(8,450)	26,424
D. Segment assets and liabilities								
Total assets	4,518,271	104,671	14,181	41,665	222	4,679,010	214,602	4,464,408
– non-current assets held for sale and discontinued operations	5,693	694	0	0	0	6,387	359	6,028
– investments in the equity of associates and joint ventures accounted for using the equity method	53,594	0	0	0	0	53,594	50,509	3,085
Liabilities (excluding equity) by segments	3,871,157	161,583	758	51,982	1	4,085,481	245,120	3,840,361
Total equity	647,114	(56,912)	13,423	(10,317)	221	593,529	(30,518)	624,047
Increase in property, plant and equipment and intangible assets	3,371	15	70	2	0	3,458	0	3,458

The column 'Inter-segment relationships' includes the following items: intra-Group income and expenses; income from dividends from subsidiaries; additional impairments/reversal of impairments as a result of changing over to a harmonised customer classification across the Group; impairment of investments in the equity of subsidiaries and of loans given to subsidiaries; the effects of valuation of the associated company using the equity method; claims and liabilities between Group companies; investments in subsidiaries and the proportional share of equity of subsidiaries; and other consolidation entries.

Notes to the income statement items

8 Interest income and interest expenses

8.1 Analysis of interest by market segments

	Nova KBM Group				Nova KBM d.d.			
	1.1.– 30.9.2015		1.1.– 30.9.2014		1.1.– 30.9.2015		1.1.– 30.9.2014	
	Income	Expenses	Income	Expenses	Income	Expenses	Income	Expenses
Non-financial companies	27,376	757	41,054	3,123	20,843	695	29,951	2,745
State	29,605	729	39,058	1,221	24,725	436	32,105	765
Banks	1,345	4,751	2,909	8,475	1,646	4,582	4,045	7,482
Other financial organisations	1,209	2,496	1,738	2,850	1,321	2,472	5,040	2,633
Households	31,694	10,786	33,384	24,069	26,858	9,363	27,967	20,184
Foreign persons	2,250	256	3,851	496	1,939	256	3,345	496
Non-profit institutions serving households	69	66	102	152	59	54	84	104
Total	93,548	19,841	122,096	40,386	77,391	17,858	102,537	34,409
Net interest income	73,707		81,710		59,533		68,128	

8.2 Analysis of interest by type of assets and liabilities

	Nova KBM Group				Nova KBM d.d.			
	1.1.– 30.9.2015		1.1.– 30.9.2014		1.1.– 30.9.2015		1.1.– 30.9.2014	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Interest income								
Balances with the central bank (measured at amortised cost)	8	0	261	0	3	0	251	0
Financial assets held for trading	107	0	121	0	107	0	121	0
Available-for-sale financial assets	23,647	5,305	25,334	10,311	23,624	1,209	25,098	5,337
Loans and deposits (including finance leases)	14,893	46,882	22,852	57,575	11,319	39,735	18,208	50,566
Held-to-maturity financial assets	74	2,557	356	5,197	0	1,375	257	2,682
Other financial assets	75	0	89	0	19	0	17	0
Total by maturity	38,804	54,744	49,013	73,083	35,072	42,319	43,952	58,585
Total	93,548		122,096		77,391		102,537	
Interest expenses								
Financial liabilities to the central bank (measured at amortised cost)	0	111	0	515	0	100	0	489
Financial liabilities held for trading	0	104	0	117	0	104	0	117
Financial liabilities measured at amortised cost	2,007	17,619	8,587	31,167	1,578	16,076	6,573	27,230
Total by maturity	2,007	17,834	8,587	31,799	1,578	16,280	6,573	27,836
Total	19,841		40,386		17,858		34,409	
Net interest income	73,707		81,710		59,533		68,128	

9 Dividend income

	Nova KBM Group		Nova KBM d.d.	
	1.1.– 30.9.2015	1.1.– 30.9.2014	1.1.– 30.9.2015	1.1.– 30.9.2014
Financial assets held for trading	29	19	10	0
Financial assets designated at fair value through profit or loss	776	785	776	785
Available-for-sale financial assets	334	213	217	113
Investments in the equity of Group companies accounted for using the cost method	0	0	528	488
Total	1,139	1,017	1,531	1,386

10 Fee and commission income and fee and commission expenses

	Nova KBM Group		Nova KBM d.d.	
	1.1.– 30.9.2015	1.1.– 30.9.2014	1.1.– 30.9.2015	1.1.– 30.9.2014
Fee and commission income	60,951	64,077	33,176	34,341
Guarantees	2,561	2,760	2,185	2,364
Payment transactions	33,040	34,887	14,957	14,758
Brokerage and agency services	483	1,117	448	1,086
Transactions in securities for customers	316	357	316	357
Lending operations	3,519	4,290	2,618	2,757
Other services	21,032	20,666	12,652	13,019
Fee and commission expenses	19,979	21,776	2,946	2,856
Banking services	5,257	5,293	2,446	2,341
Brokerage and agency services	755	587	44	31
Stock exchange transactions and other transactions in securities	201	270	196	249
Payment transactions	12,828	14,781	157	214
Other services	938	845	103	21
Net fee and commission income	40,972	42,301	30,230	31,485

11 Realised gains on financial assets and liabilities not measured at fair value through profit or loss

Nova KBM Group	1.1.– 30.9.2015			1.1.– 30.9.2014		
	Realised gains	Realised losses	Net realised gains	Realised gains	Realised losses	Net realised gains
Available-for-sale financial assets	5,029	181	4,848	7,736	3	7,733
Loans and advances (including finance leases and other financial assets)	5,842	561	5,281	1,684	507	1,177
Financial liabilities measured at amortised cost	2	0	2	2	0	2
Total	10,873	742	10,131	9,422	510	8,912

Nova KBM d.d.	Realised gains	Realised losses	1.1.– 30.9.2015 Net realised gains	Realised gains	Realised losses	1.1.– 30.9.2014 Net realised gains
Available-for-sale financial assets	4,920	0	4,920	5,608	3	5,605
Loans and advances (including finance leases and other financial assets)	5,686	110	5,576	924	84	840
Total	10,606	110	10,496	6,532	87	6,445

12 Net losses on financial assets and liabilities held for trading

Nova KBM Group	Gains	Losses	1.1.– 30.9.2015 Net gains/ (losses)	Gains	Losses	1.1.– 30.9.2014 Net gains/ (losses)
Trading in equity instruments	276	471	(195)	529	344	185
Trading in debt securities	39	0	39	0	0	0
Trading in foreign exchange (purchase/sale)	1,897	822	1,075	963	293	670
Trading in derivatives	4,064	9,096	(5,032)	1,107	3,186	(2,079)
– futures/forwards	3,032	8,991	(5,959)	570	1,574	(1,004)
– swaps	107	105	2	265	96	169
– other derivatives	925	0	925	272	1,516	(1,244)
Trading in financial liabilities	0	48	(48)	0	22	(22)
Total	6,276	10,437	(4,161)	2,599	3,845	(1,246)

Nova KBM d.d.	Gains	Losses	1.1.– 30.9.2015 Net gains/ (losses)	Gains	Losses	1.1.– 30.9.2014 Net gains/ (losses)
Trading in equity instruments	62	103	(41)	96	47	49
Trading in debt securities	39	0	39	0	0	0
Trading in foreign exchange (purchase/sale)	1,629	796	833	673	256	417
Trading in derivatives	4,060	9,096	(5,036)	930	3,186	(2,256)
– futures/forwards	3,032	8,991	(5,959)	570	1,574	(1,004)
– swaps	103	105	(2)	88	96	(8)
– other derivatives	925	0	925	272	1,516	(1,244)
Trading in financial liabilities	0	48	(48)	0	22	(22)
Total	5,790	10,043	(4,253)	1,699	3,511	(1,812)

The Group uses derivatives (futures/forwards) to economically hedge its exposure to foreign exchange risk. The effects of derivatives are linked to the effects arising from exchange rate differences (Note 14).

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

Nova KBM Group	1.1.–30.9.2015				1.1.–30.9.2014
	Losses	Net (losses)	Gains	Losses	Net gains
Financial assets designated at fair value through profit or loss	4,624	(4,624)	9,106	1,559	7,547
Total	4,624	(4,624)	9,106	1,559	7,547

Nova KBM d.d.	1.1.–30.9.2015				1.1.–30.9.2014
	Losses	Net (losses)	Gains	Losses	Net gains
Financial assets designated at fair value through profit or loss	4,624	(4,624)	9,105	1,559	7,546
Total	4,624	(4,624)	9,105	1,559	7,546

Gains and losses on financial assets designated at fair value through profit or loss are attributable to the valuation and disposal of shares and bonds for which joint-selling agreements have been made by the Group.

14 Net exchange rate differences

	Nova KBM Group		Nova KBM d.d.	
	1.1.– 30.9.2015	1.1.– 30.9.2014	1.1.– 30.9.2015	1.1.– 30.9.2014
Foreign exchange gains	24,469	6,277	23,878	6,073
Foreign exchange losses	18,007	5,183	17,329	5,043
Net foreign exchange gains	6,462	1,094	6,549	1,030

15 Administration costs

	Nova KBM Group		Nova KBM d.d.	
	1.1.– 30.9.2015	1.1.– 30.9.2014	1.1.– 30.9.2015	1.1.– 30.9.2014
Staff costs	34,255	37,206	24,571	25,641
Gross salaries	26,412	28,726	19,236	19,952
Social security and pension insurance contribution	4,417	4,710	3,087	3,206
Pay for annual leave	844	892	668	703
Other staff costs	2,582	2,878	1,580	1,780
General and administrative costs	26,560	26,995	19,826	19,711
Costs of materials	1,841	2,001	1,312	1,348
Costs of services	17,000	16,205	13,143	12,389
Maintenance costs of fixed assets	4,406	4,582	2,888	3,018
Advertising costs	2,073	2,435	1,653	2,056
Other administrative costs	1,240	1,772	830	900
Total administration costs	60,815	64,201	44,397	45,352

16 Provisions

	Nova KBM Group		Nova KBM d.d.	
	1.1.– 30.9.2015	1.1.– 30.9.2014	1.1.– 30.9.2015	1.1.– 30.9.2014
Provisions for off-balance sheet liabilities	(16,102)	(7,566)	(14,886)	(7,604)
Provisions for tax claims and other pending legal issues	1,875	2,037	2,232	3,054
Other provisions	146	462	(115)	(136)
Total	(14,081)	(5,067)	(12,769)	(4,686)

17 Impairment losses

	Nova KBM Group		Nova KBM d.d.	
	1.1.– 30.9.2015	1.1.– 30.9.2014	1.1.– 30.9.2015	1.1.– 30.9.2014
Financial assets not measured at fair value through profit or loss	40,340	38,407	22,781	19,288
Other assets	425	(669)	112	18,575
Total impairment losses	40,765	37,738	22,893	37,863

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

	Nova KBM Group		Nova KBM d.d.	
	1.1.– 30.9.2015	1.1.– 30.9.2014	1.1.– 30.9.2015	1.1.– 30.9.2014
Available-for-sale financial assets designated at fair value	0	2,671	0	2,671
Financial assets measured at amortised cost	40,340	35,736	22,781	16,617
– demand deposits at banks	0	0	(40)	0
– loans and advances to banks	2	632	2	(10,986)
– loans and advances to customers	38,213	34,632	22,474	27,492
– other financial assets	2,125	472	345	111
Total impairment of financial assets not measured at fair value through profit or loss	40,340	38,407	22,781	19,288

18 Tax expense related to profit or loss from continuing operations

	Nova KBM Group		Nova KBM d.d.	
	1.1.– 30.9.2015	1.1.– 30.9.2014	1.1.– 30.9.2015	1.1.– 30.9.2014
Income tax related to profit from continuing operations	(1,391)	(1,883)	(1,167)	(1,444)
Deferred tax from continuing operations	(7,270)	(2,936)	(6,831)	(3,031)
Total tax (expense)	(8,661)	(4,819)	(7,998)	(4,475)

Notes to the statement of financial position items

19 Cash, cash balances at central banks and other demand deposits at banks

	Nova KBM Group		Nova KBM d.d.	
	30.9.2015	31.12.2014	30.9.2015	31.12.2014
Cash in hand	73,169	64,359	47,012	40,847
Obligatory deposits at central banks	148,489	269,221	123,348	221,167
Other deposits at central banks	14,819	14,771	11,289	11,177
Demand deposits at banks	31,301	73,913	28,652	62,226
Total	267,778	422,264	210,301	335,417

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

19.1 Cash and cash equivalents

	Nova KBM Group		Nova KBM d.d.	
	30.9.2015	31.12.2014	30.9.2015	31.12.2014
Cash, cash balances at central banks and other demand deposits at banks	267,778	422,264	210,301	335,417
Loans and advances to banks	51,837	32,923	45,534	30,182
Cash and cash equivalents of discontinued operations	28,600	22,644	0	0
Total	348,215	477,831	255,835	365,599

20 Financial assets held for trading

	Nova KBM Group		Nova KBM d.d.	
	30.9.2015	31.12.2014	30.9.2015	31.12.2014
Derivatives	1,124	187	1,124	187
Equity instruments	2,097	1,654	596	0
Total	3,221	1,841	1,720	187
Quoted	737	281	596	0
Unquoted	2,484	1,560	1,124	187
Total	3,221	1,841	1,720	187

No assets held in the Group's portfolio of financial assets held for trading have been pledged as collateral.

None of the instruments included in the portfolio of financial assets held for trading have the characteristics to qualify as subordinated debt.

20.1 Movements in financial assets held for trading

	Nova KBM Group		Nova KBM d.d.	
	2015	2014	2015	2014
1 January	1,841	1,786	187	612
Increase during the year	56,658	6,385	56,399	4,670
– acquisition	55,465	6,031	55,360	4,526
– exchange rate differences	0	11	0	11
– change in fair value (recovery and reversal of impairment)	1,090	210	937	0
– other (deferred interest, realised gains)	103	133	102	133
Decrease during the year	55,278	6,330	54,866	5,095
– disposal (sale and redemption)	54,866	4,600	54,760	4,591
– change in fair value (impairment and reversal of recovery)	325	463	19	426
– exchange rate differences	2	6	2	0
– other (deferred interest, realised losses)	85	1,261	85	78
30 September 2015/31 December 2014	3,221	1,841	1,720	187

21 Financial assets designated at fair value through profit or loss

	Nova KBM Group		Nova KBM d.d.	
	30.9.2015	31.12.2014	30.9.2015	31.12.2014
Quoted equity instruments	13,233	17,857	13,233	17,857
Total	13,233	17,857	13,233	17,857

As of 30 September 2015, the Group had no assets of this portfolio pledged as collateral, and during the nine-month period ended 30 September 2015, it did not receive any financial assets of this portfolio from the realisation of collateral provided as security for loans.

The portfolio of financial assets designated at fair value through profit or loss includes equity instruments for which joint-selling agreements have been made by the Group.

None of the instruments included in the portfolio of financial assets designated at fair value through profit or loss have the characteristics to qualify as subordinated debt.

21.1 Movements in financial assets designated at fair value through profit or loss

	Nova KBM Group		Nova KBM d.d.	
	2015	2014	2015	2014
1 January	17,857	24,586	17,857	24,586
Increase during the year	0	7,277	0	7,277
– change in fair value (recovery and reversal of impairment)	0	5,614	0	5,614
– other	0	1,663	0	1,663
Decrease during the year	4,624	14,006	4,624	14,006
– disposal (sale and redemption)	0	12,447	0	12,447
– change in fair value (impairment and reversal of recovery)	4,624	1,552	4,624	1,552
– other	0	7	0	7
30 September 2015/31 December 2014	13,233	17,857	13,233	17,857

22 Available-for-sale financial assets

22.1 Analysis by type

	Nova KBM Group		Nova KBM d.d.	
	30.9.2015	31.12.2014	30.9.2015	31.12.2014
Equity instruments	32,163	19,014	26,275	13,778
Debt securities issued by the state and the central bank	1,497,374	1,377,062	1,280,556	1,185,493
Debt securities issued by banks	47,579	47,692	46,512	44,598
Other debt securities	42,228	38,352	34,800	31,344
Total	1,619,344	1,482,120	1,388,143	1,275,213

As of 30 September 2015, the Group had assets of this portfolio worth €619,413,000 pledged with the Bank of Slovenia for the pool of collateral, the guarantee scheme and the guaranteed claims of depositors. During the nine-month period ended 30 September 2015, the Group did not receive any financial assets of this portfolio from the realisation of collateral provided as security for loans. At the end of March 2015, the Group paid a total of €15,651,000 into the Bank Resolution Fund that had been set up by the Bank of Slovenia (€14,252,000 was paid by Nova KBM, while €1,399,000 was paid by PBS).

None of the instruments included in the portfolio of available-for-sale financial assets have the characteristics to qualify as subordinated debt.

22.2 Movements in available-for-sale financial assets

Nova KBM Group	Equity instruments	Debt securities	Total
1 January 2015	19,014	1,463,106	1,482,120
Recognition of additional financial assets	16,014	347,624	363,638
Interest	0	8,571	8,571
Net revaluation through equity	(1,762)	(7,574)	(9,336)
Derecognition of financial assets upon disposal	(1,409)	(44,649)	(46,058)
Derecognition of financial assets upon maturity	0	(184,439)	(184,439)
Net gains on sale	306	4,542	4,848
30 September 2015	32,163	1,587,181	1,619,344

Nova KBM Group	Equity instruments	Debt securities	Total
1 January 2014	34,761	1,432,103	1,466,864
Recognition of additional financial assets	2,949	514,209	517,158
Interest	0	934	934
Net exchange rate differences	(3)	(1,167)	(1,170)
Net revaluation through equity	4,049	37,818	41,867
Net impairment through profit or loss	(3,050)	(450)	(3,500)
Derecognition of financial assets upon disposal	(24,804)	(106,901)	(131,705)
Derecognition of financial assets upon maturity	0	(412,894)	(412,894)
Net gains on sale	5,156	8,180	13,336
Other	(44)	(8,726)	(8,770)
31 December 2014	19,014	1,463,106	1,482,120

Nova KBM d.d.	Equity instruments	Debt securities	Total
1 January 2015	13,778	1,261,435	1,275,213
Recognition of additional financial assets	14,615	314,294	328,909
Interest	0	9,451	9,451
Net revaluation through equity	(1,313)	(7,067)	(8,380)
Derecognition of financial assets upon disposal	(1,012)	(44,651)	(45,663)
Derecognition of financial assets upon maturity	0	(176,307)	(176,307)
Net gains on sale	207	4,713	4,920
30 September 2015	26,275	1,361,868	1,388,143

Nova KBM d.d.	Equity instruments	Debt securities	Total
1 January 2014	29,820	1,180,979	1,210,799
Recognition of additional financial assets	2,869	445,606	448,475
Interest	0	2,029	2,029
Net revaluation through equity	2,987	30,049	33,036
Net impairment through profit or loss	(3,022)	(450)	(3,472)
Derecognition of financial assets upon disposal	(23,908)	(38,479)	(62,387)
Derecognition of financial assets upon maturity	0	(361,931)	(361,931)
Net gains on sale	5,032	3,632	8,664
31 December 2014	13,778	1,261,435	1,275,213

23 Loans and advances to banks

	Nova KBM Group		Nova KBM d.d.	
	30.9.2015	31.12.2014	30.9.2015	31.12.2014
Current loans	81,358	47,915	75,556	47,199
Impairment of current loans	(5)	(3)	0	0
Non-current loans	7,208	2,212	17,054	17,113
Impairment of non-current loans	0	0	(5,177)	(5,013)
Total – net amount	88,561	50,124	87,433	59,299
Impairment	5	3	5,177	5,013
Total – gross amount	88,566	50,127	92,610	64,312

24 Loans and advances to customers

	Nova KBM Group		Nova KBM d.d.	
	30.9.2015	31.12.2014	30.9.2015	31.12.2014
Current loans	418,138	500,375	250,128	333,318
Impairment of current loans	(137,234)	(139,005)	(46,550)	(61,026)
Non-current loans	2,031,947	2,024,575	1,699,089	1,662,228
Impairment of non-current loans	(490,261)	(471,195)	(368,406)	(344,483)
Claims under guarantees	15,311	14,752	13,316	9,747
Impairment of claims under guarantees	(11,748)	(8,627)	(10,272)	(6,490)
Total – net amount	1,826,153	1,920,875	1,537,305	1,593,294
Impairment	639,243	618,827	425,228	411,999
Total – gross amount	2,465,396	2,539,702	1,962,533	2,005,293

24.1 Movements in impairment of loans and advances to customers

	Nova KBM Group		Nova KBM d.d.	
	2015	2014	2015	2014
1 January	618,827	589,957	411,999	446,871
Net impairment of principal	38,213	51,823	22,474	50,530
Additional impairment of interest	11,646	16,931	9,273	12,275
Additional impairment/reversal of impairment of fees	35	(592)	35	179
Write-off of loans and advances to customers	(21,824)	(52,533)	(16,204)	(48,297)
Exchange rate differences	55	(375)	0	0
Assets received from subsidiaries	0	0	193	33,849
Conversion of loans into equity of subsidiaries	(2,543)	0	(2,543)	(83,408)
Other	(5,166)	13,616	1	0
30 September 2015/31 December 2014	639,243	618,827	425,228	411,999

Recognition of additional impairment/reversal of impairment of interest and fees on loans given to customers is reflected in Note 8 (Interest income and interest expenses) and Note 10 (Fee and commission income and fee and commission expenses) to the income statement.

25 Other financial assets

	Nova KBM Group		Nova KBM d.d.	
	30.9.2015	31.12.2014	30.9.2015	31.12.2014
Cheques	12	46	9	39
Claims for fees and commissions	1,607	1,909	953	1,396
Accounts receivables	2,199	2,324	75	38
Other	21,618	16,064	16,738	10,281
Total – net amount	25,436	20,343	17,775	11,754
Impairment	11,186	4,552	1,684	1,537
Total – gross amount	36,622	24,895	19,459	13,291

The largest proportion of the figure shown under the item 'Other' is attributable to claims arising from business relationships.

25.1 Movements in other financial assets

	Nova KBM Group		Nova KBM d.d.	
	2015	2014	2015	2014
1 January	4,552	4,853	1,537	1,667
Assets acquired through business combinations	0	8	0	8
Additional impairment of principal	2,125	218	345	222
Additional impairment of interest	6	30	15	29
Additional impairment/reversal of impairment of fees	(24)	390	(24)	240
Write-off of other financial assets	(801)	(759)	(189)	(628)
Exchange rate differences	4	(2)	2	(1)
Other	5,324	(186)	(2)	0
30 September 2015/31 December 2014	11,186	4,552	1,684	1,537

Recognition of additional impairment/reversal of impairment of interest and fees on other financial assets is reflected in Note 8 (Interest income and interest expenses) and Note 10 (Fee and commission income and fee and commission expenses) to the income statement.

26 Held-to-maturity financial assets

	Nova KBM Group		Nova KBM d.d.	
	30.9.2015	31.12.2014	30.9.2015	31.12.2014
Debt securities	139,308	206,540	38,421	89,950
– current securities issued by the state and the central bank	17,492	30,930	0	0
– non-current securities issued by the state and the central bank	108,212	142,078	34,601	79,943
– non-current securities issued by banks and savings banks	5,053	24,920	0	6,136
– non-current securities issued by other issuers	8,551	8,612	3,820	3,871
Total	139,308	206,540	38,421	89,950
Quoted	139,308	206,540	38,420	89,949
Unquoted	0	0	1	1
Total	139,308	206,540	38,421	89,950

As of 30 September 2015, the Group had assets of this portfolio worth €82,907,000 pledged with the Bank of Slovenia for the pool of collateral and the guarantee scheme.

26.1 Movements in held-to-maturity financial assets

	Nova KBM Group		Nova KBM d.d.	
	2015	2014	2015	2014
1 January	206,540	280,153	89,950	192,437
Increase during the year	37,613	91,313	1,375	3,553
– acquisition	34,982	84,527	0	0
– reversal of impairment	0	7	0	0
– other (deferred interest)	2,631	6,779	1,375	3,553
Decrease during the year	104,845	164,926	52,904	106,040
– disposal (sale and redemption)	99,204	154,865	50,000	100,000
– impairment	0	178	0	0
– exchange rate differences	0	8	0	0
– other (interest received)	5,641	9,875	2,904	6,040
30 September 2015/31 December 2014	139,308	206,540	38,421	89,950

27 Financial liabilities measured at amortised cost

	Nova KBM Group		Nova KBM d.d.	
	30.9.2015	31.12.2014	30.9.2015	31.12.2014
Deposits	3,022,805	3,095,021	2,447,194	2,475,148
Loans	333,854	396,942	309,790	366,281
Debt securities	53,016	59,129	55,039	67,452
Subordinated liabilities	610	1,250	0	0
Other financial liabilities	33,865	33,551	24,739	26,396
Total	3,444,150	3,585,893	2,836,762	2,935,277

27.1 Deposits by type of customers and maturity

	Nova KBM Group		Nova KBM d.d.	
	30.9.2015	31.12.2014	30.9.2015	31.12.2014
Deposits from banks	2,798	20,875	5,305	11,780
– demand deposits	2,465	1,793	4,969	10,718
– current deposits	333	18,570	336	550
– non-current deposits	0	512	0	512
Deposits from customers	3,020,007	3,074,146	2,441,889	2,463,368
– demand deposits	1,719,708	1,469,985	1,334,265	1,116,225
– current deposits	436,680	585,405	339,498	458,957
– non-current deposits	863,619	1,018,756	768,126	888,186
Total	3,022,805	3,095,021	2,447,194	2,475,148

27.2 Loans by type of customers and maturity

	Nova KBM Group		Nova KBM d.d.	
	30.9.2015	31.12.2014	30.9.2015	31.12.2014
Loans from banks	332,033	394,213	307,969	363,552
– non-current loans	332,033	394,213	307,969	363,552
Loans from customers	1,821	2,729	1,821	2,729
– non-current loans	1,821	2,729	1,821	2,729
Total	333,854	396,942	309,790	366,281

27.3 Subordinated liabilities

Nova KBM Group					
	Currency	Date of maturity	Interest rate	30.9.2015	31.12.2014
Subordinated debt					
Adria Bank AG (issuer)	EUR	perpetual; call option on each 28.12.	variable	610	1,250
Total				610	1,250

Subordinated liabilities are included in the calculation of the Group's capital adequacy. Capital risk is presented in Note 5.2.

27.4 Other financial liabilities

	Nova KBM Group		Nova KBM d.d.	
	30.9.2015	31.12.2014	30.9.2015	31.12.2014
Liabilities for fees and commissions	1	71	1	35
Liabilities for gross salaries of employees	2,937	3,141	2,220	2,305
Liabilities to suppliers	1,630	4,446	1,094	3,528
Liabilities related to payment card transactions	10,343	7,965	10,198	7,939
Liabilities related to ATM transactions	2,024	1,747	1,847	1,614
Liabilities related to funds provided by customers for making payments abroad	1,765	659	1,741	647
Liabilities related to cash transactions	5,337	2,596	1,408	1,279
Liabilities arising from participation in profits – dividends, shares of profits	0	22	0	22
Accruals and deferred income	7,021	5,797	2,972	2,596
Surplus arising from authorised transactions for customers	46	179	46	179
Other financial liabilities	2,761	6,928	3,212	6,252
Total	33,865	33,551	24,739	26,396

The largest proportion of the amount shown under the item 'Other financial liabilities' is attributable to the balances held in transitional accounts.

28 Provisions

Nova KBM Group	Provisions for restructuring	Provisions for pending legal issues	Provisions for pensions and similar benefits	Provisions for off-balance sheet liabilities	Other provisions	Total
1 January 2015	2,028	18,753	7,334	52,272	2,624	83,011
Net creation of provisions through profit or loss	0	1,875	189	(16,102)	(43)	(14,081)
– provisions made during the year	0	6,635	665	16,272	0	23,572
– provisions reversed during the year	0	(4,760)	(476)	(32,374)	(43)	(37,653)
Provisions used during the year	(627)	(1,819)	(1,238)	0	(167)	(3,851)
Other	0	0	1	0	0	1
30 September 2015	1,401	18,809	6,286	36,170	2,414	65,080

Nova KBM Group	Provisions for restructuring	Provisions for pending legal issues	Provisions for pensions and similar benefits	Provisions for off-balance sheet liabilities	Other provisions	Total
1 January 2014	11,280	17,785	6,549	64,060	489	100,163
Net creation of provisions through profit or loss	(8,151)	1,151	490	(11,622)	2,377	(15,755)
– provisions made during the year	1,449	4,418	1,343	31,261	2,394	40,865
– provisions reversed during the year	(9,600)	(3,267)	(853)	(42,883)	(17)	(56,620)
Net creation/reversal of provisions through equity	0	0	864	0	0	864
Provisions used during the year	(1,101)	(167)	(428)	0	(238)	(1,934)
Exchange rate differences	0	(5)	(10)	(78)	(1)	(94)
Other	0	(11)	(131)	(88)	(3)	(233)
31 December 2014	2,028	18,753	7,334	52,272	2,624	83,011

Nova KBM d.d.	Provisions for restructuring	Provisions for pending legal issues	Provisions for pensions and similar benefits	Provisions for off-balance sheet liabilities	Other provisions	Total
1 January 2015	2,028	17,508	4,651	50,225	193	74,605
Net creation of provisions through profit or loss	0	2,232	(115)	(14,886)	0	(12,769)
– provisions made during the year	0	6,635	0	14,779	0	21,414
– provisions reversed during the year	0	(4,403)	(115)	(29,665)	0	(34,183)
Provisions used during the year	(627)	(1,250)	(97)	0	(167)	(2,141)
30 September 2015	1,401	18,490	4,439	35,339	26	59,695

Nova KBM d.d.	Provisions for restructuring	Provisions for pending legal issues	Provisions for pensions and similar benefits	Provisions for off-balance sheet liabilities	Other provisions	Total
1 January 2014	1,680	15,867	3,940	61,943	421	83,851
Net creation of provisions through profit or loss	1,449	1,721	91	(11,718)	(3)	(8,460)
– provisions made during the year	1,449	3,872	442	27,689	0	33,452
– provisions reversed during the year	0	(2,151)	(351)	(39,407)	(3)	(41,912)
Net reversal of provisions through equity	0	0	725	0	0	725
Provisions used during the year	(1,101)	(80)	(105)	0	(225)	(1,511)
31 December 2014	2,028	17,508	4,651	50,225	193	74,605

29 Share capital

Nova KBM Group and Nova KBM d.d.	30.9.2015	31.12.2014
Ordinary shares	150,000	150,000
– subscribed by the state	150,000	150,000

In the nine-month period ended 30 September 2015 and during 2014, the Group did not purchase or sell treasury shares, and no treasury shares were held by Nova KBM at the end of September 2015, nor were shares of Nova KBM held by any of the Group companies.

30 Accumulated other comprehensive income

	Nova KBM Group		Nova KBM d.d.	
	30.9.2015	31.12.2014	30.9.2015	31.12.2014
Accumulated other comprehensive income in respect of available-for-sale financial assets	35,587	43,375	27,336	34,292
– revaluation	42,875	52,224	32,935	41,315
– deferred taxes	(7,288)	(8,849)	(5,599)	(7,023)
Accumulated other comprehensive income	(534)	(534)	(433)	(433)
– revaluation	(551)	(551)	(433)	(433)
– deferred taxes	17	17	0	0
Total	35,053	42,841	26,903	33,859

30.1 Movements in accumulated other comprehensive income

	Nova KBM Group		Nova KBM d.d.	
	2015	2014	2015	2014
1 January	42,841	8,981	33,859	7,140
Net change arising from the valuation of available-for-sale financial assets	(9,349)	41,722	(8,380)	33,036
– valuation gains/(losses) taken to equity	(9,590)	41,718	(8,380)	33,036
– transferred to profit or loss	241	4	0	0
Other net change in valuation	0	(850)	0	(725)
Net change in deferred taxes	1,561	(7,012)	1,424	(5,592)
30 September 2015/31 December 2014	35,053	42,841	26,903	33,859

31 Reserves from profit

	Nova KBM Group		Nova KBM d.d.	
	30.9.2015	31.12.2014	30.9.2015	31.12.2014
Regulatory reserves	2,238	2,302	1,796	1,796
Statutory reserves	17,062	17,062	17,062	17,062
Other reserves from profit	8,531	8,531	8,531	8,531
Total	27,831	27,895	27,389	27,389

31.1 Movements in reserves from profit

	Nova KBM Group		Nova KBM d.d.	
	2015	2014	2015	2014
1 January	27,895	663	27,389	0
Increase in regulatory reserves	(64)	1,639	0	1,796
Increase in statutory reserves	0	17,062	0	17,062
Increase in other reserves	0	8,531	0	8,531
30 September 2015/31 December 2014	27,831	27,895	27,389	27,389

In accordance with the provisions of the Companies Act and Nova KBM's Articles of Association, the Nova KBM Management Board has, with the consent of the Supervisory Board, appropriated the 2014 net profit for reserves as follows:

- for regulatory reserves: €1,796,000
- for statutory reserves: €17,062,000
- for other reserves from profit: €8,531,000.

Other notes

32 Commitments and contingent liabilities by type

	Nova KBM Group			Nova KBM d.d.		
	30.9.2015			30.9.2015		
	Current	Non-current	Total	Current	Non-current	Total
Financial guarantees	48,567	16,021	64,588	45,867	12,341	58,208
Service guarantees	121,021	73,942	194,963	101,474	64,749	166,223
Total guarantees	169,588	89,963	259,551	147,341	77,090	224,431
Unsecured letters of credit	0	0	0	80	0	80
Approved and undrawn loans	156,787	10,881	167,668	153,701	10,349	164,050
Approved and undrawn overdrafts	185,701	1,019	186,720	159,927	0	159,927
Approved credit lines	8,461	0	8,461	0	0	0
Total commitments and contingent liabilities	350,949	11,900	362,849	313,628	10,349	323,977
Derivatives	59,454	0	59,454	59,454	0	59,454
Total	579,991	101,863	681,854	520,503	87,439	607,942

	Nova KBM Group			Nova KBM d.d.		
	31.12.2014			31.12.2014		
	Current	Non-current	Total	Current	Non-current	Total
Financial guarantees	48,703	30,379	79,082	42,934	26,854	69,788
Service guarantees	107,269	73,784	181,053	87,509	65,142	152,651
Total guarantees	155,972	104,163	260,135	130,443	91,996	222,439
Unsecured letters of credit	58	0	58	172	0	172
Approved and undrawn loans	138,665	4,290	142,955	135,475	4,034	139,509
Approved and undrawn overdrafts	180,752	1,232	181,984	155,570	0	155,570
Approved credit lines	8,078	0	8,078	0	0	0
Total commitments and contingent liabilities	327,495	5,522	333,017	291,045	4,034	295,079
Derivatives	124,910	0	124,910	122,910	0	122,910
Total	608,435	109,685	718,120	544,570	96,030	640,600

33 Related party transactions

33.1 Statement of financial position and off-balance sheet items

	Associates		Associates		Subsidiaries	
	Nova KBM Group		Nova KBM d.d.		Nova KBM d.d.	
	30.9.2015	31.12.2014	30.9.2015	31.12.2014	30.9.2015	31.12.2014
Assets						
Deposits and loans given (gross amount)	83	2	83	2	28,631	48,732
– deposits and loans to banks	0	0	0	0	9,691	14,901
– deposits and loans to customers	1	2	1	2	18,929	33,512
– other financial assets	82	0	82	0	11	319
Investments in securities	2,237	2,237	2,237	2,237	94,527	177,935
– equity instruments	2,237	2,237	2,237	2,237	94,527	177,935
Other claims	0	0	0	0	135	0
Liabilities						
Deposits and loans received	1,731	1,755	1,731	1,755	16,982	15,914
– deposits and loans from banks	0	0	0	0	2,507	10,080
– deposits and loans from customers	1,731	1,755	1,731	1,755	13,681	5,675
– other financial liabilities	0	0	0	0	794	159
Securities issued	0	0	0	0	2,023	8,323
– debt securities	0	0	0	0	2,023	8,323
Off-balance sheet items	4	4	4	4	2,178	1,983

	Key management personnel				Other related persons			
	Nova KBM Group		Nova KBM d.d.		Nova KBM Group		Nova KBM d.d.	
	30.9.2015	31.12.2014	30.9.2015	31.12.2014	30.9.2015	31.12.2014	30.9.2015	31.12.2014
Assets								
Deposits and loans given (gross amount)	226	332	226	332	43,218	44,406	295	306
– deposits and loans to customers	226	332	226	332	43,206	44,406	295	306
– other financial assets	0	0	0	0	12	0	0	0
Investments in securities	0	0	0	0	417	417	383	383
– equity instruments	0	0	0	0	417	417	383	383
Liabilities								
Deposits and loans received	492	495	446	495	1,892	1,678	529	654
– deposits and loans from customers	481	495	435	495	1,891	1,479	529	535
– other financial liabilities	11	0	11	0	1	199	0	119
– other liabilities	6	0	6	0	86	0	0	0
Off-balance sheet items	46	44	46	44	4,061	3,487	107	122

Key management personnel of the Group include members of the Management Board, executive directors and members of the Supervisory Board of Nova KBM.

Other related persons of the Group include:

- immediate families of the key management personnel
- entities, the owners or key management personnel of which are members of key management personnel of the Group or of their immediate families
- key management personnel of subsidiaries (management board members and executive directors)
- immediate families of the key management personnel of subsidiaries
- entities, the owners or key management personnel of which are members of key management personnel of subsidiaries or of their immediate families.

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

33.2 Income statement

	Associates		Associates		Subsidiaries	
	Nova KBM Group		Nova KBM d.d.		Nova KBM d.d.	
	1.1.–30.9.2015	1.1.–30.9.2014	1.1.–30.9.2015	1.1.–30.9.2014	1.1.–30.9.2015	1.1.–30.9.2014
Net interest income	(69)	(67)	(69)	(67)	1,574	7,421
Dividend income	0	0	0	0	476	583
Net fee and commission income	4	14	4	4	506	484
Other operating income	24	24	0	0	55	3
Costs of services	(13)	0	0	0	(32)	(49)
Impairment of loans	0	0	0	0	(984)	16,161
Provisions	0	0	0	0	(156)	231
Impairment of investments	0	0	0	0	0	(20,231)
Total	(54)	(29)	(65)	(63)	1,439	4,603

	Key management personnel				Other related persons			
	Nova KBM Group		Nova KBM d.d.		Nova KBM Group		Nova KBM d.d.	
	1.1.–30.9.2015	1.1.–30.9.2014	1.1.–30.9.2015	1.1.–30.9.2014	1.1.–30.9.2015	1.1.–30.9.2014	1.1.–30.9.2015	1.1.–30.9.2014
Net interest income	2	(3)	2	(2)	1,418	382	5	284
Net fee and commission income	0	0	0	0	(186)	(265)	2	4
Costs of services	(227)	(343)	(116)	(210)	(4,980)	(2,545)	(2,444)	(1,216)
Impairment of loans	0	0	0	0	303	460	0	77
Provisions	0	0	0	0	(181)	82	(1)	0
Total	(225)	(346)	(114)	(212)	(3,626)	(1,886)	(2,438)	(851)

33.3 Loans and guarantees given

Nova KBM Group	Management Board members		Supervisory Board members		Other Group employees on individual contracts	
	30.9.2015	31.12.2014	30.9.2015	31.12.2014	30.9.2015	31.12.2014
Loans	0	92	26	29	1,895	2,111
Average interest rate on loans (%)	0	4.14	3.42	3.61	3.15	3.36
Repayments	0	7	5	7	217	496

Nova KBM d.d.	Management Board members		Supervisory Board members		Other Bank employees on individual contracts	
	30.9.2015	31.12.2014	30.9.2015	31.12.2014	30.9.2015	31.12.2014
Loans	0	92	26	29	1,135	1,336
Average interest rate on loans (%)	0	4.14	3.42	3.61	2.94	3.22
Repayments	0	7	5	7	114	262

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

Exposure to:	Nova KBM Group		Nova KBM d.d.	
	30.9.2015	31.12.2014	30.9.2015	31.12.2014
Bank of Slovenia	178,947	281,328	148,876	232,344
Republic of Slovenia	1,288,211	1,260,066	1,051,727	1,036,914
State-owned institutions	462,417	452,348	525,139	496,096
Total exposure to the Bank of Slovenia, Republic of Slovenia and state-owned institutions	1,929,575	1,993,742	1,725,742	1,765,354
Exposure as a proportion of total assets (%)	45.93	45.63	49.22	48.93
Off-balance sheet items covered by collateral provided by the Bank of Slovenia or the Republic of Slovenia	0	901	0	901
Total assets	4,201,547	4,369,010	3,506,247	3,608,215

35 Remuneration

	Nova KBM Group		Nova KBM d.d.	
	1.1.–30.9.2015	1.1.–30.9.2014	1.1.–30.9.2015	1.1.–30.9.2014
Management Board	211	224	211	224
Robert Senica	99	21	99	21
Sabina Župec Kranjc	91	0	91	0
Aleš Hauc	21	102	21	102
Igor Žibrik	0	101	0	101
Supervisory Board members	79	98	79	98
Members of Supervisory Board committees	41	51	41	51
Other Group employees on individual contracts	4,275	5,282	2,134	2,188
Total	4,606	5,655	2,465	2,561

Remuneration paid to Management Board members comprises: salary, pay for annual leave, bonuses, the payment of supplementary pension insurance premiums, and other remuneration under employment contracts.

Remuneration paid to members of the Supervisory Board, the Audit Committee, the Remuneration and Nomination Committee, and the Risk Committee comprises: a payment for holding the office, and to cover attendance fees, reimbursement of costs, seminar participation fees, and the payment of liability insurance premiums.

Remuneration paid to other Group employees working on individual contracts comprises: salary, pay for annual leave, bonuses, the payment of supplementary pension insurance premiums, and other remuneration under employment contracts (severance benefits paid to employees who are made redundant for business reasons, retirement benefits, compensation for a non-competition clause, and some other remuneration under employment contracts).

Igor Žibrik ended his term of office as a member of the Bank Management Board on 31 October 2014. Robert Senica and Sabina Župec Kranjc were appointed as new members of the Bank Management Board on 1 August 2014 and 17 November 2014, respectively. In February 2015, the Supervisory Board recalled Aleš Hauc from the position of the President of the Bank Management Board, and appointed Robert Senica, who was then a member of the Management Board, as the new President.

The total amount paid in the first nine months of 2015 to Robert Senica, President of the Management Board, and Aleš Hauc, ex-President of the Management Board, for meeting attendances, reimbursement of costs, and bonuses in respect of their work on the supervisory board of the Group's associated company was €1,260.01 and €4,120.05, respectively.

36 Events after the statement of financial position date

In November 2015, work began to merge PBS with Nova KBM, which is one of the strategically most important projects undertaken as part of the consolidation of the Nova KBM Group. The basis upon which the implementation of activities towards the merger of the said banks has started was a consent given by each bank's supervisory board.

Until the legal merger, which is scheduled for 1 July 2016, the banks will continue to operate as separate legal entities, given that, prior to taking any further steps towards their integration, they must obtain the necessary approvals from the Bank of Slovenia, the European Central Bank, the European Commission and other competent bodies, and must also meet all relevant regulatory requirements. Although the operations of the customers of both banks will generally be unaffected until the merger is complete, appropriate measures will be taken to ensure that the information on any changes in this regard is distributed in a timely fashion.