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JANUARY TO SEPTEMBER 2012

**UNAUDITED RESULTS OF
OPERATIONS OF THE NOVA KBM GROUP**

NOVEMBER 2012

150yrs.

 **Nova KBM**
READY FOR TOMORROW

Corporate governance bodies as of 30 September 2012

Management Board of the Bank

Aleš Hauc	President
Igor Žibrik	Member

Executive Directors of the Bank

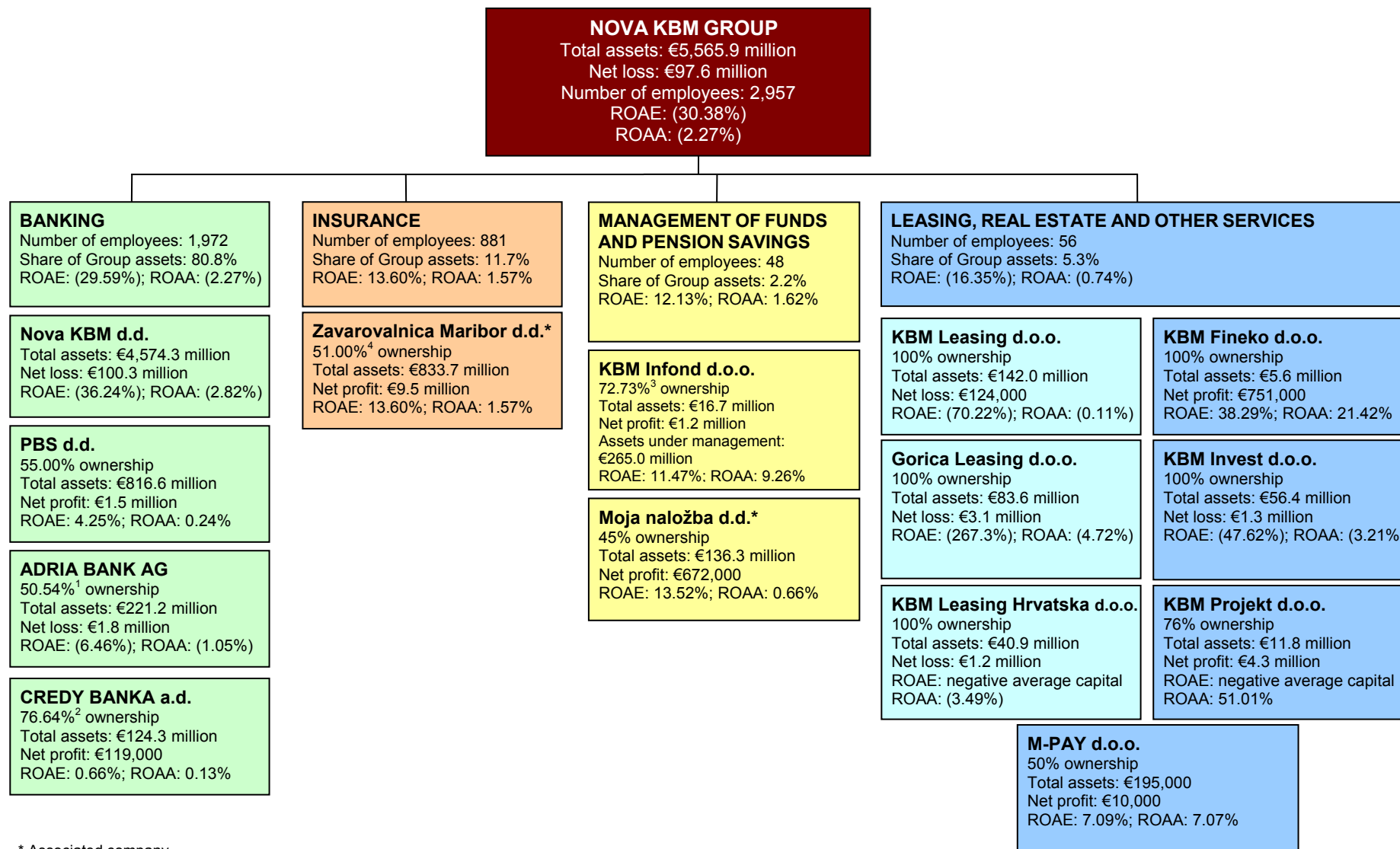
Aleksander Batič
Anton Guzej
Ksenija Mrevlje
Nataša Fesel
Peter Kupljen
Vlasta Brečko
Simon Hvalec

Supervisory Board of the Bank

Peter Kukovica	Chairman
Niko Samec	Deputy Chairman
Andrej Fatur	Member
Egon Žižmond	Member
Duška Jurenec	Member
Karmen Dvorjak	Member
Keith Miles	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 of the	
Maribor District Court:	062/10924200
VAT ID No.:	SI94314527
Share capital:	€40,814,313.08





* Associated company.

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

² The shareholders' agreement entered into between the Bank and the Republic of Serbia includes a provision under which a 12.89% stake of the Republic of Serbia in Credy banka a.d. is subject to a call option available to the Bank and a put option available to the Republic of Serbia. Following the exercise of the option, the shareholding of the Bank in Credy banka a.d. will increase to 89.53%, while the shareholding of the Republic of Serbia will fall to 0%.

³ The Group's share in the share capital of KBM Infond d.o.o. accounts for 72.00%. Due to KBM Infond d.o.o. holding a certain percentage of its own shares, the Group's share in the capital and voting rights of KBM Infond d.o.o. equals 72.73%.

⁴ Zavarovalnica Maribor d.d. is not regarded as a subsidiary company because not all the requirements have been met to exercise control over the company.

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Key performance indicators of the Nova KBM Group

	2012	2011	Index
Statement of financial position (€000)	30.09.	31.12.	
Total assets	5,565,944	5,813,071	96
Total deposits from the non-banking sector	3,609,916	3,760,639	96
Total loans to the non-banking sector	3,596,171	3,844,085	94
Total equity	346,429	435,563	80

Statement of income (€000)	9M 2012	9M 2011	
Net interest income	85,571	101,850	84
Net fee and commission income	43,907	45,114	97
Net (losses) from trading in securities and foreign exchange	(3,239)	(3,353)	97
Other income	6,298	7,188	88
Operating costs	(87,931)	(89,948)	98
Impairment losses and provisions	(148,470)	(69,781)	213
(Loss) from continuing operations	(98,744)	(6,074)	
Net (loss) for the reporting period	(97,642)	(4,436)	

Ratios	30.09.	31.12.	
Net (loss) per share ¹ (€)	(3.33)	(2.38)	
Share price (€)	1.20	3.16	
Book value per share ² (€)	7.80	10.07	
Total capital adequacy (%)	9.77	11.47	
Capital adequacy – original own funds (%)	6.77	8.59	
Core Tier I capital adequacy	6.21	8.06	
ROAA before tax (%)	(2.3)	(1.75)	
ROAE before tax (%)	(30.71)	(21.51)	
Operating costs/Average total assets (%)	2.04	2.13	
Cost/Income (%)	63.88	63.21	

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

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

Performance highlights for the period January – September 2012

- **The pre-tax pre-provision profit (PTPP) of the Nova KBM Group** (hereafter also referred to as the »Group«) totalled €49,726,000, which was 62.0% of the annual projection. The operations of the Group continued to be affected by adverse market conditions and declining economic activities, resulting in enhanced credit risk and, consequently, fairly high impairment losses and provisions recorded by the Group. In the period from January through September 2012, net provisions and impairment losses reached €148,470,000, which accounted for 89.7% of the annual projection.
- For the nine-month period ended 30 September 2012, the **Group posted a pre-tax loss of €97,642,000 from continuing operations**, a figure that was 21.8% above the projection for the year as a whole. High provisions and impairment losses as well as lower than projected net interest income contributed the most to the loss in the first nine months of the year.
- The Group's **total assets** were €5,565,944,000 as of 30 September 2012, down €247,127,000, or 4.3%, from the end of 2011.
- **Net interest income** for the nine-month period ended 30 September 2012 totalled €85,571,000, which made up 67.1% of the annual projection.
- **Net fee and commission income** was €43,907,000, or 76.3% of the annual projection.
- **Administration costs, including depreciation and amortisation**, reached 69.9% of the annual projection and totalled €87,931,000, a decrease of 2.2% relative to the same period last year. The ratio of operating costs to the average total assets stood at 2.04%, down 0.09 percentage points on the figure reported for the end of 2011.
- The Group's **return on average equity before tax (ROAE)** was minus 30.7%, while its **return on average assets before tax (ROAA)** stood at minus 2.3%.
- As of 30 September 2012, the **Group's total equity** amounted to €346,429,000, down €89,134,000, or 20.5%, from the end of 2011. The Group's total capital adequacy ratio at the end of September 2012 was 9.77%, a decrease of 1.70 percentage points from the end of 2011.

Other important events

January

- The Supervisory Board of Nova KBM d.d. (in this report also referred to as »Nova KBM« or the »Bank«) adopted the 2012 Business Policy and Financial Plan of Nova KBM at its regular meeting on 30 January. At the same meeting of the Supervisory Board, Ivan Simič irrevocably resigned as one of its members.

February

- Andrej Plos, President of the Bank's Management Board, submitted his resignation notice to the Bank's Supervisory Board.

March

- On 9 March, the Supervisory Board appointed Aleš Hauc as the President of the Bank's Management Board.

April

- On 19 April, Aleš Hauc was granted a licence by the Bank of Slovenia to hold the office of President of Nova KBM's Management Board.
- On 20 April, Nova KBM released the 2011 Annual Report of the Nova KBM Group and Nova KBM.
- On 24 April, Aleš Hauc started his term of office as the President of the Bank's Management Board. Andrej Plos, who was until then acting as the President, was appointed as a member of the Management Board, while Manja Skernišak ended her term of office as a Management Board member.
- On 25 April, Moody's Investors Service downgraded Nova KBM from Ba1/Non-Prime/D- to Ba2/Non-Prime/E+.

May

- On 8 May, Nova KBM gave notice of the 21st regular Shareholders' Meeting, which took place on 8 June 2012.

June

- On 6 June, the Supervisory Board of Nova KBM appointed Igor Žibrik as a member of the Bank's Management Board.
- The 21st regular Shareholders' Meeting of Nova KBM was held on 8 June.

July

- On 13 July, Nova KBM gave notice that the 22nd regular Shareholders' Meeting would take place on 14 August 2012. Since the June Shareholders' Meeting did not consent to the appointment of the proposed certified auditor, the Management Board had to convene another Shareholders' Meeting. The Bank's supervisors agreed to propose to shareholders the appointment of Deloitte Revizija d.o.o. as the certified auditor for the audit of the 2012 financial statements of the Bank and the Group.

- On 13 July, Andrej Plos, Member of the Management Board, resigned from Nova KBM by common consent.
- At the constituent meeting of the new Supervisory Board on 24 July, Peter Kukovica was appointed as its Chairman, and Niko Samec as his Deputy. The term of office of a nine-member Supervisory Board of Nova KBM lasts four years. Apart from the Chairman and the Deputy Chairman, the following other members were appointed to the Supervisory Board at the 21st Shareholders' Meeting: Keith Miles, Egon Žižmond, Duška Jurenec, Peter Kavčič, Karmen Dvorjak, Miha Glavič and Andrej Fatur.
- On 26 July, Moody's Investors Service downgraded Nova KBM from Ba2/Non-Prime/E+ to B3/Non-Prime/E. The outlook remained negative.

August

- On 2 August, Igor Žibrik was granted a licence by the Bank of Slovenia to hold the office of member of Nova KBM's Management Board, thus fulfilling all legal and formal requirements to start working at the Bank.
- Following the downgrade of Slovenia's sovereign rating to A-, Fitch Ratings downgraded Nova KBM from BBB/F3 to BBB-/F3 on 9 August. The outlook for Slovenia remained negative.
- At the 22nd Shareholders' Meeting of Nova KBM on 14 August, Deloitte Revizija d.o.o., Ljubljana, was appointed as the certified auditor for the audit of the 2012 financial statements of Nova KBM and the Nova KBM Group.
- On 17 August, the Bank informed the public of its intention to sell its 51% stake in Zavarovalnica Maribor, an associated company within the Group. UniCredit CAIB Slovenija d.o.o. was appointed to act as the advisor in this transaction. The intended sale of Zavarovalnica Maribor is based on the ruling made by the June Shareholders' Meeting that required the Bank's Management Board to start preparations for the sale of non-core assets of the Group.

September

- On 7 September, the Bank informed the public that, considering the prevailing conditions in the financial markets, it would not recall subordinated notes NOVAKR Var 10/49 (ISIN XS0325446903), in accordance with the terms and conditions set out in the prospectus. Further details with respect to the conditions under which the Bank may buy back the existing subordinated notes have been provided to the note holders and the interested public pursuant to the applicable restrictions, taking into account the Bank's commitment to responsible, transparent and equitable provision of information.
- On 27 September, the Securities Market Agency (ATVP) passed a ruling that prohibited the following institutions from exercising their voting rights in the Bank, due to their violation of the provisions of the Takeover Act (ZPre-1): the Capital Assets Management Agency of the Republic of Slovenia, Pošta Slovenije d.o.o., GEN d.o.o., Kapitalska družba pokojninskega in invalidskega zavarovanja d.d., Slovenska odškodninska družba d.d., ELES d.o.o. and Aerodrom Ljubljana d.d. This ruling takes effect on the day it becomes final, and remains in force until the aforementioned companies submit a takeover bid for the shares of the Bank in accordance with the Takeover Act, or until they reduce their shareholding in the Bank to below the takeover threshold.

Events after the end of the reporting period

October

- The results of the EBA capital exercise were published on 3 October. According to the final results of this capital exercise and considering the recommendations of the EBA, the Bank had, as of 30 June 2012, a shortage of capital. To remedy this shortage, a number of actions are being taken, with financial support from the government being considered as the last resort. The Group's Core Tier I capital ratio figures as of 31 December 2011 and 30 June 2012 were 8.1% and 7.4%, respectively.
- A due diligence review of Zavarovalnica Maribor started on 11 October. The Bank invited several bidders that had submitted non-binding offers for the purchase of its 51% stake in Zavarovalnica Maribor to conduct a due diligence review. The sale of Zavarovalnica Maribor is expected to be completed by the end of the year.

November

- As part of the process of selling its 51% stake in Zavarovalnica Maribor, on 7 November the Bank received several bids from potential buyers that had conducted a due diligence review of the insurance company, including a binding offer from Pozavarovalnica Sava d.d. (Sava Re) and a non-binding offer from KD Group d.d. Both of these institutions have publicly announced their intention to bid for Zavarovalnica Maribor. The Bank will carefully examine the offers and will continue negotiations for the sale of its stake in Zavarovalnica Maribor.
- On 9 November, the Bank gave notice that the 23rd Shareholders' Meeting would take place on 11 December 2012. Shareholders will discuss a resolution proposal regarding the increase in Nova KBM's share capital and a resolution proposal for amendments to the Bank's Articles of Association.
- On 13 November, the Bank offered the holders of its hybrid notes an opportunity to either partially buy back the notes for cash at a discount or to convert the notes at a discount into a senior debt instrument with a maturity of five years, in accordance with the terms and conditions set out in the offer.

Changes in the Supervisory Board of the Bank

New supervisors of the Bank were appointed at the 21st Shareholders' Meeting on 8 June 2012, with their term of office starting on the expiry of the term of office of the previous Supervisory Board, which was on 14 July 2012. At the constituent meeting of the new Supervisory Board on 24 July, Peter Kukovica was appointed as its Chairman, and Niko Samec as his Deputy. The term of office of a nine-member Supervisory Board of Nova KBM lasts four years. Apart from the Chairman and the Deputy Chairman, the following other members were appointed to the Supervisory Board: Keith Miles, Egon Žižmond, Duška Jurenec, Peter Kavčič, Karmen Dvorjak, Miha Glavič and Andrej Fatur.

Letter to shareholders

Dear Business Partners, Customers,
Shareholders, and the Nova KBM
Group employees,

The third quarter of 2012 saw the global economy slow down once again. Monetary policy interventions by the governments and central banks of the USA and EU helped reduce the risks to the financial system, but the impact of these interventions on GDP growth was rather limited. Following the interventions of monetary authorities, the spreads on bonds issued by the so-called PIIGS countries, and also Slovenia, narrowed temporarily. The macroeconomic projections for Slovenia for 2012 point to a decline in economic growth, which suggests that bank loan portfolios will deteriorate further, primarily because of tight market conditions and a growing number of companies filing for bankruptcy and receivership. The total assets of the Slovene banking system have been decreasing throughout the year, mainly due to the repayment of bonds, a downsizing of bank loan portfolios, and a reduction in deposits from the state. Repayment of funds to foreign lenders is continuing, partially as a consequence of a downgrade in Slovenia's long-term rating and the ratings of some banks. Household deposits registered growth; however, the rate of growth was lower than that seen

last year. The volume of loans is decreasing due to expensive foreign funding and a lack of demand from creditworthy corporate borrowers and households. The operating results of the Bank show an increase in gross income, mainly as a result of higher non-interest income, while the net interest income is falling. Growing provisioning expenses contributed to the Slovene banking system reporting an operating loss for the nine-month period ended 30 September.

The results of the Nova KBM Group for the nine-month period ended 30 September were affected by an increased number of bankruptcy proceedings and, consequently, high provisions and impairment losses. The total amount of provisioning in the first nine months of 2012 was 113.0% above the figure reported for the same period last year, and accounted for 90.0% of the annual projection. The Nova KBM Group's pre-tax pre-provision profit was €49.7 million, while the pre-tax loss from continuing operations reached €98.7 million, or 116.0% of the annual projection. As a result of the continuing deterioration of economic conditions, the Group revised its financial plan, according to which a pre-tax loss of €85.4 million from continuing operations is projected for 2012. As of 30 September 2012, the total capital

adequacy of the Nova KBM Group stood at 9.77%, while the total shareholders' equity at the end of September 2012 amounted to €346.4 million, down 20.5% on the figure reported for the end of 2011. For the nine-month period ended 30 September 2012, Nova KBM posted a pre-tax loss of €101.5 million from continuing operations, with its net loss standing at €100.2 million.

In the third quarter of the year, the Bank continued implementing the action plan for the improvement of its capital position. As part of this plan, a procedure for the sale of the Bank's 51% stake in Zavarovalnica Maribor was initiated. The sale is expected to be completed by the end of the year. In addition, preparations are being made for an early redemption/conversion of hybrid notes. If successful, this transaction will boost the Bank's capital adequacy. Work related to capital raising is under way as well. If all the activities set out in the action plan are implemented, the Nova KBM Group will manage to reduce the loss resulting from extremely high provisioning levels; however, the loss will still be above the revised projection for 2012.

In accordance with the forecasts of international institutions, a gradual recovery in economic activity cannot be expected before the second half of 2013. As for Slovenia, the continuation of public finance consolidation and the adoption of key structural reforms will be the main drivers of economic development. Both the Bank and the Group will adjust their operations to the current market conditions, and will focus on improving their cost efficiency, on complying with regulatory requirements, and on consolidating their businesses within the Group.

Given the present business environment, the ongoing economic and financial crises, and forecasts of slow economic growth, and taking into account the expectations and requirements of our stakeholders, the Management Board plans to reformulate the strategy of both the Bank and the Group. The new strategy will cover the period 2013 to 2016. Improving the

performance of the Bank and strengthening its reputation are the guiding principles of the new strategy. By becoming more efficient, successful, and competitive, in the long run we expect to generate greater value-added for our shareholders, customers, employees, and the environment in which the Bank and the Group operate.

A great deal of effort is being put into complying with the capital adequacy requirements. The objectives we have set in this regard will be achieved, and we will restructure the Nova KBM Group so that it is prepared to deal with new challenges and opportunities in the future. We wish to express our sincere gratitude to all those who, through their work and commitment, help us achieve demanding business objectives, and we thank all shareholders and business partners for their support and confidence.

Maribor, November 2012

Management Board of Nova KBM d.d.

Igor Žibrik
Member



Aleš Hauc
President



Statement of management's responsibilities

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

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

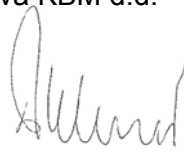
- the interim financial statements have been drawn up in accordance with the appropriate accounting framework of reporting and that they provide a true and fair view of the assets, liabilities, the financial position and the profit and loss of the Bank and other companies included in the consolidation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

Maribor, 20 November 2012

Management Board of Nova KBM d.d.



Igor Žibrik
Member



Aleš Hauc
President

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

Nova KBM d.d. is the parent company of the Nova KBM Group, which consists of the parent company and 11 subsidiaries. In addition, the Bank has equity investments in two associates. The names of the companies and the Bank's shareholding in them are presented in the table below.

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

The Bank is obliged to prepare consolidated financial statements.

Composition of the Nova KBM Group, including associated companies, as of 30 September 2012

Company	Position in the Group	% of shareholding
Nova KBM d.d.	parent bank	
Poštna banka Slovenije d.d.	subsidiary bank	55.00
Adria Bank AG	subsidiary bank	50.54
Credy banka a.d.	subsidiary bank	76.64
KBM Fineko d.o.o.	subsidiary company	100.00
KBM Infond d.o.o.	subsidiary company	72.00
KBM Leasing d.o.o.	subsidiary company	100.00
KBM Invest d.o.o.	subsidiary company	100.00
Gorica Leasing d.o.o.	subsidiary company	100.00
M-Pay d.o.o.	subsidiary company	50.00
KBM Projekt d.o.o.	subsidiary company	76.00
KBM Leasing Hrvatska d.o.o.	subsidiary company	100.00
Zavarovalnica Maribor d.d.	associated company	51.00
Moja naložba d.d.	associated company	45.00

There were no changes in the shareholding of Group companies in the first three quarters of 2012.

Key performance indicators of individual Group members for the nine-month period ended 30 September 2012

COMPANY	Number of employees 30.09.2012	Net profit or (loss) (€000)	Total assets (€000)	ROAE after tax (%)	ROAA after tax (%)
Nova KBM d.d.	1,316	(100,254)	4,574,263	(36.24)	(2.82)
Poštna banka Slovenije d.d.	242	1,477	816,550	4.25	0.24
Adria Bank AG	32	(1,755)	221,161	(6.46)	(1.05)
Credy banka a.d.	382	119	124,333	0.66	0.13
KBM Fineko d.o.o.	11	751	5,584	38.29	21.42
KBM Infond d.o.o.	34	1,178	16,746	11.47	9.26
KBM Leasing d.o.o.	13	(124)	142,033	(70.22)	(0.11)
KBM Invest d.o.o.	10	(1,272)	56,435	(47.62)	(3.21)
Gorica Leasing d.o.o.	13	(3,111)	83,634	(267.30)	(4.72)
M-Pay d.o.o.	0	10	195	7.09	7.07
KBM Projekt d.o.o.	1	4,257	11,807	-*	51.01
KBM Leasing Hrvatska d.o.o.	8	(1,161)	40,889	-*	(3.49)
Zavarovalnica Maribor d.d.	881	9,458	833,695	13.60	1.57
Moja naložba d.d.	14	672	136,332	13.52	0.66

* Not calculated due to negative average capital.

Shareholder structure and information on shares

The shareholder structure of the Bank as of 30 September 2012 was as follows: the Republic of Slovenia held 27.7% of shares; Pošta Slovenije d.o.o. – 6.6%; Gen d.o.o. – 6.4%; Kapitalska družba d.d. – 4.8%; Slovenska odškodninska družba d.d. – 3.2%; ELES d.o.o. – 2.4%; the total shareholding of the state was 51.1%, of which 35.7% was a direct and 15.4% an indirect shareholding of the state in the Bank; households held 17.8% (up 1.4 percentage points from the beginning of the year); other financial organisations held 6.3% (down 0.2 percentage points from the beginning of the year); foreign investors held 21.1% (down 0.9 percentage points from the beginning of the year); non-financial companies held 2.5% (the same as at the beginning of the year); and banks held 1.3% (down 0.2 percentage points from the beginning of the year).

10 largest shareholders on 30 September 2012

Number of shares	% of ownership ³	Shareholder
10,822,805	27.66	REPUBLIC OF SLOVENIA
4,074,595	10.41	KDPW – TRUST ACCOUNT
2,599,192	6.64	POŠTA SLOVENIJE d.o.o.
2,500,000	6.39	GEN d.o.o.
1,875,920	4.79	KAPITALSKA DRUŽBA d.d.
1,250,614	3.20	SLOVENSKA ODŠKODNINSKA DRUŽBA d.d.
937,500	2.40	ELES d.o.o.
935,833	2.39	NFD1 DELNIŠKI INVESTICIJSKI SKLAD d.d.
925,067	2.36	EAST CAPITAL BALKAN FUND
476,550	1.22	SALINK LIMITED

Out of the members of the Bank's Management and Supervisory Boards, Keith Miles, a Supervisory Board member, held 24 Nova KBM shares (0.000061% shareholding) as of 30 September 2012.

³ Voting rights equal ownership interest.

Information on shares

As of 30 September 2012, the Bank's share capital amounted to €40,814,313.08 and was split into 39,122,968 ordinary no-par value shares.

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

Holders of ordinary shares have the following rights:

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

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

Information on shares

	30.09. 2012	30.06. 2012	31.3. 2012	31.12. 2011	31.12. 2010	31.12. 2009
Number of shareholders	97,533	97,690	97,948	98,354	100,295	102,514
Number of ordinary shares (000)	39,123	39,123	39,123	39,123	26,082	26,082
Share price on the last trading date (€)	1.20	2.00	3.49	3.16	10.20	11.44
Market capitalisation (€000)	46,948	78,246	136,539	123,629	266,036	298,378

	Nova KBM				Nova KBM Group			
	30.09. 2012	31.12. 2011	31.12. 2010	31.12. 2009	30.09. 2012	31.12. 2011	31.12. 2010	31.12. 2009
Book value per share ¹ (€)	7.25	9.55	14.39	14.10	7.80	10.07	15.22	15.04
Net earnings/(loss) per share ² (€)	(3.42)	(2.42)	0.36	0.47	(3.36)	(2.38)	0.41	0.40
P/E ratio ³	(0.35)	(1.31)	28.33	24.34	(0.36)	(1.33)	24.88	30.11
P/B ratio ⁴	0.17	0.33	0.71	0.81	0.15	0.31	0.67	0.76

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

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

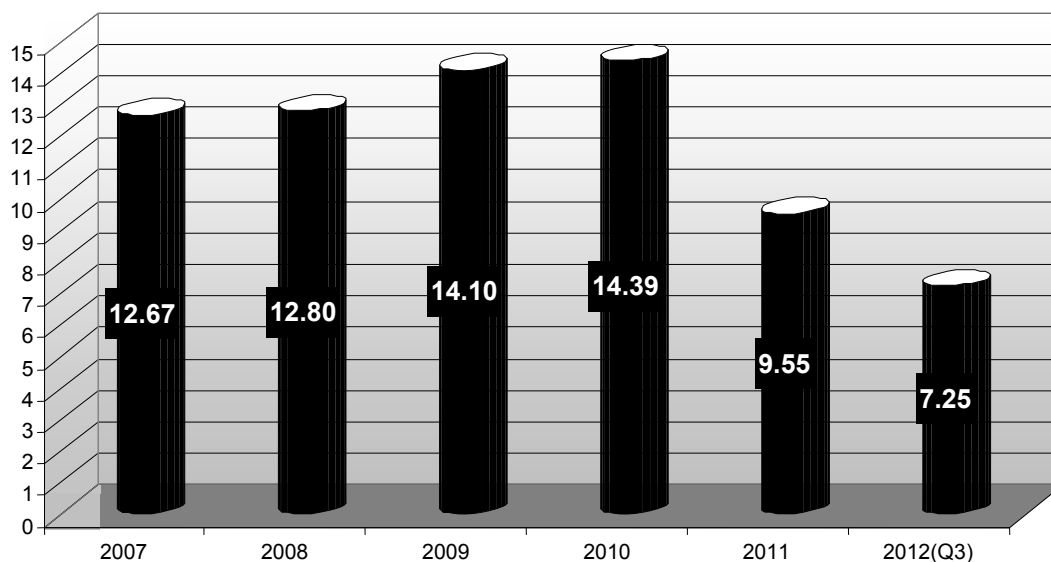
³ P/E ratio is calculated as the ratio between the share price on the last trading date and the Bank's net profit or loss (for the Group: net profit or loss attributable to owners of the parent) per share.

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

Nova KBM's per-share book value decreased by €2.30⁴ in the first three quarters of 2012, as a result of a decrease in the Bank's equity due to the loss generated in the period.



Nova KBM's per-share book value (€)



Dividend payment policy

Dividend for the year	2012-2015	2011	2010	2009	2008	2007	2006
Gross dividend per share (€)	-	-	0.08	0	0.2	0.2	0.7
Dividend yield ⁵ (%)	-	-	0.8	0	2.1	1.5	-
Projected share of dividend in net profit of the Bank (%)	35	35	35	30	20	10	-
Share of dividend in net profit of the Bank ⁶ (%)	-	-	36.2	0	29.4	11	44.3

The adopted dividend policy will be implemented only on the condition that the capital adequacy of the Bank and the Group is not jeopardised.

⁴ Measured by the book value of Nova KBM.

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

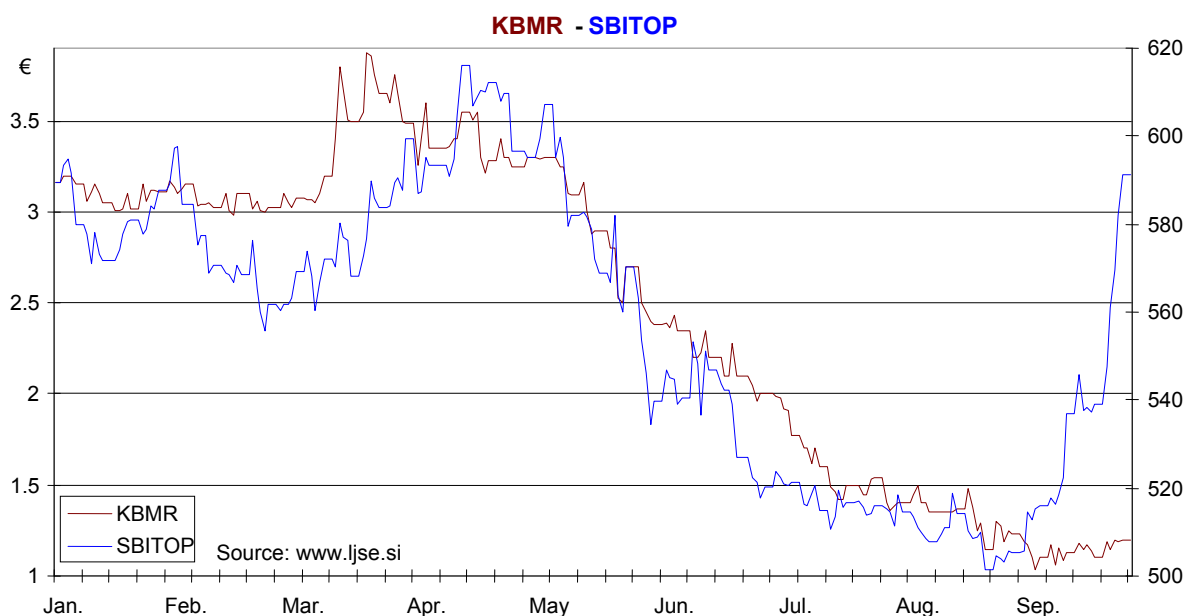
⁶ Gross dividend/Net profit or loss of the Bank.

Share performance

In the period from 1 January to 30 September 2012, the price of KBMR⁷ shares traded on the Ljubljana Stock Exchange, which is the prime market for KBMR shares, ranged between €1.03 and €3.87 per share. The highest share price, €3.87, was achieved on 20 March 2012, while the lowest price was registered on 6 August 2012 when KBMR shares traded at €1.03 per share.

The combined turnover in Nova KBM shares on the Ljubljana Stock Exchange and Warsaw Stock Exchange totalled 2,080,405 shares in the first three quarters of the year, giving an average daily turnover of 11,185 shares. As of 30 September 2012, Nova KBM had 97,533 shareholders in total.

Nova KBM (trading symbol: KBMR; in €) share performance on the Ljubljana Stock Exchange and the SBITOP Index movement in the period from 1 January to 30 September 2012



⁷ Trading symbol of Nova KBM shares on the Ljubljana Stock Exchange.

Operating results of the Nova KBM Group

For the nine-month period ended 30 September 2012, the **Nova KBM Group posted a pre-tax pre-provision profit** of €49,726,000, which accounted for 78.1% of the figure reported for the same period last year. The **Group's pre-tax loss from continuing operations** reached €98,744,000, compared to a loss of €6,074,000 reported a year earlier. The following statement of income items registered the largest year-on-year differences: net provisions and impairment losses (up €78.7 million, or 2.1 times the figure reported for 9M 2011); net interest income (down €16.3 million or 16.0%); operating costs (down €2.0 million or 2.2%); and profit from investments in the equity of associates accounted for using the equity method (up €2.3 million, or 1.8 times the figure reported for 9M 2011).

The **net loss of the Group from continuing operations totalled** €97,642,000, of which a net loss of €98,730,000 was attributable to owners of the parent and a net profit of €1,088,000 was attributable to non-controlling interest. The net loss of the Group was €2,612,000 lower than the net loss posted by the Bank, as a result of net profits recorded by both associates. The following subsidiaries generated a net profit in the first nine months of the year: KBM Projekt (€4.3 million), PBS (€1.5 million), KBM Infond (€1.2 million), KBM Fineko (€0.8 million) and Credi banka (€0.1 million). On the other hand, a net loss was reported by the following Group companies: KBM Leasing (€0.1 million), KBM Leasing Hrvatska (€1.2 million), KBM Invest (€1.3 million), Adria Bank (€1.8 million), Gorica Leasing (€3.1 million) and Nova KBM (€100.3 million).

In the nine-month period ended 30 September 2012, the Group generated **net interest income** of €85,571,000, a decrease of 16% from the same period last year, primarily because of structural changes in interest-bearing assets, high provisioning expenses, and a lower reference interest rate. Interest expense was comparable with the figure for the same period last year. A decrease in net interest income was reported by Nova KBM (down €19.9 million), while the subsidiary banks within the Group managed to increase their net interest income by a total of €3.3 million.

Net fees and commissions totalled €43,907,000 in the first three quarters of 2012, a decrease of 2.7% relative to the same period last year, mainly as a result of a decrease in fees earned on the lending business. All banks within the Group registered a year-on-year drop in net fees and commissions (a decrease of €2.2 million in total). The Group companies engaged in the leasing business generated roughly the same amount of net fees and commissions as a year earlier, while a €1.1 million increase in net fees reported by KBM Infond (as a result of taking over the management of some mutual funds) stood out in the other business areas.

The Group generated a gain of €1,752,000 on **financial assets and liabilities not measured at fair value through profit or loss**. The net loss on **financial assets and liabilities held for trading** totalled €5,314,000, mainly as a result of a net loss on trading in derivatives, reflecting the valuation of equity forward agreements. Net losses on **exchange**

rate differences were €1,111,000, while the gains on other activities⁸ totalled €503,000 (9M 2011: €880,000).

The Group's **profit from investments in the equity of associates** increased year-on-year by 179.3% to €5,120,000.

Administration costs, including depreciation and amortisation, reached €87,931,000, down 2.2% from the same period last year, notwithstanding the fact that the costs incurred by Nova KBM in the first month of the year were included in the accounts for the first nine months of 2012, while in previous years these costs were accounted for at the end of the year. The ratio of operating costs as a percentage of the average total assets decreased from 2011 by 0.09 percentage points to 2.04%.

Compared to the same period last year, **net provisions and impairment losses** increased by 112.8% and amounted to €148,470,000. The deterioration in the quality of the Group's loan portfolio continued throughout the third quarter of 2012, due to an increased number of companies filing for bankruptcy and receivership, and due to an increase in overdue payments.

As a result of the loss reported for the first nine months of the year, the **Group's return on average assets before tax** (ROAA) was negative and stood at minus 2.30% (2011: minus 1.75%). The **Group's return on average equity before tax** (ROAE) was minus 30.71% (2011: minus 21.51%).

The **margin of financial intermediation**, calculated on the average total assets, stood at 3.22%, a decrease of 0.15 percentage points relative to the same period last year. The **interest margin**, also calculated on the average total assets, was 2.00%, down 0.31 percentage points from 2011.

The Group posted a **comprehensive loss** after tax of €88,502,000, of which €97,642,000 million was a net loss for the reporting period, offset by other comprehensive income after tax of €9,140,000. Valuation gains on available-for-sale financial assets totalled €12,356,000, mainly as a result of the increase in the price of RS59 bonds. The Group's share in other comprehensive income of associates totalled €3,088,000, and deferred taxes relating to components of other comprehensive income amounted to €3,060,000.

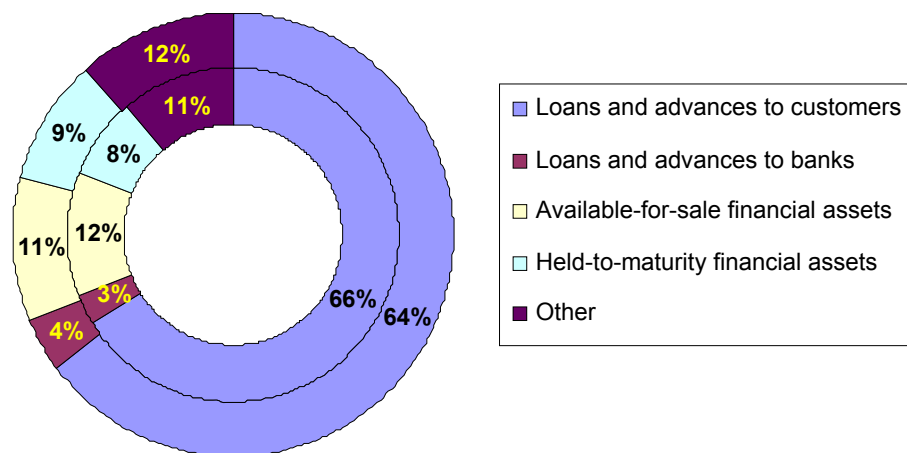
⁸ Other than net interest income, net fee and commission income, dividend income and profits for investments in the equity of associates.

Financial position of the Nova KBM Group

As of 30 September 2012, the Group's **total assets** amounted to €5,565,944,000, a decrease of €247,127,000, or 4.3%, from the 2011 year-end.

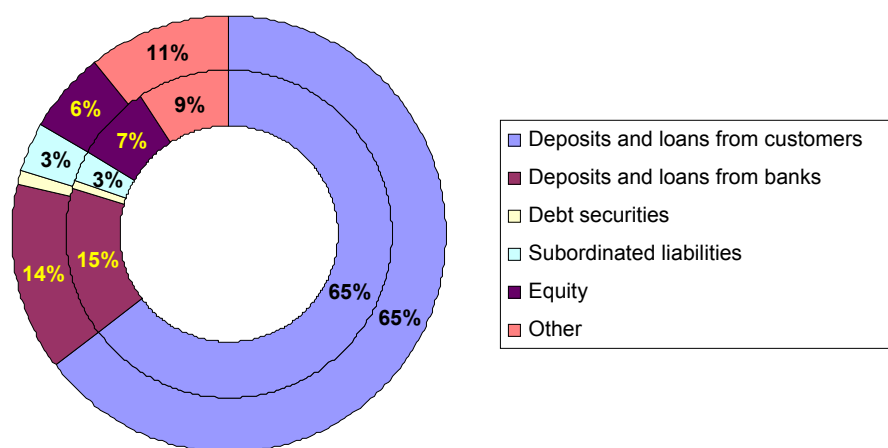
The most notable changes on the assets side of the statement of financial position in the period from January through September 2012 were as follows: a decrease of €111,354,000 in **available-for-sale financial assets**, reflecting the reduced size of the securities portfolio due to the maturity of certain securities; a decrease of €247,914,000 in **net loans and advances to customers**, due to high loan loss provisioning and tight lending conditions; an increase of €51,876,000 in **held-to-maturity financial assets**, as a result of the purchase of treasury bills and bonds; and an increase of €51,093,000 in **loans and advances to banks**, mainly due to the increase in short-term placement of funds.

Structure of assets as of
31.12.2011 (inner ring) and 30.09.2012 (outer ring)



The most notable changes we saw on the funding side of the statement of financial position in the period from January through September 2012 were as follows: a decrease of €89,548,000 in **loans and deposits from banks**, mainly as a result of Nova KBM prepaying loan facilities it had borrowed in the past in the international markets; a decrease of €150,723,000 in **loans and deposits from customers**, caused by a decline in deposits from the state, due to a decrease in household deposits as a result of deteriorating social conditions, forcing people to use their savings for living, and also due to a drop in confidence in the Bank and the state, which was reflected in an outflow of deposits to other, mainly foreign-owned, banks; an increase of €14,106,000 in **debt securities**, as a result of Nova KBM issuing a new series of certificates of deposit; an increase of €72,757,000 in **financial liabilities to the central bank**; and a decrease of €89,134,000 in **equity**, mainly as a result of net loss reported for the period.

Structure of liabilities and equity as of
31.12.2011 (inner ring) and 30.09.2012 (outer ring)



Plans for the rest of 2012

The planning of the business policy and financial plan of the Nova KBM Group for the year 2012 was based on the strategy and starting-points that were supported mainly by the autumn forecasts of the Institute of Macroeconomic Analysis and Development, the Bank of Slovenia, EUROSTAT and ECB. The Slovene economy showed some signs of gradual recovery in the first half of 2011, while in the second half of the year we saw negative macroeconomic trends emerging once again. In spring, a number of institutions involved in forecasting macroeconomic movements revised their economic growth predictions downwards, causing that the Bank needed to revise its starting-points for the 2012 projections. In September 2012, the Supervisory Board consented to the revised 2012 business policy and financial plan, which was drafted based on the April forecasts of the Institute of Macroeconomic Analysis and Development, according to which a 0.9% drop in Slovene GDP was expected in 2012. A drop in Slovene GDP for 2012 was revised downward to 2.0% in the autumn forecasts of the Institute of Macroeconomic Analysis and Development.

The operations of both the Bank and the Group are still affected by adverse economic and financial conditions and general uncertainty. The year 2011 saw a record number of bankruptcy proceedings initiated in Slovenia. This negative trend is continuing into 2012, with as many as 469 bankruptcy proceedings being started in the first nine months. The inter-annual growth is slowing down, but the number of bankruptcy proceedings initiated on a monthly basis still exceeds the number of being closed.

The intensive 'cleaning' of the Bank's loan portfolio has a negative effect on the results of its operations. Therefore, the Management and Supervisory Boards do not realistically expect the 2012 year-end results to be favourable. As a result of higher than projected impairment losses and weak net interest and non-interest income, the Management Board estimates that in 2012 the Bank will generate a loss from continuing operations, the amount of which is expected to exceed the projection, due to economic conditions deteriorating once again. By the end of 2012, the Bank's total assets are projected to reach the level at which they stood before the crisis, with a drop in deposits and loans from customers contributing the most to the decrease. The results of the Group are expected to be in line with those of the Bank.

Key performance indicators of Nova KBM d.d.

	2012	2011	Index
Statement of financial position (€000)	30.09.	31.12.	
Total assets	4,574,263	4,810,537	95
Total deposits from the non-banking sector	2,926,862	3,061,835	96
Total loans to the non-banking sector	3,108,225	3,342,123	93
Total equity	283,554	373,736	76
Total impairment losses and provisions	490,193	367,729	133
Statement of income (€000)	9M 2012	9M 2011	
Net interest income	56,420	76,285	74
Net fee and commission income	31,240	33,076	94
Net (losses) from trading in securities and foreign exchange	(3,198)	(3,153)	101
Other income	5,335	9,296	57
Operating costs	(59,750)	(63,012)	95
Impairment losses and provisions	(131,530)	(45,157)	291
Profit/(loss) from continuing operations	(101,483)	7,335	
Net profit/(loss) for the reporting period	(100,254)	6,157	
Ratios	30.09.	31.12.	
Net (loss) per share ⁹ (€)	(3.42)	(2.42)	
Share price (€)	1.20	3.16	
Book value per share ¹⁰ (€)	7.25	9.55	
Total capital adequacy (%)	8.79	10.83	
Capital adequacy – original own funds (%)	6.25	8.47	
Core Tier I capital adequacy	5.54	7.81	
ROAA before tax (%)	(2.86)	(2.15)	
ROAE before tax (%)	(36.66)	(24.32)	
Operating costs/Average total assets (%)	1.69	1.84	
Cost/Income (%)	66.54	62.10	
Ratings (long-term)	30.09.	31.12.	

B3 (Moody□s) Ba1 (Moody□s)

BBB- (Fitch) BBB (Fitch)

⁹ Annualised net profit or loss/Weighted average number of shares in the period.¹⁰ The Bank's total equity at the end of the period/Total number of ordinary no-par value shares.

In terms of total assets, the Bank's market share decreased by 0.2 percentage points, from 9.8% at the end of 2011 to 9.6% at the end of September 2012.

The Bank's market share in deposits from customers remained flat at 12.5%, while its market share in loans and advances to customers fell by 0.4 percentage points relative to the end of 2011.

By implementing several initiatives aimed at streamlining processes, the Bank managed to improve its ratio of operating costs to the average total assets, from 1.84% at the end of 2011 to 1.69% at the end of September 2012.

In the nine-month period ended 30 September 2012, the interest margin of the Bank, calculated on the average total assets, stood at 1.60%, a decrease of 0.52 percentage points relative to the same period last year.

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

Interim Statement of Income – Nova KBM Group

€000

ITEM DESCRIPTION	Notes	Nine months ended 30.09.2012	Nine months ended 30.09.2011
Interest income and similar income	1	180,092	196,488
Interest expense and similar expense	1	(94,521)	(94,638)
Net interest income	1	85,571	101,850
Dividend income	2	2,556	2,955
Fee and commission income	3	70,414	74,117
Fee and commission expense	3	(26,507)	(29,003)
Net fee and commission income	3	43,907	45,114
Realised gains/(losses) on financial assets and liabilities not measured at fair value through profit or loss		1,752	(4,509)
Net gains/(losses) on financial assets and liabilities held for trading	4	(5,314)	6,464
Net gains/(losses) on financial assets and liabilities designated at fair value through profit or loss	5	1,434	(6,442)
Net exchange rate differences	6	(1,111)	1,134
Net gains on derecognition of assets excluding non-current assets held for sale		65	604
Other operating net income		3,290	3,342
Administration costs	7	(75,754)	(77,581)
Depreciation and amortisation		(12,177)	(12,367)
Provisions	8	(2,675)	(11,885)
Impairment losses	9	(145,795)	(57,896)
Share of profits of associates and joint ventures accounted for using the equity method	10	5,120	2,856
Net gains from non-current assets held for sale and liabilities associated therewith		387	287
(LOSS) FROM CONTINUING OPERATIONS		(98,744)	(6,074)
Income tax expense related to loss from continuing operations		1,102	1,638
NET (LOSS) FROM CONTINUING OPERATIONS		(97,642)	(4,436)
NET (LOSS) FOR THE PERIOD		(97,642)	(4,436)
a) Attributable to owners of the parent		(98,730)	(5,062)
b) Attributable to non-controlling interest		1,088	626
Basic (loss) per share (€)		(2.52)	(0.15)
Diluted (loss) per share (€)		(2.52)	(0.15)

The notes are an integral part of these financial statements.

Interim Statement of Income – Nova KBM Group

€000

ITEM DESCRIPTION	2012			2011			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Interest income and similar income	55,559	59,930	64,603	66,317	66,592	65,039	64,857
Interest expense and similar expense	(31,744)	(31,232)	(31,545)	(32,574)	(33,087)	(32,078)	(29,473)
Net interest income	23,815	28,698	33,058	33,743	33,505	32,961	35,384
Dividend income	936	1,620	0	1	235	2,720	0
Fee and commission income	23,263	23,644	23,507	24,315	24,602	25,086	24,429
Fee and commission expense	(8,872)	(9,027)	(8,608)	(13,001)	(9,894)	(9,719)	(9,390)
Net fee and commission income	14,391	14,617	14,899	11,314	14,708	15,367	15,039
Realised gains/(losses) on financial assets and liabilities not measured at fair value through profit or loss	733	729	290	3,894	(5,346)	106	731
Net gains/(losses) on financial assets and liabilities held for trading	457	(2,600)	(3,171)	(2,782)	5,835	(2,004)	2,633
Net gains/(losses) on financial assets (and liabilities) designated at fair value through profit or loss	887	(2,282)	2,829	(774)	(4,281)	(2,481)	320
Net exchange rate differences	(207)	(560)	(344)	(650)	(2,381)	7,357	(3,842)
Net gains/(losses) on derecognition of assets excluding non-current assets held for sale	41	(29)	53	(41)	44	552	8
Other operating net income/(loss)	962	950	1,378	(3,094)	576	1,496	1,270
Administration costs	(25,803)	(25,295)	(24,656)	(30,874)	(25,622)	(27,675)	(24,284)
Depreciation and amortisation	(4,187)	(4,103)	(3,887)	(4,277)	(4,182)	(4,176)	(4,009)
Provisions	2,327	(4,395)	(607)	(5,054)	(4,749)	(1,973)	(5,163)
Impairment losses	(80,858)	(46,552)	(18,385)	(100,556)	(16,122)	(26,554)	(15,220)
Share of profits of associates and joint ventures accounted for using the equity method	1,579	2,454	1,087	2,659	55	1,171	1,630
Net gains from non-current assets held for sale and liabilities associated therewith	276	84	27	0	17	202	68
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	(64,651)	(36,664)	2,571	(96,491)	(7,708)	(2,931)	4,565
Income tax expense related to profit/loss from continuing operations	685	1,543	(1,126)	19,805	447	664	527
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	(63,966)	(35,121)	1,445	(76,686)	(7,261)	(2,267)	5,092
NET PROFIT/(LOSS) FOR THE PERIOD	(63,966)	(35,121)	1,445	(76,686)	(7,261)	(2,267)	5,092
a) Attributable to owners of the parent	(62,531)	(36,577)	378	(77,378)	(6,883)	(1,528)	3,349
b) Attributable to non-controlling interest	(1,435)	1,456	1,067	692	(378)	(739)	1,743
Basic earnings/(loss) per share (€)	(1.59)	(0.94)	0.01	(2.23)	(0.21)	(0.07)	0.13
Diluted earnings/(loss) per share (€)	(1.59)	(0.94)	0.01	(2.23)	(0.21)	(0.07)	0.13

The notes are an integral part of these financial statements.

Interim Statement of Comprehensive Income – Nova KBM Group

€000

ITEM DESCRIPTION	Nine months ended 30.09.2012	Nine months ended 30.09.2011
NET (LOSS) FOR THE PERIOD AFTER TAX	(97,642)	(4,436)
OTHER COMPREHENSIVE INCOME/(LOSS) AFTER TAX	9,140	(6,687)
Foreign currency translation differences arising from consolidation	(3,583)	1,441
Translation gains/(losses) taken to equity	(3,583)	1,441
Available-for-sale financial assets	12,695	(9,596)
Valuation gains/(losses) taken to equity	12,356	(9,297)
Transferred to profit or loss	339	(299)
Share of other recognised comprehensive income/(loss) of associates and joint ventures accounted for using the equity method	3,088	(587)
Income tax relating to components of other comprehensive income	(3,060)	2,055
TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD AFTER TAX	(88,502)	(11,123)
a) Attributable to owners of the parent	(89,054)	(11,383)
b) Attributable to non-controlling interest	552	260

The notes are an integral part of these financial statements.

Interim Statement of Comprehensive Income – Nova KBM Group

€000

ITEM DESCRIPTION	2012			2011			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
NET PROFIT/(LOSS) FOR THE PERIOD AFTER TAX	(63,966)	(35,121)	1,445	(76,686)	(7,261)	(2,267)	5,092
OTHER COMPREHENSIVE INCOME/(LOSS) AFTER TAX	1,008	(8,203)	16,335	(12,960)	(4,462)	(3,396)	1,171
Foreign currency translation differences arising from consolidation	(279)	(1,617)	(1,687)	(540)	(1,101)	1,615	927
Translation gains/(losses) taken to equity	(279)	(1,617)	(1,687)	(540)	(1,101)	1,615	927
Available-for-sale financial assets	454	(8,212)	20,453	(12,859)	(4,477)	(6,191)	1,072
Valuation gains/(losses) taken to equity	234	(8,329)	20,451	(21,918)	(4,283)	(6,106)	1,092
Transferred to profit or loss	220	117	2	9,059	(194)	(85)	(20)
Share of other recognised comprehensive income/(loss) of associates and joint ventures accounted for using the equity method	915	515	1,658	(2,670)	242	(39)	(790)
Income tax relating to components of other comprehensive income	(82)	1,111	(4,089)	3,109	874	1,219	(38)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD AFTER TAX	(62,958)	(43,324)	17,780	(89,646)	(11,723)	(5,663)	6,263
a) Attributable to owners of the parent	(61,198)	(44,185)	16,329	(89,870)	(10,867)	(5,385)	4,869
b) Attributable to non-controlling interest	(1,760)	861	1,451	224	(856)	(278)	1,394

The notes are an integral part of these financial statements.

Interim Statement of Financial Position – Nova KBM Group

€000

ITEM DESCRIPTION	Notes	30.09.2012	31.12.2011
Cash and balances with the central bank	11	158,266	147,373
Financial assets held for trading	12	2,582	8,741
Financial assets designated at fair value through profit or loss	13	33,385	38,475
Available-for-sale financial assets	14	588,249	699,603
Loans and advances		3,840,245	4,036,084
- loans and advances to banks	15	228,513	177,420
- loans and advances to customers	16	3,596,171	3,844,085
- other financial assets	17	15,561	14,579
Held-to-maturity financial assets	18	501,481	449,605
Non-current assets and disposal groups classified as held for sale and discontinued operations		6,264	6,405
Property, plant and equipment		90,862	94,376
Investment property		57,664	54,544
Intangible assets		36,893	33,451
Investments in associates and joint ventures accounted for using the equity method		53,714	47,539
Tax assets		32,531	34,031
- current tax assets		1,563	2,014
- deferred tax assets		30,968	32,017
Other assets		163,808	162,844
TOTAL ASSETS		5,565,944	5,813,071
Financial liabilities due to the central bank		488,235	415,478
Financial liabilities held for trading		1,518	2,486
Financial liabilities measured at amortised cost	19	4,668,440	4,882,735
- deposits from banks	19	142,055	154,660
- deposits from customers	19	3,602,498	3,760,483
- loans from banks	19	624,102	701,045
- loans from customers	19	7,418	156
- debt securities	19	63,079	48,973
- subordinated liabilities	19	194,790	187,923
- other financial liabilities	19	34,498	29,495
Financial liabilities associated to transferred assets		2,715	8,022
Provisions	20	40,466	38,252
Other liabilities		18,141	30,535
TOTAL LIABILITIES		5,219,515	5,377,508
Share capital		40,814	40,815
Share premium		165,775	165,775
Revaluation reserves		(12,192)	(25,096)
Translation reserves		(3,355)	(127)
Reserves from profit		301,448	300,726
Treasury shares		(1,412)	(1,412)
Retained loss (including net loss for the financial year)		(186,080)	(86,628)
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		304,998	394,053
Non-controlling interest		41,431	41,510
TOTAL SHAREHOLDERS' EQUITY		346,429	435,563
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,565,944	5,813,071

The notes are an integral part of these financial statements.

Interim Statement of Cash Flows – Nova KBM Group

€000

Designation	ITEM DESCRIPTION	Nine months ended 30.09.2012	Nine months ended 30.09.2011
A.	CASH FLOWS FROM OPERATING ACTIVITIES		
a)	Net (loss) before tax	(98,744)	(6,074)
	Depreciation and amortisation	12,177	12,367
	(Reversal of impairment) of held-to-maturity financial assets	(23)	(18)
	Impairment of tangible assets, investment property and intangible assets	84	65
	Share of (profit) of associates and joint ventures accounted for using the equity method	(5,120)	(2,856)
	Net (gains)/losses from exchange rate differences	1,111	(1,134)
	Net (gains)/losses from held-to-maturity financial assets	(21)	29
	Net (gains) from the sale of tangible assets and investment properties	(29)	(926)
	Other (gains) from investing activities	(14,615)	(6,252)
	Other losses from financing activities	8,340	8,571
	Net unrealised (gains) from non-current assets held for sale and discontinued operations and liabilities associated therewith	(387)	(287)
	Net unrealised gains/(losses) in revaluation reserves from financial assets available for sale (excluding effect of deferred tax)	12,695	(9,596)
	Other adjustments to total profit or loss before tax	2,716	11,922
	Cash flow from operating activities before changes in operating assets and liabilities	(81,816)	5,811
b)	Decrease in operating assets (excluding cash equivalents)	377,945	91,151
	Net (increase)/decrease in financial assets held for trading	6,226	(8,888)
	Net (increase)/decrease in financial assets designated at fair value through profit or loss	5,075	(25,708)
	Net decrease in available-for-sale financial assets	111,264	45,927
	Net decrease in loans and advances	257,984	121,312
	Net decrease in non-current assets held for sale	667	522
	Net (increase) in other assets	(3,271)	(42,014)
c)	(Decrease) in operating liabilities	(160,695)	(114,628)
	Net increase in financial liabilities to the central bank	72,758	40,113
	Net (decrease) in financial liabilities held for trading	(968)	(3,452)
	Net (decrease) in deposits and loans measured at amortised cost	(228,637)	(161,934)
	Net increase in debt securities in issue measured at amortised cost	14,107	14,338
	Net (decrease) in other liabilities	(17,955)	(3,693)
d)	Cash flow from operating activities (a+b+c)	135,434	(17,666)
e)	Income taxes (paid)/ refunded	(338)	5,949
f)	Net cash flow from operating activities (d+e)	135,096	(11,717)

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Designation	ITEM DESCRIPTION	Nine months ended 30.09.2012	Nine months ended 30.09.2011
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
a)	Receipts from investing activities	92,659	22,360
	Receipts from the sale of tangible assets and investment properties	4,747	7,622
	Receipts from the disposal of subsidiaries, associates and joint ventures	0	212
	Receipts from non-current assets or liabilities held for sale	526	421
	Receipts from the sale of held-to-maturity financial assets	85,354	9,659
	Other receipts from investing activities	2,032	4,446
b)	Cash payments on investing activities	(143,252)	(86,690)
	(Cash payments to acquire tangible assets and investment properties)	(10,677)	(19,316)
	(Cash payments to acquire intangible assets)	(9,562)	(4,637)
	(Cash payments for the investment in associates)	0	(7,344)
	(Cash payments to acquire held-to-maturity financial assets)	(123,013)	(55,393)
c)	Net cash flow from investing activities (a+b)	(50,593)	(64,330)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
a)	Cash proceeds from financing activities	113	104,328
	Cash proceeds from issuing shares and other equity instruments	0	104,328
	Other cash proceeds related to financing activities	113	0
b)	Cash payments on financing activities	(2,102)	(13,413)
	(Dividends paid)	(634)	(4,288)
	(Repayments of subordinated liabilities)	(1,468)	(5,863)
	(Other cash payments related to financing activities)	0	(3,262)
c)	Net cash flow from financing activities (a+b)	(1,989)	90,915
D.	Effects of change in exchange rates on cash and cash equivalents	(4,863)	1,536
E.	Net increase in cash and cash equivalents (Af+Bc+Cc)	82,514	14,868
F.	Opening balance of cash and cash equivalents	245,776	324,734
G.	Closing balance of cash and cash equivalents (D+E+F)	323,427	341,138

Reconciliation of cash and cash equivalents with the statement of financial position items as of 30 September 2012 is presented in [Note 11](#).

The balance of cash and cash equivalents as of 30 September 2011 amounted to €341,138,000 and was made up of cash and balances with the central bank, in the amount of €147,383,000, and loans and advances to banks with original maturity of up to three months, in the amount of €193,755,000.

Cash flows from interest and dividends

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	Nine months ended 30.09.2012	Nine months ended 30.09.2011
Interest paid	(85,668)	(81,763)
Interest received	164,400	179,539
Dividends and participation in profits paid	(634)	(4,288)
Dividends and participation in profits received	4,312	7,344

The notes are an integral part of these financial statements.

Interim Statement of Changes in Equity for the period from 01.01.2012 to 30.09.2012 – Nova KBM Group

€000

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

The notes are an integral part of these financial statements.

Interim Statement of Changes in Equity for the period from 01.01.2011 to 30.09.2011 – Nova KBM Group

€000

ITEM DESCRIPTION	Share capital	Share premium	Revaluation reserves	Translation reserves	Reserves from profit	Retained earnings/(loss) (including net loss for the financial year)	Treasury shares (capital deduction item)	Equity attributable to owners of the parent	Non-controlling interest	Total shareholders' equity
OPENING BALANCE FOR THE REPORTING PERIOD	27,210	78,314	(5,542)	(868)	297,010	2,188	(1,412)	396,900	42,089	438,989
Total comprehensive income for the period after tax	0	0	(7,539)	1,218	0	(5,062)	0	(11,383)	260	(11,123)
New share capital subscribed (paid)	13,605	90,723	0	0	0	(162)	0	104,166	162	104,328
Payment of dividends	0	0	0	0	0	(3,119)	0	(3,119)	(1,209)	(4,328)
Transfer of net profit to reserves from profit	0	0	0	0	1,626	(1,626)	0	0		0
Other	0	(3,262)	1	(1)	0	432	0	(2,830)	(18)	(2,848)
CLOSING BALANCE FOR THE REPORTING PERIOD	40,815	165,775	(13,080)	349	298,636	(7,349)	(1,412)	483,734	41,284	525,018

The notes are an integral part of these financial statements.

Notes to the financial statements of the Nova KBM Group

The consolidated financial statements of the Group for the nine-month period ended 30 September 2012 were authorised for issue on 8 November 2012 by the Management Board of Nova KBM d.d.

Statement of compliance

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

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

The interim financial statements are unaudited.

Presentation and functional currency

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

All amounts in the consolidated financial statements and in notes to the consolidated financial statements are expressed in thousands of euros except where stated otherwise. Due to rounding off of amounts, there may be slight discrepancies in totals.

Changes in the layouts of financial statements

The amended Regulation on Books of Account and Annual Reports of Banks and Savings Banks was published in spring 2012, introducing several changes in the layouts of financial statements. The Group used these amended layouts for the first time for its financial statements as of 30 June 2012. The comparability of data as of the end of June 2012 with those for the 2011 year-end has been ensured.

The most significant changes in the statement of financial position are set out below:

- Other financial assets (cheques, claims for fees and commissions, the majority of other receivables) have been transferred from *Other assets* to *Loans and advances*.
- Other financial liabilities (liabilities for fees and commissions, the majority of other liabilities) have been transferred from *Other liabilities* to *Financial liabilities measured at amortised cost*.
- Current and deferred tax assets and tax liabilities are now disclosed in net amount, and not gross, as was the case before (resulting in a decrease of the Group's total assets as of 31 December 2011).

These changes have neither an effect on the results of the Group as of 31 December 2011 nor on the short layouts of the statement of income.

Significant accounting policies

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

The accounting policies applied are presented in detail in the 2011 Annual Report of the Nova KBM Group.

Notes to the statement of income items

1 Interest income and expense

Analysis of interest by market segments

	9M 2012		9M 2011	
	Income	Expense	Income	Expense
Non-financial companies	83,809	3,293	97,756	3,702
State	21,190	16,442	14,925	17,361
Banks	9,199	27,830	13,506	29,241
Other financial organisations	4,085	7,347	5,734	8,086
Households	46,918	36,788	49,034	33,715
Foreign persons	14,646	2,584	15,300	2,345
Non-profit household service providers	245	237	233	188
Total	180,092	94,521	196,488	94,638
Net interest income	85,571		101,850	

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

	9M 2012		9M 2011	
	Current	Non-current	Current	Non-current
Interest income				
Balances with the central bank (measured at amortised cost)	395	0	685	0
Financial assets held for trading	31	0	0	0
Financial assets designated at fair value through profit or loss	0	34	1	90
Available-for-sale financial assets	9,233	3,604	13,920	3,714
Loans and advances (including finance leases and other financial assets)	51,057	101,011	58,242	113,459
Held-to-maturity financial assets	1,155	13,460	149	6,103
Other assets	112	0	125	0
Total by maturity	61,983	118,109	73,122	123,366
Total	180,092		196,488	
Interest expense				
Financial liabilities due to the central bank (measured at amortised cost)	121	3,074	1,187	0
Financial liabilities held for trading	0	41	0	39
Financial liabilities measured at amortised cost	21,880	69,221	24,951	68,460
Other financial liabilities (including finance leases)	184	0	1	0
Total by maturity	22,185	72,336	26,139	68,499
Total	94,521		94,638	
Net interest income	85,571		101,850	

2 Dividend income

	9M 2012	9M 2011
Financial assets held for trading	73	31
Financial assets designated at fair value through profit or loss	1,218	708
Available-for-sale financial assets	1,265	2,216
Total	2,556	2,955

3 Fee and commission income and expense

	9M 2012	9M 2011
Fee and commission income	70,414	74,117
Guarantees	3,031	3,305
Domestic payment transactions	37,325	39,029
International payment transactions	2,641	2,992
Brokerage and agency services	162	162
Transactions in securities for customers	209	275
Credit operations	7,415	9,184
Transactions under current accounts	5,330	5,492
Card operations	8,171	8,539
Electronic banking	917	878
Safekeeping of objects and valuables	62	59
Other services	5,151	4,202
Fee and commission expense	26,507	29,003
Domestic banking services	3,929	3,900
Banking services abroad	1,305	2,654
Brokerage and agency services	339	260
Stock exchange transactions and other transactions in securities	411	453
Payment transactions	19,436	20,760
Other services	1,087	976
Net fee and commission income	43,907	45,114

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

	9M 2012			9M 2011		
	Gains	Losses	Net gains/(losses)	Gains	Losses	Net gains/(losses)
Trading in equity instruments	434	372	62	608	565	43
Trading in debt securities	2	3	(1)	0	0	0
Trading in foreign exchange (purchase/sale)	2,005	1,004	1,001	2,335	1,478	857
Trading in derivatives	3,951	10,326	(6,375)	17,231	11,666	5,565
- futures/forwards	3,550	9,899	(6,349)	17,181	11,472	5,709
- swaps	401	427	(26)	50	194	(144)
Trading in financial liabilities	0	1	(1)	0	1	(1)
Total	6,392	11,706	(5,314)	20,174	13,710	6,464

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

	9M 2012			9M 2011		
	Gains	Losses	Net gains	Gains	Losses	Net (losses)
Financial assets designated at fair value through profit or loss	5,817	4,383	1,434	1,214	7,656	(6,442)
Total	5,817	4,383	1,434	1,214	7,656	(6,442)

6 Net exchange rate differences

	9M 2012	9M 2011
Foreign exchange gains	21,755	47,441
Foreign exchange losses	22,866	46,307
Net foreign exchange gain/(loss)	(1,111)	1,134

7 Administration costs

	9M 2012	9M 2011
Staff expenses	45,455	46,845
Gross salaries	34,389	34,611
Social security and pension insurance contribution	6,227	6,266
Pay for annual leave	1,288	2,264
Other staff costs	3,551	3,704
General and administrative expenses	30,299	30,736
Cost of material	2,940	3,257
Cost of services	17,741	16,687
Maintenance costs of fixed assets	5,061	4,931
Advertising costs	2,584	3,354
Other administrative costs	1,973	2,507
Total administration costs	75,754	77,581

8 Provisions

	9M 2012	9M 2011
Provisions for off-balance sheet liabilities	1,716	11,067
Provisions for tax claims and other pending legal issues	741	706
Other provisions	218	112
Total	2,675	11,885

9 Impairment losses

	9M 2012	9M 2011
Financial assets not measured at fair value through profit or loss	142,507	57,454
Other assets	3,288	442
Total impairment losses	145,795	57,896

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

	9M 2012	9M 2011
Financial assets measured at cost	0	1,080
Available-for-sale financial assets designated at fair value	1,133	1,603
Loans and advances (including finance leases and other financial assets) measured at amortised cost	141,397	54,789
- loans and advances to banks	(15)	17
- loans and advances to customers	141,291	54,294
- other financial assets	121	478
Held-to-maturity financial assets measured at amortised cost	(23)	(18)
Total impairment of financial assets not measured at fair value through profit or loss	142,507	57,454

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

	9M 2012	9M 2011
Zavarovalnica Maribor d.d.	4,824	2,650
Moja naložba d.d.	296	206
Total	5,120	2,856

Notes to the statement of financial position items

11 Cash and balances with the central bank

	30.09.2012	31.12.2011
Cash in hand	64,189	64,196
Obligatory deposits with the central bank	82,785	60,998
Other deposits with the central bank	11,292	22,179
Total	158,266	147,373

Cash and cash equivalents

	30.09.2012	31.12.2011
Cash and balances with the central bank	158,266	147,373
Loans and advances to banks	165,161	98,403
Total	323,427	245,776

12 Financial assets held for trading

	30.09.2012	31.12.2011
Derivatives	1,906	8,442
Equity instruments	269	299
Debt securities	407	0
Total	2,582	8,741
Quoted	676	299
Unquoted	1,906	8,442
Total	2,582	8,741

Movement in financial assets held for trading

	9M 2012	2011
1 January	8,741	3,148
Increase during the year	4,856	23,446
- acquisition	11,141	17,215
- exchange rate differences	0	7
- change in fair value (recovery and reversal of recovery)	(6,535)	5,737
- other (deferred interest, realised gains)	250	487
Decrease during the year	11,015	17,853
- disposal (sale and redemption)	10,796	17,478
- change in fair value (impairment)	7	45
- exchange rate differences	22	0
- other (deferred interest, realised losses)	190	330
30 September/31 December	2,582	8,741

13 Financial assets designated at fair value through profit or loss

	30.09.2012	31.12.2011
Equity instruments	33,385	35,353
Debt securities	0	3,122
Total	33,385	38,475
Quoted	23,140	25,072
Unquoted	10,245	13,403
Total	33,385	38,475

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

	9M 2012	2011
1 January	38,475	16,705
Increase during the year	5,893	35,461
- acquisition	13	32,395
- change in fair value (recovery)	5,717	2,697
- deferred interest	34	120
- exchange rate differences	1	82
- other	128	167
Decrease during the year	10,983	13,691
- disposal (sale and redemption)	6,436	3,401
- change in fair value (impairment)	4,194	10,121
- interest received	120	120
- exchange rate differences	19	47
- other	214	2
30 September/31 December	33,385	38,475

14 Available-for-sale financial assets

	30.09.2012	31.12.2011
Equity instruments designated at fair value	53,330	67,752
Equity instruments measured at cost	22,298	21,429
Debt securities	512,621	610,422
- issued by the state and the central bank	314,338	332,862
- issued by banks	160,911	244,585
- issued by other issuers	37,372	32,975
Total	588,249	699,603
Quoted	539,256	644,775
Unquoted	48,993	54,828
Total	588,249	699,603

Movement in available-for-sale financial assets

	Equity instruments			Total
	At fair value	At cost	Debt securities	
1 January 2012	67,752	21,429	610,422	699,603
Recognition of new financial assets	233	856	95,110	96,199
Interest	0	0	(5,775)	(5,775)
Net exchange rate differences	(9)	13	(422)	(418)
Net revaluation through equity	(5,052)	0	17,747	12,695
Net impairment through profit or loss	(1,133)	0	0	(1,133)
Derecognition of financial assets	(8,857)	0	(204,206)	(213,063)
Net gains/(losses) on sale	396	0	(255)	141
30 September 2012	53,330	22,298	512,621	588,249

	Equity instruments			Total
	At fair value	At cost	Debt securities	
1 January 2011	75,633	8,159	794,214	878,006
Recognition of new financial assets	0	36,140	27,888	64,028
Interest	0	0	(1,164)	(1,164)
Net exchange rate differences	4	(22)	132	114
Net revaluation through equity	1,542	0	(23,997)	(22,455)
Net impairment through profit or loss	(9,036)	(22,903)	(1,028)	(32,967)
Derecognition of financial assets	(495)	(2)	(184,624)	(185,121)
Net gains/(losses) on sale	104	57	(999)	(838)
31 December 2011	67,752	21,429	610,422	699,603

15 Loans and advances to banks

	30.09.2012	31.12.2011
Sight deposits	15,639	10,560
Impairment of sight deposits	(146)	(146)
Current loans	171,888	121,504
Impairment of current loans	(2,627)	(2,867)
Non-current loans	44,169	48,785
Impairment of non-current loans	(410)	(416)
Total – net amount	228,513	177,420
Impairment	3,183	3,429
Total – gross amount	231,696	180,849

16 Loans and advances to customers

	30.09.2012	31.12.2011
Current loans	978,930	1,008,822
Impairment of current loans	(161,423)	(138,840)
Non-current loans	3,164,777	3,262,359
Impairment of non-current loans	(397,801)	(296,214)
Claims under guarantees	23,285	16,225
Impairment of claims under guarantees	(11,597)	(8,267)
Total – net amount	3,596,171	3,844,085
Impairment	570,821	443,321
Total – gross amount	4,166,992	4,287,406

Movement in impairment of loans and advances to customers

	9M 2012	2011
1 January	443,321	327,748
Net impairment of principal	141,291	120,969
- additional impairment	243,858	275,711
- reversal of impairment	(102,567)	(154,742)
Additional impairment of interest	13,814	9,181
Additional impairment of fees	20	106
Write-offs of loans and advances to customers	(26,827)	(13,549)
Exchange rate differences	(798)	170
Other	0	(1,304)
30 September/31 December	570,821	443,321

17 Other financial assets

	30.09.2012	31.12.2011
Cheques	81	112
Claims for fees and commissions	2,073	2,086
Claims for advance payments	23	248
Surplus of financial assets on authorised transactions	64	0
Other financial assets	13,320	12,133
Total – net amount	15,561	14,579
Impairment	1,442	1,280
Total – gross amount	17,003	15,859

Movement in impairment of other financial assets

	9M 2012	2011
1 January	1,280	801
Adjustment of opening balance	0	169
Net impairment of principal	121	192
- additional impairment	444	1,289
- reversal of impairment	(323)	(1,097)
Additional impairment of interest	12	10
Additional impairment of fees	116	194
Write-offs of other financial assets	(94)	(86)
Exchange rate differences	7	0
30 September/31 December	1,442	1,280

18 Held-to-maturity financial assets

	30.09.2012	31.12.2011
Debt securities	501,481	449,605
- current securities issued by the state and the central bank	39,540	0
- non-current securities issued by the state and the central bank	400,460	352,738
- non-current securities issued by banks and savings banks	49,694	84,382
- current securities issued by other issuers	3,206	3,844
- non-current securities issued by other issuers	8,581	8,641
Total	501,481	449,605
Quoted	498,275	445,760
Unquoted	3,206	3,845
Total	501,481	449,605

Movement in held-to-maturity financial assets

	9M 2012	2011
1 January	449,605	180,220
Increase during the year	138,316	296,466
- acquisition	123,013	287,063
- gains	0	25
- exchange rate differences	687	696
- other (deferred interest)	14,616	8,682
Decrease during the year	86,440	27,081
- redemption	76,627	18,870
- losses	666	169
- reversal of impairment	(23)	(27)
- exchange rate differences	474	0
- other (interest received)	8,696	8,069
30 September/31 December	501,481	449,605

19 Financial liabilities measured at amortised cost

	30.09.2012	31.12.2011
Deposits	3,744,553	3,915,143
Loans	631,520	701,201
Debt securities	63,079	48,973
Subordinated liabilities	194,790	187,923
Other financial liabilities	34,498	29,495
Total	4,668,440	4,882,735

Deposits by type of customers and maturity

	30.09.2012	31.12.2011
Deposits from banks	142,055	154,660
- sight deposits	10,973	9,857
- current deposits	128,878	135,543
- non-current deposits	2,204	9,260
Deposits from customers	3,602,498	3,760,483
- sight deposits	1,346,020	1,333,396
- current deposits	812,729	926,640
- non-current deposits	1,443,749	1,500,447
Total	3,744,553	3,915,143

Loans by type of customers and maturity

	30.09.2012	31.12.2011
Loans from banks	624,102	701,045
- current loans	11,583	16,636
- non-current loans	612,519	684,409
Loans from customers	7,418	156
- non-current loans	7,418	156
Total	631,520	701,201

Subordinated liabilities

ISIN code	Currency	Date of maturity	Interest rate	30.09.2012	31.12.2011
Subordinated debt					
Adria bank AG	EUR	perpetual; call option on each 28.12.2012	variable	1,275	1,296
Hybrid instruments as a component of additional own funds					
Pošta Slovenije d.o.o.; contributions 1 to 4	EUR	perpetual	6M EURIBOR + 2.70%	6,668	6,713
Pošta Slovenije d.o.o.; 5 th contribution	EUR	perpetual	6M EURIBOR + 3.50%	1,964	1,981
ISIN: XS0270427163	EUR	perpetual; call option after 05.10.2016	3M EURIBOR + 1.60%	50,275	50,386
ISIN: XS0325446903	EUR	perpetual; call option after 12.10.2012	7.02%	106,942	101,599
Hybrid instruments as a component of original own funds					
ISIN: SI0022103046	EUR	perpetual; call option after 29.12.2014	8.70%	27,666	25,948
Total				194,790	187,923

Subordinated liabilities are included in the calculation of capital adequacy. Capital risk is disclosed in [Note 25](#).

Other financial liabilities

	30.09.2012	31.12.2011
Liabilities for fees and commissions	44	91
Liabilities related to card operations	9,930	7,784
Liabilities related to transactions with ATMs	2,304	1,577
Liabilities to customers for payments to abroad	4,554	4,323
Liabilities for cash operations	8,634	7,150
Liabilities for participation in profits – dividends	75	78
Surplus of liabilities on authorised transactions for customers	0	119
Other financial liabilities	8,957	8,373
Total other financial liabilities	34,498	29,495

20 Provisions

	Provisions for tax claims and other pending legal issues	Provisions for pensions and similar benefits	Provisions for off-balance sheet liabilities	Other provisions	Total
1 January 2012	3,551	7,737	26,456	508	38,252
Net provisions made during the year	741	213	1,716	5	2,675
- provisions made during the year	835	315	20,038	5	21,193
- provisions reversed during the year	(94)	(102)	(18,322)	0	(18,518)
Provisions used during the year	0	(296)	0	(1)	(297)
Exchange rate differences	(27)	(82)	(55)	0	(164)
30 September 2012	4,265	7,572	28,117	512	40,466

	Provisions for tax claims and other pending legal issues	Provisions for pensions and similar benefits	Provisions for off-balance sheet liabilities	Other provisions	Total
1 January 2011	2,003	8,092	11,479	1,046	22,620
Net provisions made during the year	1,697	588	14,958	(304)	16,939
- provisions made during the year	1,760	948	36,167	5	38,880
- provisions reversed during the year	(63)	(360)	(21,209)	(309)	(21,941)
Provisions used during the year	(153)	(956)	0	(234)	(1,343)
Exchange rate differences	4	13	19	0	36
31 December 2011	3,551	7,737	26,456	508	38,252

Other notes

21 Commitments and contingent liabilities by type

	30.09.2012		
	Current	Non-current	Total
Financial guarantees	60,792	41,008	101,800
Service guarantees	92,816	100,574	193,390
Total guarantees	153,608	141,582	295,190
Uncollateralised letters of credit	27	0	27
Approved and undrawn loans	82,147	21,086	103,233
Approved and undrawn overdrafts	189,510	533	190,043
Approved credit lines	6,390	0	6,390
Other	7,223	0	7,223
Total commitments and contingent liabilities	285,270	21,619	306,889
Derivatives	199,273	5,636	204,909
Total	638,178	168,837	807,015

	31.12.2011		
	Current	Non-current	Total
Financial guarantees	68,650	56,166	124,816
Service guarantees	116,547	108,600	225,147
Total guarantees	185,197	164,766	349,963
Uncollateralised letters of credit	25	0	25
Approved and undrawn loans	131,742	22,104	153,846
Approved and undrawn overdrafts	196,816	108	196,924
Approved credit lines	8,361	0	8,361
Other	9,027	0	9,027
Total commitments and contingent liabilities	345,946	22,212	368,158
Derivatives	157,024	13,873	170,897
Total	688,192	200,851	889,043

22 Related party transactions

Statement of financial position and off-balance sheet items

	Associates	
	30.09.2012	31.12.2011
Assets		
Loans and advances – gross amount	56	3,077
- loans and advances to customers	3	3,011
- other financial assets	53	66
Investments in securities	33,732	33,732
- equity instruments	31,918	31,918
- debt securities	1,814	1,814
Other assets	187	190
Liabilities		
Deposits and loans received	38,866	30,102
- deposits and loans from customers	38,838	30,102
- other financial liabilities	28	0
Securities issued	7,628	0
- debt securities	7,628	0
Other liabilities	15	30
Off-balance sheet items	1,386	1,766

	Key management personnel		Other related persons	
	30.09.2012	31.12.2011	30.09.2012	31.12.2011
Assets				
Loans and advances to customers	408	531	48,366	50,071
Other financial assets	0	0	3	0
Equity instruments	0	0	348	31,073
Other assets	1	2	2	42
Liabilities				
Deposits and loans from customers	660	776	3,166	3,801
Other financial liabilities	0	0	6	0
Other liabilities	0	0	6	134
Off-balance sheet items	135	104	931	1,889

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

Statement of income

	Associates	
	9M 2012	9M 2011
Net interest income	(1,205)	(655)
Net fee and commission income	114	160
Cost of services	(524)	(525)
Individual impairment	0	0
Write-offs	0	0
Total	(1,615)	(1,020)

	Key management personnel		Other related persons	
	9M 2012	9M 2011	9M 2012	9M 2011
Net interest income	(5)	0	1,140	2,072
Dividend income	0	0	0	1,593
Net fee and commission income	0	0	(452)	282
Cost of services	(227)	(50)	(1,065)	(481)
Individual impairment	0	0	0	(3,438)
Total	(232)	(50)	(377)	28

Loans and guarantees given

	Management Board members		Supervisory Board members		Other Group employees on individual contract	
	30.09.2012	31.12.2011	30.09.2012	31.12.2011	30.09.2012	31.12.2011
Loans	10	60	108	47	3,186	3,448
Average interest rate on loans (%)	8.55	4.34	3.89	4.30	3.64	4.39
Repayments	0	9	12	4	577	649

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

Exposure to:	30.09.2012	31.12.2011
Bank of Slovenia	77,937	68,152
Republic of Slovenia	718,228	799,042
State-owned institutions	619,268	659,805
Total exposure to the Bank of Slovenia, Republic of Slovenia and state-owned institutions	1,415,433	1,526,999
Share in total assets (%)	25.43	26.25
Off-balance sheet items covered by collateral provided by the Bank of Slovenia or the Republic of Slovenia	9,078	9,083
Total assets	5,565,944	5,813,071

24 Credit risk management

Analysis of exposure to credit risk

	Loans to customers		Loans to banks	
	30.09.2012	31.12.2011	30.09.2012	31.12.2011
Net disbursed loans	3,596,171	3,844,085	228,513	177,420
Individual impairment:				
Gross amount	1,214,763	1,060,635	43,777	37,926
Impairment	(467,693)	(341,592)	(3,183)	(3,429)
Net amount	747,070	719,043	40,594	34,497
Collective impairment:				
Credit rating A	1,381,365	1,669,190	0	0
Credit rating B	979,128	1,050,560	0	0
Credit rating C	438,727	337,034	0	0
Credit rating D	26,818	25,815	0	0
Credit rating E	39,989	42,677	0	0
Gross amount	2,866,027	3,125,276	0	0
Impairment	(103,128)	(101,729)	0	0
Net amount	2,762,899	3,023,547	0	0
Net non-impaired loans	86,202	101,495	187,919	142,923
Total net loans	3,596,171	3,844,085	228,513	177,420

Overdue and unpaid claims

30.09.2012					
	Up to 30 days	From 31 to 60 days	From 61 to 90 days	Over 90 days	Total
Banks	0	0	0	2,828	2,828
State	5	5	0	2	12
Legal entities	54,162	9,965	14,504	766,287	844,918
Households	4,591	923	975	40,470	46,959
Total	58,758	10,893	15,479	809,587	894,717

31.12.2011					
	Up to 30 days	From 31 to 60 days	From 61 to 90 days	Over 90 days	Total
Banks	2	0	0	3065	3067
State	311	0	0	3	314
Legal entities	28,730	9,501	19,425	549,624	607,280
Households	6,509	951	707	37,226	45,393
Total	35,552	10,452	20,132	589,918	656,054

NPLs of the Group's total loan portfolio

	30.09.2012	31.12.2011
Gross NPLs (D, E)*	910,628	673,289
Impairment losses for NPLs (D, E)	440,307	313,546
Net NPLs (D, E)	470,321	359,743
Total gross loan portfolio	4,398,688	4,468,255
Total net loan portfolio	3,824,684	4,021,505
Gross NPLs/Total gross loan portfolio (%)	20.70	15.07
Net NPLs/Total net loan portfolio (%)	12.30	8.95

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

Analysis of loans and the percentage of NPLs by industry sectors

Industry sector	30.09.2012			31.12.2011		
	Total loans	NPLs	Share of NPLs (%)	Total loans	NPLs	Share of NPLs (%)
Households, natural persons	1,033,949	27,047	2.62	1,094,298	35,142	3.21
Agriculture and hunting, forestry, fishing	44,186	8,897	20.14	30,620	3,713	12.13
Mining	4,980	3,469	69.66	5,762	3,601	62.50
Manufacturing industry	859,820	211,396	24.59	895,378	180,844	20.20
Electricity, gas and steam supply	103,361	0	0.00	93,789	0	0.00
Water supply, waste and sewage management, rehabilitation of the environment	16,218	3,269	20.16	14,284	926	6.48
Construction	476,562	262,810	55.15	501,126	184,056	36.73
Trade, maintenance and repair of motor vehicles	477,997	77,137	16.14	510,873	65,906	12.90
Transportation and storage	85,937	13,286	15.46	91,767	13,826	15.07
Accommodation and food service activities	156,639	30,342	19.37	155,786	24,413	15.67
Information and communication activities	87,127	39,557	45.40	67,243	33,577	49.93
Financial intermediation	550,294	103,731	18.85	505,203	50,644	10.02
Real estate activities	142,022	61,790	43.51	133,427	26,470	19.84
Professional, scientific and technical activities	193,459	56,230	29.07	194,109	39,919	20.57
Other various business activities	17,811	4,941	27.74	20,338	4,878	23.98
Public administration and defence services, compulsory social security activities	22,404	217	0.97	24,217	234	0.97
Education	5,580	409	7.33	8,138	275	3.38
Health and welfare security	33,860	72	0.21	30,926	70	0.23
Arts, entertainment and recreation	70,837	3,554	5.02	77,259	3,723	4.82
Other activities	15,645	2,474	15.81	13,712	1,072	7.82
Total gross loans	4,398,688	910,628	20.70	4,468,255	673,289	15.07

25 Composition of capital and capital requirements

	30.09.2012	31.12.2011
Original own funds		
Paid-up share capital	40,814	40,815
(-) Treasury shares	(1,514)	(700)
Share premium	165,775	165,775
Reserves and retained earnings or loss	212,531	297,250
(-) Interim result used in the calculation (unaudited) – loss	(100,364)	(86,327)
Revaluation excesses (PP) – prudential filters	(9,955)	(4,604)
Non-controlling interest	41,431	41,510
Hybrid instruments as a component of original own funds	25,930	26,030
(-) Intangible long-term assets	(36,893)	(33,451)
(-) Other country specific deductions	0	(2)
Total	337,755	446,295
Additional own funds I		
Hybrid instruments and preferential cumulative shares	158,346	158,346
Subordinated debt I	1,000	1,000
Other	5,770	7,056
Total	165,116	166,402
(-) Deductions from original own funds and additional own funds I		
(-) Deductions from original own funds	(27,757)	(24,670)
(-) Deductions from additional own funds I	(27,757)	(24,670)
Total	(55,514)	(49,340)
Total equity (for solvency purposes)	447,357	563,357
Capital requirements		
Capital requirements for credit risk	332,892	360,039
Central governments and central banks	0	4,255
Regional governments and local authorities	356	346
Administrative bodies	374	455
Institutions	20,369	18,348
Corporates	140,678	164,822
Retail banking	75,032	78,905
Secured by real estate property	3,038	3,989
Past due items	14,946	14,017
Items belonging to regulatory high-risk categories	42,278	36,277
Collective investment undertakings	2,061	2,634
Other items	33,760	35,991
Total capital requirements for market risks	3,484	3,408
Debt securities	466	670
Equity instruments	1,339	1,150
Foreign exchange	1,679	1,588
Capital requirement for operational risk	29,796	29,413
Total	366,172	392,860
Capital adequacy ratio (total equity)	9.77%	11.47%
Capital adequacy ratio (original own funds)	6.77%	8.59%
Common equity capital ratio (Core Tier I ratio)	6.21%	8.06%

26 Fair value of financial assets and financial liabilities

	30.09.2012		31.12.2011	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash and balances with the central bank	158,266	158,266	147,373	147,373
Financial assets held for trading	2,582	2,582	8,741	8,741
Financial assets designated at fair value through profit or loss	33,385	33,385	38,475	38,475
Available-for-sale financial assets	588,249	588,249	699,603	699,603
Loans and advances to banks	228,513	228,319	177,420	177,642
Loans and advances to customers	3,596,171	3,605,305	3,844,085	3,850,593
Other financial assets	15,561	15,561	14,579	14,579
Held-to-maturity financial assets	501,481	500,913	449,605	444,982
Financial liabilities				
Financial liabilities due to the central bank	488,235	487,103	415,478	415,480
Financial liabilities held for trading	1,518	1,518	2,486	2,486
Deposits from banks	142,055	142,215	154,660	154,622
Deposits from customers	3,602,498	3,613,499	3,760,483	3,776,901
Loans from banks	624,102	624,102	701,045	701,045
Loans from customers	7,418	7,418	156	156
Debt securities	63,079	63,091	48,973	49,005
Subordinated liabilities	194,790	197,364	187,923	190,298
Other financial liabilities	34,498	34,498	29,495	29,495

27 Analysis by operating segments as of 30 September 2012

	Banking	Leasing	Fund management	Real estate activity	Other	Total	Intra-segment relationship	Relationship to third parties
A. Net income/expense	128,153	2,520	3,663	900	16	135,252	3,102	132,150
Interest and similar income	183,771	6,703	23	763	4	191,264	11,172	180,092
Interest and similar expense	(96,111)	(8,096)	(119)	(1,367)	0	(105,693)	(11,172)	(94,521)
Net interest income	87,660	(1,393)	(96)	(604)	4	85,571	0	85,571
Dividend income	5,405	0	1	5	0	5,411	2,855	2,556
Fee and commission income	67,143	230	3,947	23	0	71,343	929	70,414
Fee and commission expense	(26,542)	(186)	(479)	(90)	0	(27,297)	(790)	(26,507)
Net fee and commission income	40,601	44	3,468	(67)	0	44,046	139	43,907
Realised gains on financial assets and liabilities not measured at fair value through profit or loss	567	1	235	949	0	1,752	0	1,752
Net (losses) on financial assets and liabilities held for trading	(5,582)	0	(1)	0	0	(5,583)	(269)	(5,314)
Net gains on financial assets (and liabilities) designated at fair value through profit or loss	1,408	0	26	0	0	1,434	0	1,434
Net exchange rate differences	(1,334)	53	0	172	0	(1,109)	2	(1,111)
Net gains on derecognition of assets excluding non-current assets held for sale	38	24	0	3	0	65	0	65
Other operating net income/(loss)	(610)	3,791	30	442	12	3,665	375	3,290
B. Other items by segments	(229,996)	(6,458)	(2,483)	2,764	(3)	(236,176)	(5,282)	(230,894)
Administration costs	(71,232)	(1,974)	(1,774)	(1,285)	(3)	(76,268)	(514)	(75,754)
Depreciation and amortisation	(10,619)	(813)	(708)	(37)	0	(12,177)	0	(12,177)
Provisions	(2,468)	0	(1)	0	0	(2,469)	206	(2,675)
Impairment losses	(146,064)	(3,671)	0	4,086	0	(145,649)	146	(145,795)
Share of profit from investments in associates and joint ventures accounted for using the equity method	0	0	0	0	0	0	(5,120)	5,120
Net gains from non-current assets held for sale and liabilities associated therewith	387	0	0	0	0	387	0	387
C. Profit/(loss)								
Profit/(loss) from continuing operations	(101,843)	(3,938)	1,180	3,664	13	(100,924)	(2,180)	(98,744)
Income tax related to profit/(loss) from continuing operations	1,432	(458)	0	73	(2)	1,045	(57)	1,102
Net profit/(loss) from continuing operations	(100,411)	(4,396)	1,180	3,737	11	(99,879)	(2,237)	(97,642)
D. Segment assets and liabilities								
Total assets	5,737,160	266,556	16,746	73,827	195	6,094,484	528,540	5,565,944
- non-current assets held for sale and discontinued operations	334	5,930	0	0	0	6,264	0	6,264
- investments in associates and joint ventures accounted for using the equity method	101,967	33	0	0	0	102,000	48,286	53,714
Liabilities (excluding equity) by segments	5,350,869	267,383	2,512	82,504	1	5,703,269	483,754	5,219,515
Total equity	386,291	(827)	14,234	(8,677)	194	391,215	44,786	346,429
Increase in property, plant and equipment and intangible assets	5,948	5,947	6,849	15	0	18,759	0	18,759

Analysis by operating segments as of 30 September 2011

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

28 Events after the statement of financial position date

As part of the process of selling its 51% stake in Zavarovalnica Maribor, the Bank received several bids from potential buyers that had conducted a due diligence review of the insurance company, including a binding offer from Pozavarovalnica Sava d.d. (Sava Re) and a non-binding offer from KD Group d.d. Both of these institutions have publicly announced their intention to bid for Zavarovalnica Maribor. The Bank will carefully examine the offers and will continue negotiations for the sale of its stake in Zavarovalnica Maribor.

On 9 November, the Bank gave notice that the 23rd Shareholders' Meeting would take place on 11 December 2012. Shareholders will discuss a resolution proposal regarding the increase in Nova KBM's share capital and a resolution proposal for amendments to the Bank's Articles of Association.

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

Interim Statement of Income – Nova KBM d.d.

€000

ITEM DESCRIPTION	Notes	Nine months ended 30.09.2012	Nine months ended 30.09.2011
Interest income and similar income	1	136,976	155,760
Interest expense and similar expense	1	(80,556)	(79,475)
Net interest income	1	56,420	76,285
Dividend income	2	5,392	8,805
Fee and commission income	3	34,382	37,543
Fee and commission expense	3	(3,142)	(4,467)
Net fee and commission income	3	31,240	33,076
Realised gains/(losses) on financial assets and liabilities not measured at fair value through profit or loss		640	(4,633)
Net gains/(losses) on financial assets and liabilities held for trading	4	(5,834)	6,099
Net gains/(losses) on financial assets and liabilities designated at fair value through profit or loss	5	1,407	(6,343)
Net exchange rate differences	6	589	1,724
Net (losses) on derecognition of assets excluding non-current assets held for sale		(22)	(353)
Other operating net income/(loss)		(422)	557
Administration costs	7	(50,806)	(53,211)
Depreciation and amortisation		(8,944)	(9,801)
Provisions	8	(2,621)	(9,901)
Impairment losses	9	(128,909)	(35,256)
Net gains from non-current assets held for sale and liabilities associated therewith		387	287
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		(101,483)	7,335
Income tax expense related to profit/loss from continuing operations		1,229	(1,178)
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS		(100,254)	6,157
NET PROFIT/(LOSS) FOR THE PERIOD		(100,254)	6,157
Basic earnings/(loss) per share (€)		(2.56)	0.19
Diluted earnings/(loss) per share (€)		(2.56)	0.19

The notes are an integral part of these financial statements.

Interim Statement of Income – Nova KBM d.d.

€000

ITEM DESCRIPTION	2012			2011			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Interest income and similar income	41,888	45,378	49,710	51,325	52,600	51,306	51,854
Interest expense and similar expense	(26,707)	(26,596)	(27,253)	(28,353)	(27,905)	(26,565)	(25,005)
Net interest income	15,181	18,782	22,457	22,972	24,695	24,741	26,849
Dividend income	3,331	2,061	0	(5)	5,207	3,598	0
Fee and commission income	11,257	11,491	11,634	12,401	12,553	12,746	12,244
Fee and commission expense	(1,150)	(1,141)	(851)	(5,053)	(1,684)	(1,532)	(1,251)
Net fee and commission income	10,107	10,350	10,783	7,348	10,869	11,214	10,993
Realised gains/(losses) on financial assets and liabilities not measured at fair value through profit or loss	133	217	290	3,894	(5,468)	106	729
Net gains/(losses) on financial assets and liabilities held for trading	179	(2,735)	(3,278)	(2,911)	5,920	(2,500)	2,679
Net gains/(losses) on financial assets and liabilities designated at fair value through profit or loss	859	(2,263)	2,811	(792)	(4,224)	(2,452)	333
Net exchange rate differences	(561)	172	978	478	(1,539)	7,298	(4,035)
Net gains/(losses) on derecognition of assets excluding non-current assets held for sale	(2)	1	(21)	(60)	40	(393)	0
Other operating net income/(loss)	(159)	(113)	(150)	(3,520)	(83)	575	65
Administration costs	(17,787)	(16,515)	(16,504)	(22,369)	(18,189)	(18,835)	(16,187)
Depreciation and amortisation	(3,030)	(3,012)	(2,902)	(3,361)	(3,321)	(3,296)	(3,184)
Provisions	2,512	(4,774)	(359)	(6,030)	(4,037)	(1,849)	(4,015)
Impairment losses	(72,643)	(42,911)	(13,355)	(106,997)	(9,503)	(15,186)	(10,567)
Net gains from non-current assets held for sale and liabilities associated therewith	276	84	27	0	17	202	68
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	(61,604)	(40,656)	777	(111,353)	384	3,223	3,728
Income tax expense related to profit/loss from continuing operations	(26)	1,496	(241)	21,221	187	(634)	(731)
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	(61,630)	(39,160)	536	(90,132)	571	2,589	2,997
NET PROFIT/(LOSS) FOR THE PERIOD	(61,630)	(39,160)	536	(90,132)	571	2,589	2,997
Basic earnings/(loss) per share (€)	(1.57)	(1.00)	0.01	(2.61)	0.05	0.03	0.11
Diluted earnings/(loss) per share (€)	(1.57)	(1.00)	0.01	(2.61)	0.05	0.03	0.11

The notes are an integral part of these financial statements.

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

€000

ITEM DESCRIPTION	Nine months ended 30.09.2012	Nine months ended 30.09.2011
NET PROFIT/(LOSS) FOR THE PERIOD AFTER TAX	(100,254)	6,157
OTHER COMPREHENSIVE INCOME/(LOSS) AFTER TAX	10,073	(6,007)
Available-for-sale financial assets	13,228	(7,509)
Valuation gains/(losses) taken to equity	12,980	(7,509)
Transferred to profit or loss	248	0
Income tax relating to components of other comprehensive income	(3,155)	1,502
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD AFTER TAX	(90,181)	150

The notes are an integral part of these financial statements.

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

€000

ITEM DESCRIPTION	2012			2011			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
NET PROFIT/(LOSS) FOR THE PERIOD AFTER TAX	(61,630)	(39,160)	536	(90,132)	571	2,589	2,997
OTHER COMPREHENSIVE INCOME/(LOSS) AFTER TAX	1,043	(6,036)	15,066	(9,470)	(2,465)	(5,417)	1,875
Available-for-sale financial assets	1,257	(6,861)	18,832	(11,838)	(3,081)	(6,772)	2,344
Valuation gains/(losses) taken to equity	1,009	(6,861)	18,832	(20,359)	(3,081)	(6,772)	2,344
Transferred to profit or loss	248	0	0	8,521	0	0	0
Income tax relating to components of other comprehensive income	(214)	825	(3,766)	2,368	616	1,355	(469)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD AFTER TAX	(60,587)	(45,196)	15,602	(99,602)	(1,894)	(2,828)	4,872

The notes are an integral part of these financial statements.

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

€000

ITEM DESCRIPTION	Notes	30.09.2012	31.12.2011
Cash and balances with the central bank	10	93,600	97,023
Financial assets held for trading	11	1,906	8,442
Financial assets designated at fair value through profit or loss	12	32,817	37,942
Available-for-sale financial assets	13	416,681	523,932
Loans and advances		3,369,613	3,532,408
- loans and advances to banks	14	252,342	182,418
- loans and advances to customers	15	3,108,225	3,342,123
- other financial assets	16	9,046	7,867
Held-to-maturity financial assets	17	395,958	339,819
Non-current assets and disposal groups classified as held for sale and discontinued operations		334	450
Property, plant and equipment		61,982	64,753
Investment property		1,900	1,900
Intangible assets		23,954	27,099
Investments in subsidiaries, associates and joint ventures		101,968	101,967
Tax assets		27,820	29,694
- current tax assets		56	3
- deferred tax assets		27,764	29,691
Other assets		45,730	45,108
TOTAL ASSETS		4,574,263	4,810,537
Financial liabilities due to the central bank		422,841	370,465
Financial liabilities held for trading		731	1,693
Financial liabilities measured at amortised cost	18	3,821,510	4,010,832
- deposits from banks	18	104,216	121,380
- deposits from customers	18	2,919,445	3,061,681
- loans from banks	18	542,371	603,842
- loans from customers	18	7,417	154
- debt securities		41,469	27,885
- subordinated liabilities	18	184,989	178,035
- other financial liabilities	18	21,603	17,855
Financial liabilities associated to transferred assets		2,715	8,022
Provisions	19	33,811	31,268
Other liabilities		9,101	14,521
TOTAL LIABILITIES		4,290,709	4,436,801
Share capital		40,814	40,815
Share premium		165,775	165,775
Revaluation reserves		(14,108)	(24,181)
Reserves from profit		275,044	275,044
Retained loss (including net loss for the financial year)		(183,971)	(83,717)
TOTAL SHAREHOLDERS' EQUITY		283,554	373,736
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,574,263	4,810,537

The notes are an integral part of these financial statements.

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

€000

Designation	ITEM DESCRIPTION	Nine months ended 30.09.2012	Nine months ended 30.09.2011
A.	CASH FLOWS FROM OPERATING ACTIVITIES		
a)	Net profit/(loss) before tax	(101,483)	7,335
	Depreciation and amortisation	8,944	9,801
	Net (gains) from exchange rate differences	(589)	(1,724)
	Net (gains)/losses from held-to-maturity financial assets	(21)	29
	Net losses from the sale of tangible assets and investment properties	20	31
	Other (gains) from investing activities	(13,854)	(8,842)
	Other losses from financing activities	8,029	8,126
	Net unrealised (gains) from non-current assets held for sale and discontinued operations and liabilities associated therewith	(387)	(287)
	Net unrealised gains/(losses) in revaluation reserves from financial assets available for sale (excluding effect of deferred tax)	13,228	(7,509)
	Other adjustments to total profit or loss before tax	2,621	9,901
	Cash flow from operating activities before changes in operating assets and liabilities	(83,492)	16,861
b)	Decrease in operating assets (excluding cash equivalents)	346,999	96,756
	Net (increase)/decrease in financial assets held for trading	6,536	(8,953)
	Net (increase)/decrease in financial assets designated at fair value through profit or loss	5,110	(25,633)
	Net decrease in available-for-sale financial assets	107,251	45,125
	Net decrease in loans and advances	228,082	91,041
	Net decrease in non-current assets held for sale	642	540
	Net (increase) in other assets	(622)	(5,364)
	(Decrease) in operating liabilities	(155,606)	(148,432)
	Net increase in financial liabilities to the central bank	52,376	40,113
	Net (decrease) in financial liabilities held for trading	(962)	(3,867)
	Net (decrease) in deposits and loans measured at amortised cost	(209,802)	(191,726)
	Net increase in debt securities in issue measured at amortised cost	13,584	13,814
	Net (decrease) in other liabilities	(10,802)	(6,766)
d)	Cash flow from operating activities (a+b+c)	107,901	(34,815)
e)	Income taxes refunded	0	7,518
f)	Net cash flow from operating activities (d+e)	107,901	(27,297)

€000

Designation	ITEM DESCRIPTION	Nine months ended 30.09.2012	Nine months ended 30.09.2011
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
a)	Receipts from investing activities	66,557	10,055
	Receipts from the sale of tangible assets and investment properties	39	163
	Receipts from the disposal of subsidiaries, associates and joint ventures	0	212
	Receipts from non-current assets or liabilities held for sale	526	415
	Receipts from the sale of held-to-maturity financial assets	63,136	3,403
	Other receipts from investing activities	2,856	5,862
b)	Cash payments on investing activities	(112,544)	(59,549)
	(Cash payments to acquire tangible assets and investment properties)	(2,260)	(3,062)
	(Cash payments to acquire intangible assets)	(2,028)	(3,584)
	(Cash payments for the investment in associates, joint ventures and subsidiaries)	0	(12,344)
	(Cash payments to acquire held-to-maturity financial assets)	(108,256)	(40,559)
c)	Net cash flow from investing activities (a+b)	(45,987)	(49,494)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
a)	Cash proceeds from financing activities	0	104,328
	Cash proceeds from issuing shares and other equity instruments	0	104,328
b)	Cash payments on financing activities	(1,077)	(7,362)
	(Dividends paid)	(3)	(3,090)
	(Repayments of subordinated liabilities)	(1,074)	(1,010)
	(Other cash payments related to financing activities)	0	(3,262)
c)	Net cash flow from financing activities (a+b)	(1,077)	96,966
D.	Effects of change in exchange rates on cash and cash equivalents	186	(680)
E.	Net increase in cash and cash equivalents (Af+Bc+Cc)	60,837	20,175
F.	Opening balance of cash and cash equivalents	200,933	210,000
G.	Closing balance of cash and cash equivalents (D+E+F)	261,956	229,495

Reconciliation of cash and cash equivalents with the statement of financial position items as of 30 September 2012 is presented in [Note 10](#).

The balance of cash and cash equivalents as of 30 September 2011 amounted to €229,495,000 and was made up of cash and balances with the central bank, in the amount of €93,025,000, and loans and advances to banks with original maturity of up to three months, in the amount of €136,470,000.

Cash Flows from Interest and Dividends

€000

	Nine months ended 30.09.2012	Nine months ended 30.09.2011
Interest paid	(72,106)	(67,482)
Interest received	128,594	141,988
Dividends paid	(3)	(3,090)
Dividends and participation in profits received	5,116	8,751

The notes are an integral part of these financial statements.

Interim Statement of Changes in Equity for the period from 01.01.2012 to 30.09.2012 – Nova KBM d.d.

€000

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

The amount in line 'Other', column 'Share capital', results from rounding to thousands of euros.

Interim Statement of Changes in Equity for the period from 01.01.2011 to 30.09.2011 – Nova KBM d.d.

€000

ITEM DESCRIPTION	Share capital	Share premium	Revaluation reserves	Reserves from profit	Retained earnings (including net profit for the financial year)	Total shareholders' equity
OPENING BALANCE FOR THE REPORTING PERIOD	27,210	78,314	(8,704)	275,044	3,392	375,256
Total comprehensive income/(loss) for the period after tax	0	0	(6,007)	0	6,157	150
New share capital subscribed (paid)	13,605	90,723	0	0	0	104,328
Payment of dividends	0	0	0	0	(3,130)	(3,130)
Other	0	(3,262)	0	0	0	(3,262)
CLOSING BALANCE FOR THE REPORTING PERIOD	40,815	165,775	(14,711)	275,044	6,419	473,342

The amount in line 'Other', column 'Share premium', relates to direct costs associated with capital raising.

The notes are an integral part of these financial statements.

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

The financial statements of the Bank for the nine-month period ended 30 September 2012 were authorised for issue on 26 October 2012 by the Management Board of Nova KBM d.d.

Statement of compliance

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

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

The interim financial statements are unaudited.

Presentation and functional currency

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

All amounts in the financial statements and in notes to the financial statements are expressed in thousands of euros except where stated otherwise. Due to rounding off of amounts, there may be slight discrepancies in totals.

Changes in the layouts of financial statements

The amended Regulation on Books of Account and Annual Reports of Banks and Savings Banks was published in spring 2012, introducing several changes in the layouts of financial statements. The Bank used these amended layouts for the first time for its financial statements as of 30 June 2012. The comparability of data as of the end of June 2012 with those for the 2011 year-end has been ensured.

The most significant changes in the statement of financial position are set out below:

- Other financial assets (cheques, claims for fees and commissions, the majority of other receivables) have been transferred from *Other assets* to *Loans and advances*.
- Other financial liabilities (liabilities for fees and commissions, the majority of other liabilities) have been transferred from *Other liabilities* to *Financial liabilities measured at amortised cost*.
- Current and deferred tax assets and tax liabilities are now disclosed in the net amount, and not gross, as was the case before (resulting in a decrease of the Bank's total assets as of 31 December 2011).

These changes have neither an effect on the results of the Bank as of 31 December 2011 nor on the short layouts of the statement of income.

Significant accounting policies

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

The accounting policies applied are presented in detail in the 2011 Annual Report of Nova KBM d.d.

Notes to the statement of income items

1 Interest income and expense

Analysis of interest by market segments

	9M 2012		9M 2011	
	Income	Expense	Income	Expense
Non-financial companies	61,639	2,760	74,113	3,224
State	14,850	15,533	9,230	16,387
Banks	6,970	24,265	9,922	24,271
Other financial organisations	8,143	5,814	10,429	6,247
Households	38,946	31,301	40,966	28,628
Foreign persons	6,226	685	10,891	564
Non-profit household service providers	202	198	209	154
Total	136,976	80,556	155,760	79,475
Net interest income	56,420		76,285	

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

	9M 2012		9M 2011	
	Current	Non-current	Current	Non-current
Interest income				
Balances with the central bank (measured at amortised cost)	236	0	471	0
Financial assets held for trading	31	0	0	0
Financial assets designated at fair value through profit or loss	0	34	0	90
Available-for-sale financial assets	8,250	0	12,884	0
Loans and advances (including finance leases and other financial assets)	26,997	90,411	36,470	102,840
Held-to-maturity financial assets	499	10,499	0	2,980
Other assets	19	0	25	0
Total by maturity	36,032	100,944	49,850	105,910
Total	136,976		155,760	
Interest expense				
Financial liabilities due to the central bank (measured at amortised cost)	117	2,757	1,185	0
Financial liabilities held for trading	0	41	0	39
Financial liabilities measured at amortised cost	13,916	63,725	15,548	62,703
Total by maturity	14,033	66,523	16,733	62,742
Total	80,556		79,475	
Net interest income	56,420		76,285	

2 Dividend income

	9M 2012	9M 2011
Financial assets held for trading	59	28
Financial assets designated at fair value through profit or loss	1,218	708
Available-for-sale financial assets	1,259	2,207
Investments in Group companies accounted for using the cost method	2,856	5,862
Total	5,392	8,805

3 Fee and commission income and expense

	9M 2012	9M 2011
Fee and commission income	34,382	37,543
Guarantees	2,614	2,832
Services provided to banks in the Group	677	710
Services provided to other Group subsidiaries	222	281
Domestic payment transactions	10,655	10,850
International payment transactions	1,414	1,671
Brokerage and agency services	162	162
Transactions in securities for customers	197	252
Credit operations	4,117	5,820
Transactions under current accounts	5,330	5,492
Card operations	7,091	7,468
Electronic banking	885	878
Safekeeping of objects and valuables	52	49
Other services	966	1,078
Fee and commission expense	3,142	4,467
Domestic banking services	947	872
Banking services abroad	1,244	2,631
Brokerage and agency services	60	29
Stock exchange transactions and other transactions in securities	217	267
Payment transactions	631	554
Services of banks in the Group	41	28
Other services	2	86
Net fee and commission income	31,240	33,076

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

	9M 2012			9M 2011		
	Gains	Losses	Net gains/(losses)	Gains	Losses	Net gains
Trading in equity instruments	250	190	60	427	294	133
Trading in foreign exchange (purchase/sale)	1,325	905	420	1,530	1,323	207
Trading in derivatives	3,951	10,265	(6,314)	17,231	11,472	5,759
- futures/forwards	3,550	9,899	(6,349)	17,181	11,472	5,709
- swaps	401	366	35	50	0	50
Total	5,526	11,360	(5,834)	19,188	13,089	6,099

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

	9M 2012			9M 2011		
	Gains	Losses	Net gains	Gains	Losses	Net (losses)
Financial assets designated at fair value through profit or loss	5,787	4,380	1,407	1,212	7,555	(6,343)
Total	5,787	4,380	1,407	1,212	7,555	(6,343)

6 Net exchange rate differences

	9M 2012	9M 2011
Foreign exchange gains	12,480	37,588
Foreign exchange losses	11,891	35,864
Net foreign exchange gain	589	1,724

7 Administration costs

	9M 2012	9M 2011
Staff expenses	30,173	31,935
Gross salaries	23,354	23,837
Social security and pension insurance contribution	3,778	3,861
Pay for annual leave	770	1,738
Other staff costs	2,271	2,499
General and administrative expenses	20,633	21,276
Cost of material	1,802	1,891
Cost of services	12,756	12,118
Maintenance costs of fixed assets	3,384	3,328
Advertising costs	1,892	2,524
Other administrative costs	799	1,415
Total administration costs	50,806	53,211

8 Provisions

	9M 2012	9M 2011
Provisions for off-balance sheet liabilities	1,980	9,494
Provisions for tax claims and other pending legal issues	742	706
Other provisions	(101)	(299)
Total	2,621	9,901

9 Impairment losses

	9M 2012	9M 2011
Financial assets not measured at fair value through profit or loss	128,898	35,245
Other assets	11	11
Total impairment losses	128,909	35,256

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

	9M 2012	9M 2011
Financial assets measured at cost	0	1,051
Available-for-sale financial assets designated at fair value	1,038	1,216
Loans and advances (including finance leases and other financial assets) measured at amortised cost	127,860	32,978
- loans and advances to banks	(75)	(627)
- loans and advances to customers	127,711	33,132
- other financial assets	224	473
Total impairment of financial assets not measured at fair value through profit or loss	128,898	35,245

Notes to the statement of financial position items

10 Cash and balances with the central bank

	30.09.2012	31.12.2011
Cash in hand	36,993	39,703
Obligatory deposits with the central bank	54,196	42,415
Other deposits with the central bank	2,411	14,905
Total	93,600	97,023

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

Cash and cash equivalents

	30.09.2012	31.12.2011
Cash and balances with the central bank	93,600	97,023
Loans and advances to banks	168,356	103,910
Total	261,956	200,933

11 Financial assets held for trading

	30.09.2012	31.12.2011
Derivatives	1,906	8,442
Total	1,906	8,442
Unquoted	1,906	8,442
Total	1,906	8,442

Movement in financial assets held for trading

	9M 2012	2011
1 January	8,442	2,784
Increase during the year	4,450	23,437
- acquisition	10,735	17,215
- change in fair value (recovery and reversal of recovery)	(6,535)	5,737
- other (deferred interest, realised gains)	250	485
Decrease during the year	10,986	17,779
- disposal (sale and redemption)	10,796	17,449
- other (deferred interest, realised losses)	190	330
30 September/31 December	1,906	8,442

12 Financial assets designated at fair value through profit or loss

	30.09.2012	31.12.2011
Equity instruments	32,817	34,824
Debt securities	0	3,118
Total	32,817	37,942
Quoted	23,140	25,072
Unquoted	9,677	12,870
Total	32,817	37,942

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

	9M 2012	2011
1 January	37,942	16,266
Increase during the year	5,823	35,130
- acquisition	0	32,219
- change in fair value (recovery and reversal of recovery)	5,660	2,542
- deferred interest	34	120
- exchange rate differences	1	82
- other	128	167
Decrease during the year	10,948	13,454
- disposal (sale and redemption)	6,432	3,401
- change in fair value (impairment and reversal of impairment)	4,166	9,886
- interest received	120	120
- exchange rate differences	16	47
- other	214	0
30 September/31 December	32,817	37,942

13 Available-for-sale financial assets

	30.09.2012	31.12.2011
Equity instruments designated at fair value	47,969	61,041
Equity instruments measured at cost	21,082	20,322
Debt securities	347,630	442,569
- issued by the state and the central bank	190,125	217,350
- issued by banks	133,218	200,348
- issued by other issuers	24,287	24,871
Total	416,681	523,932
Quoted	373,485	480,995
Unquoted	43,196	42,937
Total	416,681	523,932

Movement in available-for-sale financial assets

	Equity instruments			
	At fair value	At cost	Debt securities	Total
1 January 2012	61,041	20,322	442,569	523,932
Recognition of new financial assets	233	760	39,577	40,570
Interest	0	0	(4,552)	(4,552)
Net revaluation through equity	(5,053)	0	18,281	13,228
Net impairment through profit or loss	(1,038)	0	0	(1,038)
Derecognition of financial assets	(7,380)	0	(147,990)	(155,370)
Net gains/(losses) on sale	166	0	(255)	(89)
30 September 2012	47,969	21,082	347,630	416,681

	Equity instruments			
	At fair value	At cost	Debt securities	Total
1 January 2011	66,913	7,015	611,990	685,918
Recognition of new financial assets	0	36,124	0	36,124
Interest	0	0	(1,217)	(1,217)
Net revaluation through equity	2,738	0	(22,085)	(19,347)
Net impairment through profit or loss	(8,714)	(22,874)	(1,028)	(32,616)
Derecognition of financial assets	0	0	(144,510)	(144,510)
Net gains/(losses) on sale	104	57	(581)	(420)
31 December 2011	61,041	20,322	442,569	523,932

14 Loans and advances to banks

	30.09.2012	31.12.2011
Sight deposits	5,174	4,537
Impairment of sight deposits	(2)	0
Current loans	178,598	108,782
Impairment of current loans	(203)	(273)
Non-current loans	68,893	69,492
Impairment of non-current loans	(118)	(121)
Claims under guarantees	0	1
Total – net amount	252,342	182,418
Impairment	323	394
Total – gross amount	252,665	182,812

15 Loans and advances to customers

	30.09.2012	31.12.2011
Current loans	684,511	732,032
Impairment of current loans	(109,927)	(86,012)
Non-current loans	2,859,345	2,932,460
Impairment of non-current loans	(335,849)	(243,372)
Claims under guarantees	19,165	12,704
Impairment of claims under guarantees	(9,020)	(5,689)
Total – net amount	3,108,225	3,342,123
Impairment	454,796	335,073
Total – gross amount	3,563,021	3,677,196

Movement in impairment of loans and advances to customers

	9M 2012	2011
1 January	335,073	241,783
Net impairment of principal	127,711	93,912
- additional impairment	209,234	220,576
- reversal of impairment	(81,523)	(126,664)
Additional impairment of interest	13,814	9,181
Additional impairment of fees	20	106
Write-offs of loans and advances to customers	(21,822)	(9,909)
30 September/31 December	454,796	335,073

16 Other financial assets

	30.09.2012	31.12.2011
Cheques	31	66
Claims for fees and commissions	1,336	1,663
Surplus of financial assets on authorised transactions	65	0
Other financial assets	7,614	6,138
Total – net amount	9,046	7,867
Impairment	1,161	901
Total – gross amount	10,207	8,768

Movement in impairment of other financial assets

	9M 2012	2011
1 January	901	607
Net impairment of principal	224	188
- additional impairment	538	1,278
- reversal of impairment	(314)	(1,090)
Additional impairment of interest	12	10
Additional impairment of fees	116	179
Write-offs of other financial assets	(92)	(83)
30 September/31 December	1,161	901

17 Held-to-maturity financial assets

	30.09.2012	31.12.2011
Debt securities	395,958	339,819
- current securities issued by the state and the central bank	29,656	0
- non-current securities issued by the state and the central bank	329,525	276,545
- non-current securities issued by banks and savings banks	32,947	59,393
- non-current securities issued by other issuers	3,830	3,881
Total	395,958	339,819
Quoted	394,268	338,101
Unquoted	1,690	1,718
Total	395,958	339,819

Movement in held-to-maturity financial assets

	9M 2012	2011
1 January	339,819	78,894
Increase during the year	119,941	264,820
- acquisition	108,256	259,854
- gains	687	696
- other (deferred interest)	10,998	4,270
Decrease during the year	63,802	3,895
- redemption	56,643	0
- losses	666	169
- other (interest received)	6,493	3,726
30 September/31 December	395,958	339,819

18 Financial liabilities measured at amortised cost

	30.09.2012	31.12.2011
Deposits	3,023,661	3,183,061
Loans	549,788	603,996
Debt securities	41,469	27,885
Subordinated liabilities	184,989	178,035
Other financial liabilities	21,603	17,855
Total	3,821,510	4,010,832

Deposits by type of customers and maturity

	30.09.2012	31.12.2011
Deposits from banks	104,216	121,380
- sight deposits	1,865	9,804
- current deposits	54,571	65,228
- non-current deposits	47,780	46,348
Deposits from customers	2,919,445	3,061,681
- sight deposits	982,937	965,573
- current deposits	612,331	715,996
- non-current deposits	1,324,177	1,380,112
Total	3,023,661	3,183,061

Loans by type of customers and maturity

	30.09.2012	31.12.2011
Loans from banks	542,371	603,842
- non-current loans	542,371	603,842
Loans from customers	7,417	154
- non-current loans	7,417	154
Total	549,788	603,996

Subordinated liabilities

ISIN code	Currency	Date of maturity	Interest rate	30.09.2012	31.12.2011
Hybrid instruments as a component of additional own funds					
ISIN: XS0270427163	EUR	perpetual; call option after 05.10.2016	3M EURIBOR + 1.60%	50,275	50,386
ISIN: XS0325446903	EUR	perpetual; call option after 12.10.2012	7.02%	106,942	101,599
Hybrid instruments as a component of original own funds					
ISIN: SI0022103046	EUR	perpetual; call option after 29.12.2014	8.70%	27,772	26,050
Total				184,989	178,035

Subordinated liabilities are included in the calculation of capital adequacy. Capital risk is disclosed in [Note 24](#).

Other financial liabilities

	30.09.2012	31.12.2011
Liabilities for fees and commissions	15	59
Liabilities related to card operations	9,924	7,780
Liabilities related to transactions with ATMs	2,154	1,472
Liabilities to customers for payments to abroad	4,535	4,317
Liabilities for cash operations	1,035	1,071
Liabilities for participation in profits – dividends	75	78
Surplus of liabilities on authorised transactions for customers	0	117
Other financial liabilities	3,865	2,961
Total other financial liabilities	21,603	17,855

19 Provisions

	Provisions for tax claims and other pending legal issues	Provisions for pensions and similar benefits	Provisions for off-balance sheet liabilities	Other provisions	Total
1 January 2012	2,532	4,529	23,773	434	31,268
Net provisions made during the year	742	(101)	1,980	0	2,621
- provisions made during the year	836	0	17,809	0	18,645
- provisions reversed during the year	(94)	(101)	(15,829)	0	(16,024)
Provisions used during the year	0	(78)	0	0	(78)
30 September 2012	3,274	4,350	25,753	434	33,811

	Provisions for tax claims and other pending legal issues	Provisions for pensions and similar benefits	Provisions for off-balance sheet liabilities	Other provisions	Total
1 January 2011	1,031	4,786	9,031	812	15,660
Net provisions made during the year	1,501	(31)	14,742	(281)	15,931
- provisions made during the year	1,564	194	31,176	0	32,934
- provisions reversed during the year	(63)	(225)	(16,434)	(281)	(17,003)
Provisions used during the year	0	(226)	0	(97)	(323)
31 December 2011	2,532	4,529	23,773	434	31,268

Other notes

20 Commitments and contingent liabilities by type

	30.09.2012		
	Current	Non-current	Total
Financial guarantees	48,911	34,904	83,815
Service guarantees	84,976	88,615	173,591
Total guarantees	133,887	123,519	257,406
Uncollateralised letters of credit	328	0	328
Approved and undrawn loans	74,401	20,554	94,955
Approved and undrawn overdrafts	167,274	144	167,418
Other	193	0	193
Total commitments and contingent liabilities	241,868	20,698	262,566
Derivatives	187,773	5,636	193,409
Total	563,856	149,853	713,709

	31.12.2011		
	Current	Non-current	Total
Financial guarantees	56,852	48,942	105,794
Service guarantees	106,698	96,945	203,643
Total guarantees	163,550	145,887	309,437
Uncollateralised letters of credit	543	0	543
Approved and undrawn loans	120,267	21,792	142,059
Approved and undrawn overdrafts	174,127	108	174,235
Other	2,268	0	2,268
Total commitments and contingent liabilities	296,662	21,900	318,562
Derivatives	157,024	13,873	170,897
Total	617,779	181,660	799,439

21 Related party transactions

Statement of financial position and off-balance sheet items

	Subsidiaries		Associates	
	30.09.2012	31.12.2011	30.09.2012	31.12.2011
Loans and advances – gross amount	370,241	374,918	56	248
- loans and advances to banks	92,818	98,964	0	0
- loans and advances to customers	277,259	275,581	3	0
- other financial assets	164	373	53	248
Investments in securities	71,739	76,213	33,732	33,732
- equity instruments	70,049	74,495	31,918	31,918
- debt securities	1,690	1,718	1,814	1,814
Other assets	127	3	187	7
Deposits and loans received	76,954	92,184	38,835	27,796
- deposits and loans from banks	72,756	79,850	0	0
- deposits and loans from customers	3,077	11,642	38,807	27,740
- other financial liabilities	1,121	692	28	56
Subordinated liabilities	107	100	0	0
Other liabilities	856	59	6	30
Off-balance sheet items	4,014	12,043	1,386	1,766

	Key management personnel		Other related persons	
	30.09.2012	31.12.2011	30.09.2012	31.12.2011
Assets				
Loans and advances to customers	408	489	38,925	43,405
Other financial assets	0	1	3	42
Equity instruments	0	0	348	31,073
Other assets	1	1	1	0
Liabilities				
Deposits and loans from customers	660	776	1,119	2,697
Other financial liabilities	0	0	6	6
Other liabilities	0	0	6	128
Off-balance sheet items	81	104	36	1,605

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

Statement of income

	Subsidiaries		Associates	
	9M 2012	9M 2011	9M 2012	9M 2011
Net interest income	7,813	11,511	(1,019)	(441)
Dividend income	824	1,416	2,032	4,446
Net fee and commission income	802	820	340	337
Cost of services	(309)	(391)	(455)	(468)
Individual impairment	2,201	599	0	0
Impairment of investments	0	0	0	0
Write-offs	0	0	0	0
Total	11,331	13,955	898	3,874

	Key management personnel		Other related persons	
	9M 2012	9M 2011	9M 2012	9M 2011
Net interest income	(5)	(1)	855	2,072
Dividend income	0	0	0	1,593
Net fee and commission income	0	0	41	282
Cost of services	(153)	0	(945)	(191)
Individual impairment	0	0	0	(3,438)
Write-offs	0	0	0	0
Total	(158)	(1)	(49)	318

Loans and guarantees given

	Management Board members		Supervisory Board members		Other Bank employees on individual contract	
	30.09.2012	31.12.2011	30.09.2012	31.12.2011	30.09.2012	31.12.2011
Loans	10	60	108	47	1,804	2,153
Average interest rate on loans (%)	8.55	4.34	3.89	4.30	3.40	4.09
Repayments	0	9	12	4	349	338

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

Exposure to:	30.09.2012	31.12.2011
Bank of Slovenia	56,607	57,333
Republic of Slovenia	540,846	592,739
State-owned institutions	730,762	754,786
Total exposure to the Bank of Slovenia, Republic of Slovenia and state-owned institutions	1,328,215	1,404,858
Share in total assets (%)	31.67	29.20
Off-balance sheet items covered by collateral provided by the Bank of Slovenia or the Republic of Slovenia	9,078	9,083
Total assets	4,574,263	4,810,537

23 Credit risk management

Analysis of exposure to credit risk

	Loans to customers		Loans to banks	
	30.09.2012	31.12.2011	30.09.2012	31.12.2011
Net disbursed loans	3,108,225	3,342,123	252,342	182,418
Individual impairment:				
Gross amount	849,393	642,503	73,673	81,171
Impairment	(376,249)	(258,504)	(323)	(394)
Net amount	473,144	383,999	73,350	80,777
Collective impairment:				
Credit rating A	1,126,723	1,629,361	0	0
Credit rating B	1,039,663	860,813	0	0
Credit rating C	420,680	398,347	0	0
Credit rating D	13,644	17,660	0	0
Credit rating E	26,795	27,300	0	0
Gross amount	2,627,505	2,933,481	0	0
Impairment	(78,547)	(76,569)	0	0
Net amount	2,548,958	2,856,912	0	0
Net non-impaired loans	86,123	101,212	178,992	101,641
Total net loans	3,108,225	3,342,123	252,342	182,418

Overdue and unpaid claims

30.09.2012					
	Up to 30 days	From 31 to 60 days	From 61 to 90 days	Over 90 days	Total
Banks	0	0	0	17	17
Legal entities	16,105	4,497	6,390	596,765	623,757
Households	3,558	646	540	25,123	29,867
Total	19,663	5,143	6,930	621,905	653,641

31.12.2011					
	Up to 30 days	From 31 to 60 days	From 61 to 90 days	Over 90 days	Total
Banks	2	0	0	2	4
State	306	0	0	3	309
Legal entities	1,893	5,587	14,726	401,845	424,051
Households	3,153	531	348	25,191	29,223
Total	5,354	6,118	15,074	427,041	453,587

NPLs of the Bank's total loan portfolio

	30.09.2012	31.12.2011
Gross NPLs (D, E)*	696,128	496,917
Impairment losses for NPLs (D, E)	330,642	219,930
Net NPLs (D, E)	365,486	276,987
Total gross loan portfolio	3,815,686	3,860,008
Total net loan portfolio	3,360,567	3,524,541
Gross NPLs/Total gross loan portfolio (%)	18.24	12.87
Net NPLs/Total net loan portfolio (%)	10.88	7.86

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

Analysis of loans and the percentage of NPLs by industry sectors

Industry sector	30.09.2012			31.12.2011		
	Total loans	NPLs	Share of NPLs (%)	Total loans	NPLs	Share of NPLs (%)
Households, natural persons	915,473	21,669	2.37	969,381	29,272	3.02
Agriculture and hunting, forestry, fishing	31,142	4,333	13.91	23,524	416	1.77
Mining	2,272	1,378	60.65	2,811	1,803	64.14
Manufacturing industry	669,432	164,150	24.52	707,488	136,828	19.34
Electricity, gas and steam supply	84,206	0	0.00	78,868	0	0.00
Water supply, waste and sewage management, rehabilitation of the environment	7,920	2,235	28.22	8,619	106	1.23
Construction	355,187	210,719	59.33	374,350	143,178	38.25
Trade, maintenance and repair of motor vehicles	348,697	47,878	13.73	375,583	40,087	10.67
Transportation and storage	73,462	8,211	11.18	78,557	9,019	11.48
Accommodation and food service activities	131,734	21,516	16.33	131,866	17,638	13.38
Information and communication activities	66,682	35,517	53.26	51,218	31,734	61.96
Financial intermediation	704,524	91,441	12.98	642,667	44,465	6.92
Real estate activities	168,712	53,312	31.60	154,331	22,638	14.67
Professional, scientific and technical activities	133,956	27,685	20.67	131,804	13,769	10.45
Other various business activities	11,655	3,174	27.23	12,046	3,188	26.47
Public administration and defence services, compulsory social security activities	13,679	0	0.00	15,385	28	0.18
Education	5,288	345	6.52	7,673	211	2.75
Health and welfare security	26,453	60	0.23	25,256	60	0.24
Arts, entertainment and recreation	60,036	1,966	3.27	62,470	1,984	3.18
Other activities	5,176	539	10.41	6,111	493	8.07
Total gross loans	3,815,686	696,128	18.24	3,860,008	496,917	12.87

24 Composition of capital and capital requirements

	30.09.2012	31.12.2011
Original own funds		
Paid-up share capital	40,814	40,815
(-) Treasury shares	(103)	(270)
Share premium	165,775	165,775
Reserves and retained earnings or loss	191,116	275,095
(-) Interim result used in the calculation (unaudited) – loss	(100,458)	(84,190)
Revaluation excesses (PP) – prudential filters	(9,646)	(4,085)
Hybrid instruments as a component of original own funds	26,030	26,030
(-) Intangible long-term assets	(23,954)	(27,099)
(-) Other country specific deductions	0	(2)
Total	289,574	392,069
Additional own funds I		
Hybrid instruments and preferential cumulative shares	150,000	150,000
Other	2,630	1,605
Total	152,630	151,605
(-) Deductions from original own funds and additional own funds I		
(-) Deductions from original own funds	(58,520)	(58,520)
(-) Deductions from additional own funds I	(58,520)	(58,520)
Total	(117,040)	(117,040)
Total equity (for solvency purposes)	325,164	426,634
Capital requirements		
Capital requirements for credit risk	270,127	290,487
Central governments and central banks	0	748
Regional governments and local authorities	178	213
Administrative bodies	22	93
Institutions	19,194	16,367
Corporates	128,295	150,234
Retail banking	62,065	64,827
Secured by real estate property	3,038	3,989
Past due items	6,702	6,308
Items belonging to regulatory high-risk categories	33,801	29,146
Collective investment undertakings	1,624	2,112
Other items	15,208	16,450
Total capital requirements for market risks	2,603	1,772
Debt securities	459	670
Equity instruments	1,296	1,102
Foreign exchange	848	0
Capital requirement for operational risk	23,237	22,773
Total	295,967	315,032
Capital adequacy ratio (total equity)	8.79%	10.83%
Capital adequacy ratio (original own funds)	6.25%	8.47%
Common equity capital ratio (Core Tier I ratio)	5.54%	7.81%

25 Fair value of financial assets and financial liabilities

	30.09.2012		31.12.2011	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash and balances with the central bank	93,600	93,600	97,023	97,023
Financial assets held for trading	1,906	1,906	8,442	8,442
Financial assets designated at fair value through profit or loss	32,817	32,817	37,942	37,942
Available-for-sale financial assets	416,681	416,681	523,932	523,932
Loans and advances to banks	252,342	252,148	182,418	182,640
Loans and advances to customers	3,108,225	3,117,683	3,342,123	3,348,369
Other financial assets	9,046	9,046	7,867	7,867
Held-to-maturity financial assets	395,958	396,346	339,819	337,361
Financial liabilities				
Financial liabilities due to the central bank	422,841	421,709	370,465	370,467
Financial liabilities held for trading	731	731	1,693	1,693
Deposits from banks	104,216	104,376	121,380	121,342
Deposits from customers	2,919,445	2,930,598	3,061,681	3,076,692
Loans from banks	542,371	542,371	603,842	603,842
Loans from customers	7,417	7,417	154	154
Debt securities	41,469	41,481	27,885	27,932
Subordinated liabilities	184,989	187,563	178,035	178,035
Other financial liabilities	21,603	21,603	17,855	19,411

26 Events after the statement of financial position date

As part of the process of selling its 51% stake in Zavarovalnica Maribor, the Bank received several bids from potential buyers that had conducted a due diligence review of the insurance company, including a binding offer from Pozavarovalnica Sava d.d. (Sava Re) and a non-binding offer from KD Group d.d. Both of these institutions have publicly announced their intention to bid for Zavarovalnica Maribor. The Bank will carefully examine the offers and will continue negotiations for the sale of its stake in Zavarovalnica Maribor.

On 9 November, the Bank gave notice that the 23rd Shareholders' Meeting would take place on 11 December 2012. Shareholders will discuss a resolution proposal regarding the increase in Nova KBM's share capital and a resolution proposal for amendments to the Bank's Articles of Association.

Financial calendar of Nova KBM d.d. for the rest of 2012

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

Type of announcement or event	Anticipated date of announcement or event
Decisions adopted at the 23 rd Shareholders' Meeting of Nova KBM d.d.	Wednesday, 12 December 2012
The 2013 Business Plan of Nova KBM d.d. and the Nova KBM Group	Wednesday, 19 December 2012

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