

1/2

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

JANUARY - JUNE 2013



AUGUST 2013



Nova KBM

PRIPRAVLJENI NA JUTRI

## Corporate governance bodies as of 30 June 2013

### Management Board of Nova KBM

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

### Executive Directors of Nova KBM

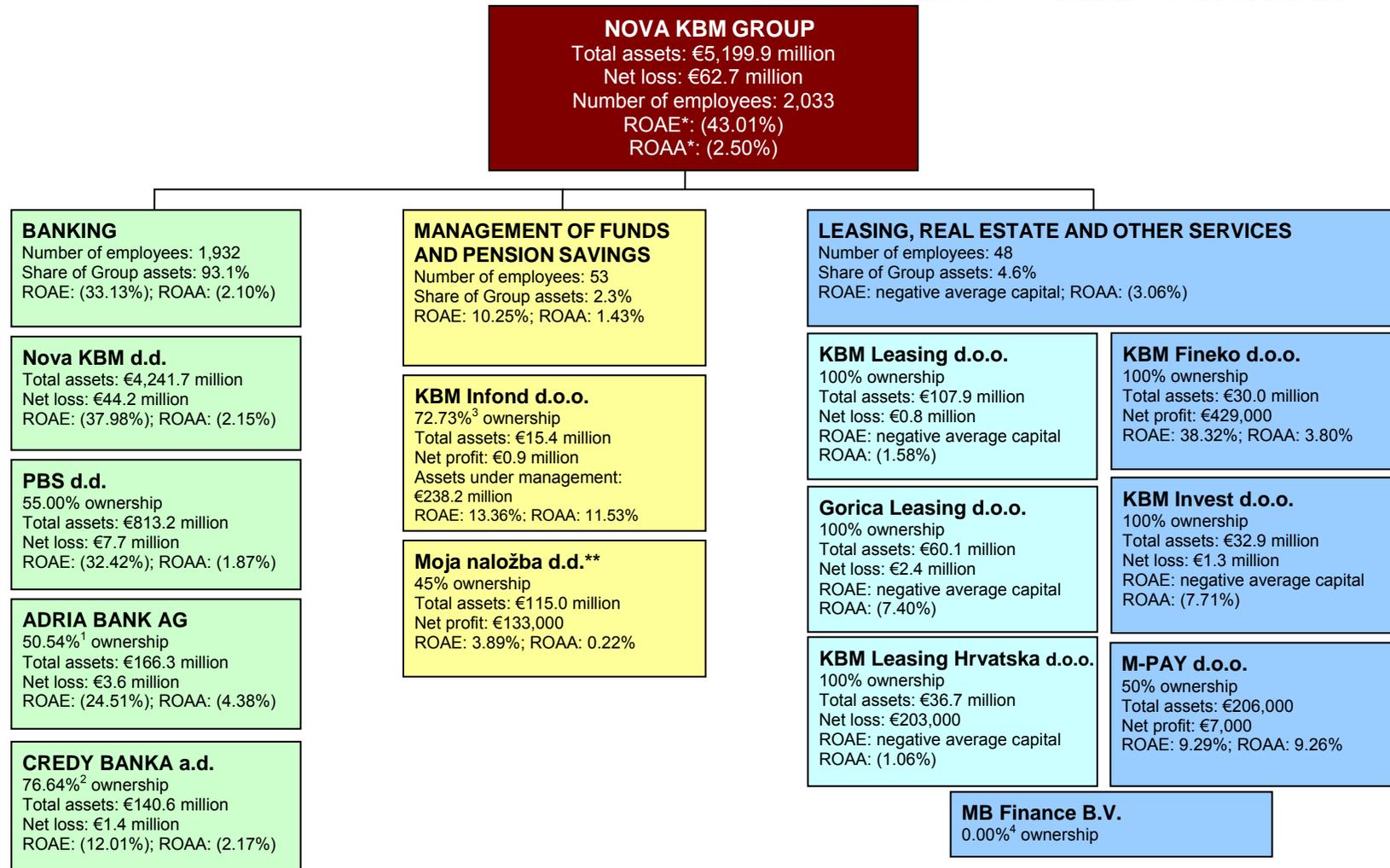
Aleksander Batič  
 Anton Guzej  
 Ksenija Mrevlje  
 Nataša Fesel  
 Peter Kupljen  
 Vlasta Brečko  
 Simon Hvalec  
 Uroš Lorenčič

### Supervisory Board of Nova KBM

Peter Kukovica	<b>Chairman</b>
Niko Samec	<b>Deputy Chairman</b>
Aljoša Tomaž	Member
Andrej Fatur	Member
Egon Žižmond	Member
Karmen Dvorjak	Member
Keith Charles Miles	Member
Miha Glavič	Member
Peter Kavčič	Member

Name of the parent bank:	Nova Kreditna banka Maribor d.d.
Short name of the parent bank:	Nova KBM d.d.
Registered office:	Ulica Vita Kraigherja 4, 2505 Maribor
BIC (SWIFT):	KBMASI2X
Reuters:	KBMS
IBAN:	SI56 0100 0000 0400 014
Account No.:	01000-0000400014
Registration No.:	5860580
Entry No. in the register of companies kept by the Maribor District Court:	062/10924200
VAT ID No.:	SI94314527
Share capital:	€143,225,272.08





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

\*\* Associated company.

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

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

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

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



# Contents

## INTERIM REPORT OF THE NOVA KBM GROUP: JANUARY – JUNE 2013

KEY PERFORMANCE INDICATORS OF THE NOVA KBM GROUP .....	5
PERFORMANCE HIGHLIGHTS FOR THE PERIOD JANUARY – JUNE 2013 .....	6
OTHER IMPORTANT EVENTS .....	7
EVENTS AFTER THE END OF THE REPORTING PERIOD.....	8
CHANGES IN THE SUPERVISORY BOARD OF NOVA KBM D.D. . .....	9
LETTER TO SHAREHOLDERS.....	9
STATEMENT OF MANAGEMENT’S RESPONSIBILITIES.....	11
PROFILE OF NOVA KBM D.D. AND THE NOVA KBM GROUP .....	12
SHAREHOLDER STRUCTURE AND INFORMATION ON SHARES.....	14
OPERATING RESULTS OF THE NOVA KBM GROUP.....	17
FINANCIAL POSITION OF THE NOVA KBM GROUP .....	19
PLANS FOR THE REST OF 2013 .....	20
KEY PERFORMANCE INDICATORS OF NOVA KBM D.D. . .....	21
<b>INTERIM FINANCIAL REPORT OF THE NOVA KBM GROUP .....</b>	<b>23</b>
Interim Statement of Income – Nova KBM Group.....	24
Interim Statement of Other Comprehensive Income – Nova KBM Group.....	26
Interim Statement of Financial Position – Nova KBM Group.....	28
Interim Statement of Cash Flows – Nova KBM Group .....	29
Interim Statement of Changes in Equity – Nova KBM Group .....	31
Notes to the financial statements of the Nova KBM Group .....	33
<b>INTERIM FINANCIAL REPORT OF NOVA KBM D.D. ....</b>	<b>56</b>
Interim Statement of Income – Nova KBM d.d. ....	57
Interim Statement of Other Comprehensive Income – Nova KBM d.d.....	59
Interim Statement of Financial Position – Nova KBM d.d. ....	61
Interim Statement of Cash Flows – Nova KBM d.d.....	62
Interim Statement of Changes in Equity – Nova KBM d.d.....	64
Notes to the financial statements of Nova KBM d.d.....	65
<b>FINANCIAL CALENDAR OF NOVA KBM D.D. FOR THE REST OF 2013.....</b>	<b>84</b>



# Key performance indicators of the Nova KBM Group

	2013	2012	Index
<b>Statement of financial position (€000)</b>	<b>30.06.</b>	<b>31.12.</b>	
Total assets	5,199,929	5,321,810	98
Total deposits from the non-banking sector	3,607,087	3,618,678	100
Total loans and advances to the non-banking sector	3,228,287	3,397,900	95
Total equity	284,527	253,204	112
<b>Statement of income (€000)</b>	<b>H1 2013</b>	<b>H1 2012</b>	
Net interest income	42,670	61,756	69
Net fee and commission income	29,048	29,516	98
Net gains/(losses) from trading in securities and foreign exchange	1,744	(5,109)	
Other income	290	7,624	4
Operating costs	(58,181)	(57,941)	100
Impairment losses and provisions	(81,997)	(69,939)	117
(Loss) from continuing and discontinued operations	(66,426)	(34,093)	195
Net (loss) for the reporting period	(62,706)	(33,676)	186
<b>Ratios</b>	<b>30.06.</b>	<b>31.12.</b>	
Net (loss) per share <sup>1</sup> (€)	(1.05)	(5.25)	
Share price (€)	0.520	1.300	
Book value per share <sup>2</sup> (€)	1.82	5.37	
Total capital adequacy ratio (%)	8.27	9.17	
Tier I capital ratio (%)	7.16	8.17	
Core Tier I capital ratio (%)	6.52	5.26	
ROAA before tax (%)	(2.50)	(3.85)	
ROAE before tax (%)	(43.01)	(55.00)	
Operating costs/Average total assets (%)	2.19	2.12	
Cost/Income (%)	78.89	56.90	

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

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



# Performance highlights for the period January – June 2013

- For the six-month period ended 30 June 2013, the Nova KBM Group (hereafter also referred to as the 'Group') posted a **pre-tax, pre-provision profit from continuing operations** of €15,571,000.
- The Group's **net loss from continuing operations** reached €62,706,000 in the first half of the year. Enhanced credit risk arising from adverse market conditions continued to affect the operations of the Group, particularly its banking division, forcing it to set aside a further €81,997,000 in the first half of the year to cover its bad loans.
- The Group's **total assets** were €5,199,929,000 at the end of June 2013, down €121,881,000, or 2.3%, on the 2012 year-end figure.
- **Net interest income** for the six-month period ended 30 June 2013 totalled €42,670,000, compared to €61,756,000 reported for the same period last year. Net interest income fell in all of the Group's divisions, with the largest being seen in the banking division.
- **Net fees and commissions** were €29,048,000, which was roughly the same as in the first half of last year. The amount of net fee and commission income earned by the Group was sufficient to cover one-half of its operating costs.
- In the period from January through June 2013, the Group incurred **operating costs** of €58,181,000; about the same as in the same period last year. The ratio of operating costs to the average total assets stood at 2.19%, an increase of 0.07 percentage points on the figure reported for the end of 2012.
- The Group's **return on average equity before tax (ROAE)** was negative, at minus 43.01%, while its **return on average assets before tax (ROAA)** stood at minus 2.50%.
- As of 30 June 2013, the **Group's total equity** amounted to €284,527,000, up €31,323,000, or 12.4%, on the 2012 year-end figure. Its total capital adequacy ratio was 8.27%, compared to 9.17% reported for the end of 2012.



## Other important events

### January

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

### March

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

### April

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



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

## June

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

# Events after the end of the reporting period

## July

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



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

At the 24th Shareholders' Meeting of Nova KBM on 10 June 2013, Aljoša Tomaž was appointed as a new Supervisory Board member.

## Letter to shareholders

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

The economic developments in the Eurozone became less unfavourable in the second quarter of the year, mainly as a result of an agreement being reached on the method of solving the Cypriot banking crisis. This method is also expected to be applied in the future to other EU countries dealing with severe financial difficulties. Several macroeconomic parameters indicate that the EU may emerge from the crisis in the third quarter of the year. However, in order to ensure sustainable future development in Europe, further measures will have to be taken to make the monetary policy more effective and the banking system more robust. Some signs of temporary recovery have been shown by the Slovene economy as well. Local industrial production stopped declining, largely because of a significant increase in exports. On the other hand, given the unfavourable forecasts of future economic growth, it cannot be expected that the current high unemployment rate will come down in the short term. Additional budget consolidation measures, which the government intends to introduce over the next few months, are expected to help Slovenia achieve a moderate negative GDP growth in 2014. Slow and sustainable growth is forecast to resume in 2015, partially on the back of an improving international economic climate, and

partially due to the effects of government reforms in Slovenia.

In the second quarter of the year, Slovene bank balance sheets saw a considerable increase in deposits from the state, which was due to the Ministry of Finance placing with banks the proceeds it had received from the issuance of the Republic of Slovenia USD-denominated bonds. These deposits caused the business volumes of banks to contract at a slower pace than anticipated at the start of the year. The volume of loans given to the non-banking sector continued to decline throughout the first half of the year, with loans to non-financial companies experiencing one of the largest drops. Loans to households have been doing slightly better, but their rate of growth has been steadily declining since the beginning of the year. With a declining level of household deposits and a lack of foreign financial sources, Slovene banks are finding it difficult to provide sufficient funding to grow their lending business. For the first half of the year, the Slovene banking system reported a pre-tax loss of about €200 million, according to preliminary information. A declining level of net interest income, but also high impairment losses set aside by banks, were the largest contributors to this poor result. As revealed by an international comparison of the proportion of NLPs in bank loan portfolios, the Slovene banking system ranks as one of the most at risk among the Eurozone countries, reflecting the strained financial situation of local banks.



The results of the Nova KBM Group for the six-month period ended 30 June were affected by a further deterioration in its loan portfolio. This was reflected in a 17.2% year-on-year increase in impairment losses and provisions incurred by the Nova KBM Group. However, despite the difficult operating environment, the Nova KBM Group managed to generate a pre-tax, pre-provision profit of €15.6 million. The net loss posted by the Nova KBM Group for the first half of the year stood at €62.7 million (H1 2012: a net loss of €33.7 million). At the end of June, the Nova KBM Group's total capital adequacy ratio was 8.27%, with its equity amounting to €284.5 million, up 12.4% on the 2012 year-end figure.

The Nova KBM Group is putting a great deal of effort into reversing the negative performance trends. To make this happen, we have launched a number of projects and measures recently, with one of the most important being the Nova KBM Group's restructuring programme, which is awaiting the approval of the European Commission. Some of the subsidiaries have also drawn up plans to restructure their businesses. Preparations for transferring bad loans to the state-run Bank Assets Management Company are fully under way. Apart from that, the Bank is reorganising its business processes by reducing the number of staff, and is implementing the RAST project, the purpose of which is to reduce operating costs across all operating segments. A project aimed at improving the Nova KBM Group's capital base is also being carried out. The combination of the aforementioned activities is expected to strengthen the financial position and consolidate the business of both the Bank and the Nova KBM Group. While a

considerable amount of work will be required to achieve our ultimate performance objectives, the results may not be obvious for several years given the nature of the changes necessary.

According to several local and international institutions, a decline of between 1.9% and 2.3% in Slovene economic activity may be expected in 2013. The key factors that will drive the economic development in Slovenia this year are the continuation of public finance consolidation, and the privatisation of state-owned enterprises. We will adapt the operations of both the Bank and the Nova KBM Group to the current market conditions while focusing on making improvements in cost efficiency, on compliance with regulatory requirements, and on integration of operations within the Nova KBM Group. All the activities will be carried out in line with the Nova KBM Group's restructuring programme.

Negative economic growth has had an adverse impact on the prices of real estate and securities, and has forced the Bank to incur provisioning expenses significantly in excess of original estimates. Through the implementation of a comprehensive restructuring programme and other projects that are currently running, the Bank will be able to strengthen its competitive position and profitability, and re-embark on the path towards a sustainable business model. We assure you that we will do our best to keep providing a whole range of first-class financial services, and that we will prove we are worthy of your trust.

Maribor, August 2013

Management Board of Nova KBM d.d.



Igor Žibrik  
Member



Aleš Hauc  
President



# Statement of management's responsibilities

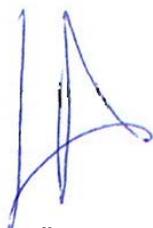
(pursuant to Article 113 of the Financial Instruments Market Act)

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

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

Maribor, 29 August 2013

Management Board of Nova KBM d.d.



Igor Žibrik  
Member



Aleš Hauc  
President



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

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

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

The Bank is obliged to prepare consolidated financial statements.

Composition of the Nova KBM Group, including the associated company, as of 30 June 2013

Company	Position in the Group	Share of voting rights (%)
Nova KBM d.d.	parent bank	
Poštna banka Slovenije d.d.	subsidiary bank	55.00
Adria Bank AG	subsidiary bank	50.54 <sup>3</sup>
Credy banka a.d.	subsidiary bank	76.64 <sup>4</sup>
KBM Fineko d.o.o.	subsidiary company	100.00
KBM Infond d.o.o.	subsidiary company	72.73 <sup>5</sup>
KBM Leasing d.o.o.	subsidiary company	100.00
KBM Invest d.o.o.	subsidiary company	100.00
Gorica Leasing d.o.o.	subsidiary company	100.00
M-Pay d.o.o.	subsidiary company	50.00
KBM Leasing Hrvatska d.o.o.	subsidiary company	100.00
MB Finance B.V.	subsidiary company	0.00 <sup>6</sup>
Moja naložba d.d.	associated company	45.00

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

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

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

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

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



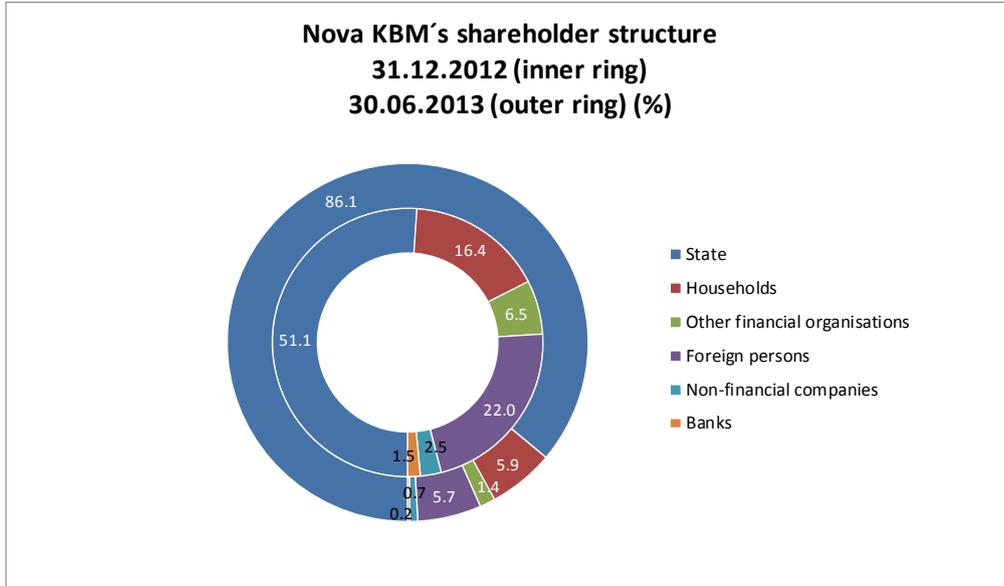
## Key performance indicators of individual Group companies for the six-month period ended 30 June 2013

COMPANY	Number of employees 30.06.2013	Net profit or (loss) (€000)	Total assets (€000)	ROAE before tax (%)	ROAA before tax (%)
Nova KBM d.d.	1,281	(44,174)	4,241,723	(37.98)	(2.15)
Poštna banka Slovenije d.d.	242	(7,656)	813,212	(32.42)	(1.87)
Adria Bank AG	33	(3,563)	166,258	(24.51)	(4.38)
Credy banka a.d.	376	(1,445)	140,612	(12.01)	(2.17)
KBM Fineko d.o.o.	9	429	30,020	38.32	3.80
KBM Infond d.o.o.	38	874	15,386	13.36	11.53
KBM Leasing d.o.o.	9	(834)	107,893	*	(1.58)
KBM Invest d.o.o.	10	(1,335)	32,896	*	(7.71)
Gorica Leasing d.o.o.	12	(2,365)	60,076	*	(7.40)
M-Pay d.o.o.	0	7	206	9.29	9.26
KBM Leasing Hrvatska d.o.o.	8	(203)	36,757	*	(1.06)
Moja naložba d.d.	15	133	115,034	3.89	0.22

\* Not calculated due to negative average capital.



# Shareholder structure and information on shares



As of 30 June 2013, the shareholding of the state in Nova KBM was 86.1%, of which 81.7% was direct shareholding and 4.4% was indirect shareholding (through Pošta Slovenije, Gen Energija and Eles).

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

Number of shares	% of ownership <sup>7</sup>	Shareholder
109,344,972	79.44	REPUBLIC OF SLOVENIA
3,140,729	2.28	KDPW – TRUST ACCOUNT
2,599,192	1.89	POŠTA SLOVENIJE
2,500,000	1.82	GEN
1,875,920	1.36	KAD
1,250,614	0.91	SOD
937,500	0.68	ELES
923,567	0.67	EAST CAPITAL BALKAN FUND
917,101	0.67	NFD1 (equity fund)
637,071	0.46	EATON VANCE

Out of the members of the Bank's Management and Supervisory Boards, Keith Charles Miles, a Supervisory Board member, held 24 Nova KBM shares (a 0.000017% shareholding) as of 30 June 2013.

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

## Information on shares

As of 30 June 2013, the Bank's share capital amounted to €140,814,313.08 and was split into 137,645,135 ordinary no-par value shares.

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

Holders of ordinary shares have the following rights:

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

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

## Information on shares

	30.06.2013	31.12.2012	31.12.2011	31.12.2010
Number of shareholders	97,132	97,429	98,354	100,295
Number of ordinary shares	137,645,135	39,122,968	39,122,968	26,081,979
Share price on the last trading day (€)	0.52	1.30	3.16	10.20
Market capitalisation (€000)	71,575	50,860	123,629	266,036

	Nova KBM				Nova KBM Group			
	30.06.13	31.12.12	31.12.11	31.12.10	30.06.13	31.12.12	31.12.11	31.12.10
Book value per share <sup>8</sup> (€)	1.79	4.92	9.55	14.39	1.82	5.37	10.07	15.22
Net earnings/(loss) per share <sup>9</sup> (€)	(0.83)	(5.20)	(2.42)	0.36	(1.05)	(5.25)	(2.38)	0.41
P/E ratio <sup>10</sup>	(0.63)	(0.25)	(1.31)	28.33	(0.50)	(0.25)	(1.33)	24.88
P/B ratio <sup>11</sup>	0.29	0.26	0.27	0.33	0.29	0.24	0.31	0.67

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

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

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

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



## Dividend payment policy and dividend payment

Dividend for the year	2012-2015	2011	2010	2009	2008	2007	2006
Gross dividend per share (€)	-	-	0.08	0	0.2	0.2	0.7
Dividend yield <sup>12</sup> (%)	-	-	0.8	0	2.1	1.5	-
Projected amount of dividends as a proportion of the Bank's net profit (%)	35	35	35	30	20	10	-
Amount of dividends as a proportion of the Bank's net profit <sup>13</sup> (%)	-	-	36.2	0	29.4	11	44.3

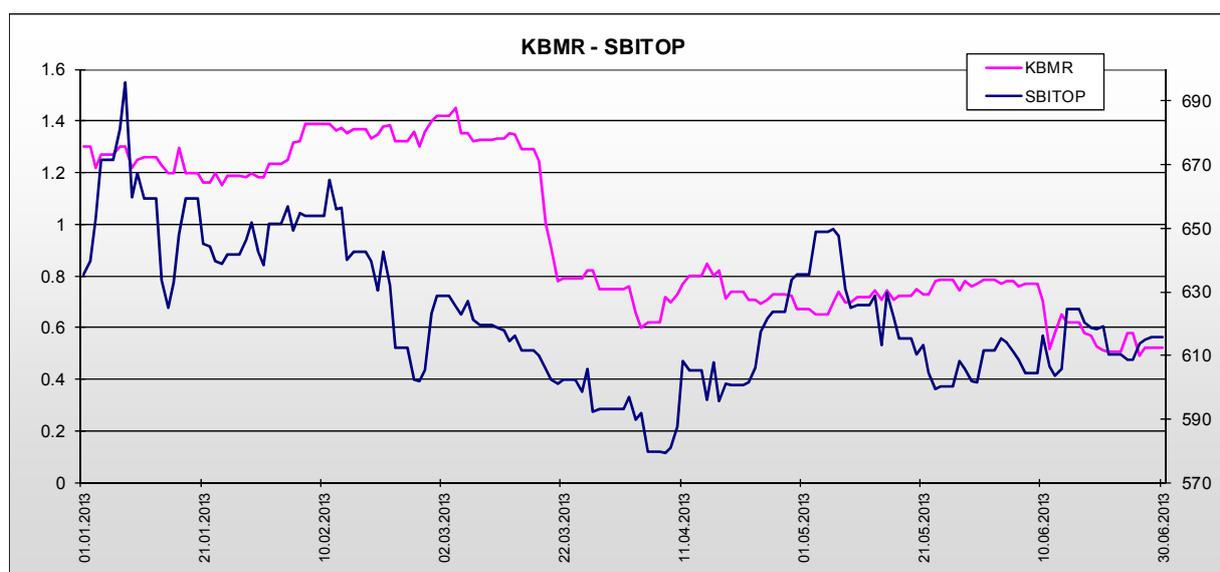
The Bank implements a dividend policy that envisages an annual dividend payment equalling 35% of net profit for a financial year, on the condition that the Bank generates a profit and that the capital adequacy of the Bank and the Group is not jeopardised.

## Nova KBM share performance

In the period from 1 January to 30 June 2013, the price of KBMR shares traded on the Ljubljana Stock Exchange, which is the prime market for KBMR shares, ranged between €0.489 and €1.45 per share. The conversion of CoCo bonds into Bank equity had the most negative effect on the price of KBMR shares. The highest share price, at €1.45, was achieved on 4 March 2013, while the lowest price was registered on 26 June 2013 when KBMR shares traded at €0.489 per share.

The combined turnover in Nova KBM shares on the Ljubljana Stock Exchange and Warsaw Stock Exchange totalled 4,579,408 shares, giving an average daily turnover of 37,536 shares. At the end of June 2013, the Bank had 97,132 shareholders in total.

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



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

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



## Operating results of the Nova KBM Group

For the six-month period ended 30 June 2013, the **Group posted a pre-tax, pre-provision profit from continuing operations** of €15,571,000, which made up 47.9% of the figure reported for the same period last year. The pre-tax, pre-provision profit reported by the Group for the second quarter of the year was one-fifth below that reported for the first quarter. The **Group's pre-tax loss from continuing operations** amounted to €66,426,000, compared to a loss of €37,448,000 reported a year earlier. The year-on-year deterioration in the performance of the Group was attributable partially to a 30.9%, or €19.1 million, decline in net interest income (with interest income and interest expenses registering a drop of €26.1 million and €7.0 million, respectively), and partially to a €19.2 million increase in impairment losses.

The **Group's net loss** totalled €62,706,000 (H1 2012: a net loss of €33,676,000), of which €56,016,000 was attributable to owners of the parent and €6,690,000 was attributable to the non-controlling interest. The net loss of the Group was €18,532,000 higher than the net loss posted by the Bank, partially as a result of net losses incurred by subsidiary companies (a total loss of €16.1 million), and partially due to the impact of consolidation entries (which related mainly to the auditing adjustments and additional impairment losses set aside by Adria Bank). The following Group companies reported a net profit for the first half of 2013: KBM Infond (€0.9 million; H1 2012: €0.5 million), KBM Fineko (€0.4 million, the same as in H1 2012) and M-Pay (€7,000; H1 2012: €6,000). On the other hand, a net loss was posted by the following Group companies: KBM Leasing Hrvatska (€0.2 million; H1 2012: €0.9 million), KBM Leasing (€0.8 million; H1 2012: €0.1 million), KBM Invest (€1.3 million; H1 2012: €0.8 million), Credi banka (€1.4 million; H1 2012: a net profit of €0.1 million), Gorica Leasing (€2.4 million; H1 2012: €2.6 million), Adria Bank (€3.6 million; H1 2012: a net profit of €1.2 million), PBS (€7.7 million; H1 2012: a net profit of €1.7 million) and Nova KBM (€44.2 million; H1 2012: €38.6 million).

The banking division, which generated 92.2% of the Group's **net interest income**, saw the largest decline in this income category, with net interest income of Nova KBM decreasing year-on-year by €9.4 million, or 22.8%, net interest income of PBS decreasing by €3.4 million, or 26.3%, net interest income of Credi banka decreasing by €2.5 million, or 55.8%, and net interest income of Adria Bank decreasing by €2.3 million, or 51.2%. In the leasing segment, KBM Leasing saw a year-on-year decrease of €1.2 million in its net interest income, while in the real estate segment, a decrease of €0.4 million, or 55.3%, in net interest income was reported by KBM Invest. The year-on-year drop of €16.9 million in interest income reported by Nova KBM was the result of a decrease in interest income earned on loans (a decrease of €9.3 million was attributable to loans given to households, while a decrease of €5.6 million was attributable to loans given to non-financial companies), a decrease of 6.5% in gross loans given to the non-banking segment, an increase of €2.3 million in the impairment of interest, a change in the structure of interest-bearing assets (shifting away from assets with higher returns to assets with lower returns, which led to a decrease in the average interest rate on assets), and a reduction of



0.83 percentage points in the average 6M EURIBOR. This decrease in interest income was partially offset by an increase of €5.5 million in income arising from default interest.

**Net fees and commissions** generated by the Group in the first six months of 2013 totalled €29,048,000, a decrease of €468,000, or 1.6%, on the same period last year, partially due to a decline in fees earned on loans and guarantees as a result of a lower number of transactions, and partially as a result of expenses incurred by Nova KBM on the prepayment of loan facilities. Nova KBM saw the largest drop in net fees and commissions (by €0.9 million, or 4.5%), followed by Adria Bank (by €0.2 million, or 36.3%) and Credy banka (by €0.1 million, or 6.7%). Net fee and commission income reported by KBM Infond increased year-on-year by €0.3 million, or 14.1%.

**Other non-interest income** earned by the Group in the first half of 2013 was up €2,874,000<sup>14</sup> on the same period last year. The year-on-year improvement in results related to the valuation of equity forward derivatives was partially offset by a decrease in dividend income, as well as by lower-than-projected other income due to the monthly accounting of the balance sheet tax and the financial services tax.

**Operating costs** were €58,181,000, which was 0.4% more than in the same period last year and 0.3% more than projected. Higher-than-projected operating costs were the result of costs incurred by Nova KBM in relation to advisory, auditing, accounting and other services provided to it. Staff costs, which were 4.4% below the projection and accounted for 49.5% of the total operating costs, were €28,805,000, a decrease of 4.6% on the same period last year. The ratio of operating costs to the average total assets stood at 2.19%, up 0.19 percentage points on the same period last year, while the cost-to-income ratio deteriorated by 17.11 percentage points to €78.89%, mainly as a result of a year-on-year decrease in income earned by the Group.

**Net provisions and impairment losses** recorded by the Group in the first six months of 2013 totalled €81,997,000, up 17.2%, or €12.1 million, on the same period last year. Net impairment losses and provisions set aside by the banking division accounted for 97.5% of the total provisioning expenses incurred by the Group in the first half of the year, with the remaining 2.5% being incurred mainly by the leasing division. The deterioration in the quality of the Group's loan portfolio continued in the first half of the year at approximately the same intensity as last year.

As a result of the loss reported for the first six months of the year, the **Group's return on average assets before tax (ROAA)** was negative, at minus 2.50% (H1 2012: minus 1.18%). The **Group's return on average equity before tax (ROAE)** was minus 43.01% (H1 2012: minus 15.21%).

The **margin of financial intermediation**, calculated on the average total assets, stood at 2.82%, a decrease of 0.91 percentage points on 2012, due to extraordinary gains generated by the Group in 2012 on the sale of Zavarovalnica Maribor. The **interest margin**, also calculated on the average total assets, was 1.63%, down 0.24 percentage points on 2012.

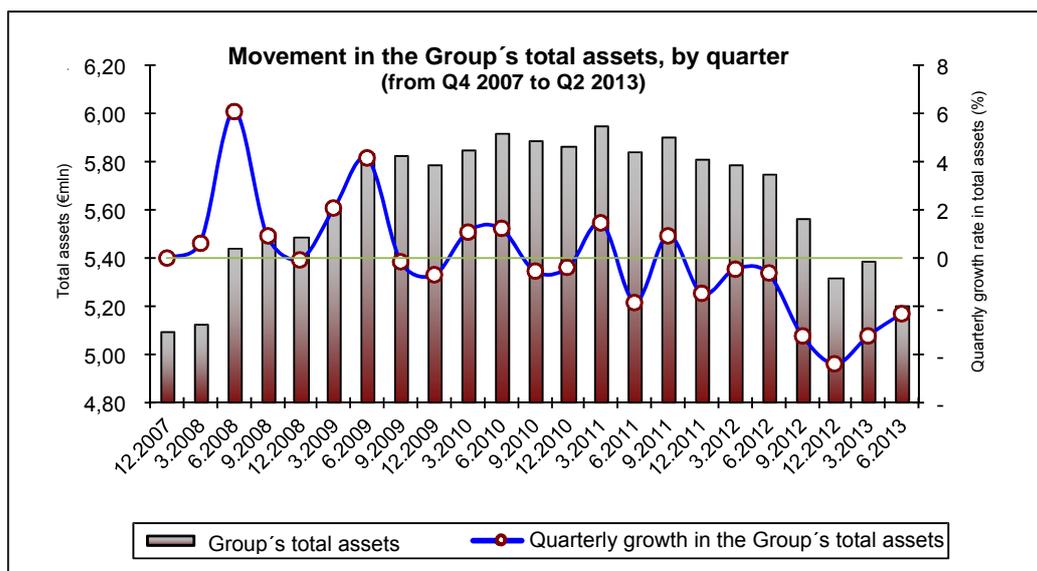
For the first half of 2013, the Group reported a **total comprehensive loss** after tax of €68,508,000, of which €62,706,000 was attributable to the net loss reported for the period, with the remaining amount being attributable mainly to the impairment, through equity, of available-for-sale securities. Of the total impairment losses incurred on these securities, 69% was attributable to Nova KBM, and 28% was attributable to PBS.

<sup>14</sup> Without taking into account a net gain of €3,355,000 from discontinued operations arising from the sale of the Group's equity stake in Zavarovalnica Maribor, an ex-associated company.



# Financial position of the Nova KBM Group

The Group's **total assets** declined in the first half of the year by €121.9 million to reach €5,199.9 million at the end of June 2013.



At the end of June 2013, **net loans and advances to customers** totalled €3,228.3 million, a decrease of €169.6 million on the 2012 year-end figure. The largest proportion of this contraction was attributable to Nova KBM, which saw a decrease of €130.4 million in the net value of its loan portfolio, partially as a result of a reduced lending volume, and partially due to additional impairment losses set aside in the first half of the year.

The balance of **available-for-sale** and **held-to-maturity financial assets** increased in the first half of the year by €21.1 million.

**Loans and deposits from the non-banking sector** totalled €3,601.5 million at the end of June; roughly the same figure as at the end of 2012. Nova KBM saw a decrease of 1.5%, or €42.9 million, in deposits from the non-banking sector, while other banks in the Group registered a combined increase of €32.5 million in these deposits.

**Loans from banks** amounted to €463.0 million, down €113.0 million on the figure reported for the end of 2012, largely because of the prepayment of a long-term loan facility made by Nova KBM.

The Group's **total equity** went up by €31.3 million in the first half of the year, with Nova KBM contributing the most to this increase. The growth in Nova KBM's equity was driven by an increase in its share capital arising from the conversion of a €100 million state-provided hybrid loan facility dated 31 December 2012. The increase in equity resulting from this conversion was partially offset by the net loss reported for the first half of the year.

As of 30 June 2013, the Group's **Tier I capital ratio** stood at 7.16%.



## Plans for the rest of 2013

The planning of the business policy and financial plan of the Group for the year 2013 was carried out on the basis of macroeconomic projections that were supported mainly by the autumn forecasts of the Institute of Macroeconomic Analysis and Development, and the Bank of Slovenia, taking into consideration the adopted strategy of the Group. The Bank's Supervisory Board consented to the 2013 plan of the Bank and the Group at its regular meeting on 18 December 2012. In spring 2013, a number of institutions involved in forecasting macroeconomic movements revised downwards their economic growth predictions for Slovenia for this year. Due to a number of ongoing uncertainties related to their business, the Bank and the Group did not revise their financial plans for 2013.

The **total assets** of the Group are projected to reach approximately €5,345.7 million by the end of 2013, up 0.4% on 2012. **Net interest income** is projected to be approximately €113.7 million. The **interest margin**, calculated as the ratio between net interest income and the average total assets, is projected to be 2.11%. **Net fee and commission income** is projected to amount to approximately €58.3 million, down 0.9% on 2012. **Operating costs** are projected to be €116.9 million, a decrease of 3.0% relative to 2012. Due to forecasts of a continuing economic crisis and a GDP decline in Slovenia and several other countries in the region, **provisions and impairment losses** will remain at relatively high levels, but are projected to be below the figure reported for 2012. Considering this, the Group plans to report a **loss from continuing operations** also in 2013.

The management forecast that the **total assets** of the Bank will reach €4,347.5 million by the end of 2013, an increase of 0.2% relative to the 2012 year-end. **Net interest income** is projected to be approximately €78.1 million. The **interest margin**, calculated as the ratio between net interest income and the average total assets, is projected to be 1.78%. **Net fee and commission income** is projected to amount to approximately €40.9 million, down 2.1% on 2012. **Operating costs** are projected to be €77.7 million, a decrease of 5.4% relative to 2012. The number of staff is projected to fall following the anticipated reorganisation and optimization of operating processes. Due to forecasts of a continuing economic crisis and a GDP decline in Slovenia, **provisions and impairment losses** will remain at an elevated level in 2013. The Bank expects to end the year 2013 with a **loss from continuing operations**.



# Key performance indicators of Nova KBM d.d.

	2013	2012	Index
<b>Statement of financial position (€000)</b>	<b>30.06.</b>	<b>31.12.</b>	
Total assets	4,241,723	4,338,568	98
Total deposits from the non-banking sector	2,874,397	2,917,317	99
Total loans and advances to the non-banking sector	2,760,732	2,891,136	95
Total equity	246,971	192,569	128
Total impairment losses and provisions	684,781	634,558	108
<b>Statement of income (€000)</b>	<b>H1 2013</b>	<b>H1 2012</b>	
Net interest income	31,846	41,239	77
Net fee and commission income	20,188	21,133	96
Net gains/(losses) from trading in securities and foreign exchange	408	(3,808)	
Other income/(loss)	(1,113)	1,889	
Operating costs	(39,127)	(38,933)	100
Impairment losses and provisions	(58,646)	(61,399)	96
(Loss) from continuing operations	(46,444)	(39,879)	116
Net (loss) for the reporting period	(44,174)	(38,624)	114
<b>Ratios</b>	<b>30.06.</b>	<b>31.12.</b>	
Net (loss) per share <sup>15</sup> (€)	(0.83)	(5.20)	
Share price (€)	0.520	1.300	
Book value per share <sup>16</sup> (€)	1.79	4.92	
Total capital adequacy ratio (%)	8.71	9.18	
Tier I capital ratio (%)	7.74	8.33	
Core Tier I capital ratio (%)	6.98	4.91	
ROAA before tax (%)	(2.15)	(4.60)	
ROAE before tax (%)	(37.98)	(65.54)	
Operating costs/Average total assets (%)	1.83	1.76	
Cost/Income (%)	76.23	47.54	
<b>Ratings (long-term)</b>	<b>30.06.</b>	<b>31.12.</b>	
	Caa2 (Moody's)	B3 (Moody's)	
	BBB- (Fitch)	BBB- (Fitch)	

<sup>15</sup> Annualised net profit or loss/Weighted average number of shares in the period.

<sup>16</sup> Bank's total equity at the end of the period/Total number of ordinary no-par value shares.



As of 30 June 2013, Nova KBM's market share in terms of total assets accounted for 9.4% of the Slovene banking system.

In the first half of 2013, Nova KBM saw a decrease of €42,920,000 in its customer deposits, with its market share in this category falling by 0.6 percentage points to 11.6% at the end of June. As measured by loans given to the non-banking sector, Nova KBM managed to keep its market share flat at 9.3%, despite the difficult economic climate.

Nova KBM's interest rate margin, calculated on the average total assets, stood at 1.49% in the first half of 2013, down 0.26 percentage points on the same period last year.



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

**JANUARY – JUNE 2013**



## Interim Statement of Income – Nova KBM Group

€000

ITEM DESCRIPTION	Notes	Six months ended 30.06.2013	Six months ended 30.06.2012
Interest income	1	98,474	124,533
Interest expense	1	(55,804)	(62,777)
<b>Net interest income</b>	<b>1</b>	<b>42,670</b>	<b>61,756</b>
<b>Dividend income</b>	<b>2</b>	<b>354</b>	<b>1,620</b>
Fee and commission income	3	45,957	47,151
Fee and commission expense	3	(16,909)	(17,635)
<b>Net fee and commission income</b>	<b>3</b>	<b>29,048</b>	<b>29,516</b>
Realised gains on financial assets and liabilities not measured at fair value through profit or loss	-	1,415	1,019
Net gains/(losses) on financial assets and liabilities held for trading	4	2,366	(5,771)
Net gains/(losses) on financial assets and liabilities designated at fair value through profit or loss	5	(230)	547
Net exchange rate differences	6	(1,807)	(904)
Net gains on derecognition of assets excluding non-current assets held for sale	-	123	24
Other net operating income/(loss)	-	(401)	2,328
Administration costs	7	(50,046)	(49,951)
Depreciation and amortisation	-	(8,135)	(7,990)
Provisions	8	2,169	(5,002)
Impairment losses	9	(84,166)	(64,937)
Share of profits of associates and joint ventures accounted for using the equity method	10	60	186
Net gains from non-current assets held for sale and liabilities associated therewith	-	154	111
<b>(LOSS) FROM CONTINUING OPERATIONS</b>	<b>-</b>	<b>(66,426)</b>	<b>(37,448)</b>
Income tax related to profit or loss from continuing operations	11	3,720	417
<b>NET (LOSS) FROM CONTINUING OPERATIONS</b>	<b>-</b>	<b>(62,706)</b>	<b>(37,031)</b>
Total profit after tax from discontinued operations	-	0	3,355
<b>NET (LOSS) FOR THE PERIOD</b>	<b>-</b>	<b>(62,706)</b>	<b>(33,676)</b>
a) Attributable to owners of the parent	-	(56,016)	(36,199)
– continuing operations	-	(56,016)	(39,554)
– discontinued operations	-	0	3,355
b) Attributable to non-controlling interest	-	(6,690)	2,523
Basic (loss) per share (€)	-	(0.74)	(0.93)
Diluted (loss) per share (€)	-	(0.74)	(0.93)

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



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

€000

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

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



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

€000

ITEM DESCRIPTION	Six months ended 30.06.2013	Six months ended 30.06.2012
<b>NET (LOSS) FOR THE PERIOD AFTER TAX</b>	<b>(62,706)</b>	<b>(33,676)</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) AFTER TAX</b>	<b>(5,802)</b>	<b>8,132</b>
<b>Foreign currency translation differences arising from consolidation</b>	<b>257</b>	<b>(3,304)</b>
Translation gains/(losses) taken to equity	257	(3,304)
<b>Available-for-sale financial assets</b>	<b>(7,332)</b>	<b>12,241</b>
Valuation gains/(losses) taken to equity	(7,320)	12,122
Transferred to profit or loss	(12)	119
<b>Share of other recognised comprehensive income/(loss) of associates and joint ventures accounted for using the equity method</b>	<b>(11)</b>	<b>(10)</b>
<b>Discontinued operations</b>	<b>0</b>	<b>2,183</b>
<b>Income tax related to components of other comprehensive income</b>	<b>1,284</b>	<b>(2,978)</b>
<b>TOTAL COMPREHENSIVE LOSS) FOR THE PERIOD AFTER TAX</b>	<b>(68,508)</b>	<b>(25,544)</b>
a) Attributable to owners of the parent	(59,733)	(27,856)
b) Attributable to non-controlling interest	(8,775)	2,312

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



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

€000

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

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



## Interim Statement of Financial Position – Nova KBM Group

€000

ITEM DESCRIPTION	Notes	30.06.2013	31.12.2012
Cash and balances with the central bank	12	336,782	223,882
Financial assets held for trading	13	2,614	1,572
Financial assets designated at fair value through profit or loss	14	33,812	34,563
Available-for-sale financial assets	15	831,016	589,413
Loans and advances	-	3,379,967	3,633,260
– loans and advances to banks	16	130,349	162,408
– loans and advances to customers	17	3,228,287	3,397,900
– other financial assets	18	21,331	72,952
Held-to-maturity financial assets	19	279,594	500,108
Non-current assets and disposal groups classified as held for sale and discontinued operations	-	3,490	2,282
Property, plant and equipment	-	83,445	86,765
Investment property	-	54,983	53,317
Intangible assets	-	35,707	37,485
Investments in the equity of associates and joint ventures accounted for using the equity method	-	3,139	3,090
Tax assets	-	45,315	41,317
– current tax assets	-	770	2,424
– deferred tax assets	-	44,545	38,893
Other assets	-	110,065	114,756
<b>TOTAL ASSETS</b>	-	<b>5,199,929</b>	<b>5,321,810</b>
Financial liabilities due to the central bank	-	478,820	485,149
Financial liabilities held for trading	-	1,552	1,658
Financial liabilities measured at amortised cost	20	4,384,810	4,528,517
– deposits from banks	20	88,433	107,077
– deposits from customers	20	3,601,507	3,612,206
– loans from banks	20	462,977	576,004
– loans from customers	20	5,580	6,472
– debt securities	-	69,945	88,592
– subordinated liabilities	20	100,912	98,069
– other financial liabilities	20	55,456	40,097
Provisions	21	44,047	46,630
Tax liabilities	-	526	0
– current tax liabilities	-	5	0
– deferred tax liabilities	-	521	0
Other liabilities	-	5,647	6,652
<b>TOTAL LIABILITIES</b>	-	<b>4,915,402</b>	<b>5,068,606</b>
Share capital	22	140,814	40,814
Share premium	-	165,775	165,775
Revaluation reserves	23	(5,108)	(1,149)
Translation reserves	-	(2,123)	(2,365)
Reserves from profit	24	289,833	289,741
Treasury shares	-	(1,412)	(1,412)
Retained loss (including net loss for the financial year)	-	(337,344)	(281,237)
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	-	<b>250,435</b>	<b>210,167</b>
Non-controlling interest	-	34,092	43,037
<b>TOTAL SHAREHOLDERS' EQUITY</b>	-	<b>284,527</b>	<b>253,204</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	-	<b>5,199,929</b>	<b>5,321,810</b>

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



## Interim Statement of Cash Flows – Nova KBM Group

€000

Designation	ITEM DESCRIPTION	Six months ended 30.06.2013	Six months ended 30.06.2012
<b>A.</b>	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>a)</b>	<b>Net (loss) before tax from continuing operations</b>	<b>(66,426)</b>	<b>(37,448)</b>
	Depreciation and amortisation	8,135	7,990
	Impairment/(reversal of impairment) of held-to-maturity financial assets	13	(24)
	Impairment of tangible assets, investment property and intangible assets	298	64
	Share of (profits) of associates and joint ventures accounted for using the equity method	(60)	(186)
	Net losses from exchange rate differences	1,807	904
	Net (gains)/losses from held-to-maturity financial assets	155	(99)
	Net (gains) from the sale of tangible assets and investment properties	(123)	(25)
	Other (gains) from investing activities	(9,257)	(9,463)
	Other losses from financing activities	3,225	5,576
	Net unrealised (gains) from non-current assets held for sale and discontinued operations and liabilities associated therewith	(154)	(111)
	Other adjustments to total profit or loss before tax	81,692	69,913
	Cash flow from operating activities before changes in operating assets and liabilities	19,305	37,091
<b>b)</b>	<b>(Increase)/decrease in operating assets (excluding cash equivalents)</b>	<b>(131,772)</b>	<b>204,676</b>
	Net (increase)/decrease in financial assets held for trading	(1,041)	6,877
	Net decrease in financial assets designated at fair value through profit or loss	751	5,969
	Net (increase)/decrease in available-for-sale financial assets	(264,899)	146,771
	Net decrease in loans and advances	128,421	51,666
	Net decrease in non-current assets held for sale	471	235
	Net (increase)/decrease in other assets	4,525	(6,842)
<b>c)</b>	<b>(Decrease) in operating liabilities</b>	<b>(154,868)</b>	<b>(40,924)</b>
	Net increase/(decrease) in financial liabilities to the central bank	(6,329)	70,815
	Net (decrease) in financial liabilities held for trading	(106)	(1,495)
	Net (decrease) in deposits and loans measured at amortised cost	(128,297)	(128,794)
	Net increase/(decrease) in debt securities in issue measured at amortised cost	(18,647)	17,689
	Net increase/(decrease) in other liabilities	(1,489)	861
<b>d)</b>	<b>Cash flow from operating activities (a+b+c)</b>	<b>(267,335)</b>	<b>200,843</b>
<b>e)</b>	<b>Refund of income tax</b>	<b>1,458</b>	<b>81</b>
<b>f)</b>	<b>Net cash flow from operating activities (d+e)</b>	<b>(265,877)</b>	<b>200,924</b>



€000

Designation	ITEM DESCRIPTION	Six months ended 30.06.2013	Six months ended 30.06.2012
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>a)</b>	<b>Receipts from investing activities</b>	<b>292,274</b>	<b>20,531</b>
	Receipts from the sale of tangible assets and investment properties	914	1,106
	Receipts from the disposal of associates – discontinued operations	50,034	0
	Receipts from non-current assets or liabilities held for sale	362	161
	Receipts from the sale of held-to-maturity financial assets	240,964	19,264
<b>b)</b>	<b>Cash payments on investing activities</b>	<b>(18,704)</b>	<b>(98,910)</b>
	(Cash payments to acquire tangible assets and investment properties)	(4,900)	(6,514)
	(Cash payments to acquire intangible assets)	(1,947)	(8,709)
	(Cash payments to acquire held-to-maturity financial assets)	(11,857)	(83,687)
<b>c)</b>	<b>Net cash flow from investing activities (a+b)</b>	<b>273,570</b>	<b>(78,379)</b>
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>a)</b>	<b>Cash proceeds from financing activities</b>	<b>100,000</b>	<b>0</b>
	Cash proceeds from subordinated liabilities issued	100,000	0
<b>b)</b>	<b>Cash payments on financing activities</b>	<b>(414)</b>	<b>(1,674)</b>
	(Dividends and participation in profits paid)	0	(506)
	(Repayment of subordinated liabilities)	(32)	(1,168)
	(Other payments related to financing activities)	(382)	0
<b>c)</b>	<b>Net cash flow from financing activities (a+b)</b>	<b>99,586</b>	<b>(1,674)</b>
<b>D.</b>	<b>Effects of change in exchange rates on cash and cash equivalents</b>	<b>46</b>	<b>(3,643)</b>
<b>E.</b>	<b>Net increase in cash and cash equivalents (Af+Bc+Cc)</b>	<b>107,279</b>	<b>120,871</b>
<b>F.</b>	<b>Opening balance of cash and cash equivalents</b>	<b>332,522</b>	<b>245,776</b>
<b>G.</b>	<b>Closing balance of cash and cash equivalents (D+E+F)</b>	<b>439,847</b>	<b>363,004</b>

Reconciliation of cash and cash equivalents with the statement of financial position items as of 30 June 2013 is presented in Note 12.1.

The balance of cash and cash equivalents as of 30 June 2012 amounted to €363,004,000 and was made up of cash and balances with the central bank, in the amount of €223,852,000, and loans and advances to banks with original maturity of up to three months, in the amount of €139,152,000.

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

€000

ITEM DESCRIPTION	Six months ended 30.06.2013	Six months ended 30.06.2012
Interest paid	(59,615)	(67,358)
Interest received	89,341	116,789
Dividends and participation in profits paid	0	(506)
Dividends and participation in profits received	215	1,243

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



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

Interim Statement of Changes in Equity for the six months ended 30.06.2013

€000

ITEM DESCRIPTION	Share capital	Share premium	Revaluation reserves	Translation reserves	Reserves from profit	Retained (loss) (including net profit for the period)	Treasury shares (capital deduction item)	Equity attributable to owners of the parent	Non-controlling interest	Total shareholders' equity
<b>OPENING BALANCE FOR THE REPORTING PERIOD</b>	40,814	165,775	(1,149)	(2,365)	289,741	(281,237)	(1,412)	210,167	43,037	253,204
<b>Total comprehensive (loss) for the period after tax</b>	0	0	(3,959)	242	0	(56,016)	0	(59,733)	(8,775)	(68,508)
New share capital subscribed (paid)	100,000	0	0	0	0	0	0	100,000	0	100,000
Payment of (accounting for) dividends	0	0	0	0	0	0	0	0	(95)	(95)
Transfer of net profit to reserves from profit	0	0	0	0	91	(91)	0	0	0	0
Other	0	0	0	0	1	0	0	1	(75)	(74)
<b>CLOSING BALANCE FOR THE REPORTING PERIOD</b>	140,814	165,775	(5,108)	(2,123)	289,833	(337,344)	(1,412)	250,435	34,092	284,527

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



## Interim Statement of Changes in Equity for the six months ended 30.06.2012

€000

ITEM DESCRIPTION	Share capital	Share premium	Revaluation reserves	Translation reserves	Reserves from profit	Retained (loss) (including net profit for the period)	Treasury shares (capital deduction item)	Equity attributable to owners of the parent	Non-controlling interest	Total shareholders' equity
<b>OPENING BALANCE FOR THE REPORTING PERIOD</b>	40,815	165,775	(25,096)	(127)	300,726	(86,628)	(1,412)	394,053	41,510	435,563
<b>Total comprehensive (loss) for the period after tax</b>	0	0	11,323	(2,980)	0	(36,199)	0	(27,856)	2,312	(25,544)
Payment of (accounting for) dividends	0	0	0	0	0	0	0	0	(504)	(504)
Transfer of net profit to reserves from profit	0	0	0	0	722	(722)	0	0	0	0
<b>CLOSING BALANCE FOR THE REPORTING PERIOD</b>	40,815	165,775	(13,773)	(3,107)	301,448	(123,549)	(1,412)	366,197	43,318	409,515

The accompanying notes form 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 six-month period ended 30 June 2013 were authorised for issue on 31 July 2013 by the Management Board of Nova KBM d.d.

### Statement of compliance

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

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

The interim financial statements are unaudited.

### Presentation and functional currency

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

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

### Significant accounting policies

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

The accounting policies applied are presented in detail in the 2012 Annual Report of the Nova KBM Group.



## Notes to the statement of income items

### 1 Interest income and expense

#### 1.1 Analysis of interest by market segments

	H1 2013		H1 2012	
	Income	Expense	Income	Expense
Non-financial companies	44,267	2,852	58,930	2,061
State	16,407	10,680	13,750	11,095
Banks	3,680	11,930	6,639	18,947
Other financial organisations	2,384	4,207	2,883	4,791
Households	25,800	24,888	32,326	24,517
Foreign persons	5,830	1,064	9,842	1,212
Non-profit household service providers	106	183	163	154
<b>Total</b>	<b>98,474</b>	<b>55,804</b>	<b>124,533</b>	<b>62,777</b>
<b>Net interest income</b>	<b>42,670</b>		<b>61,756</b>	

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

	H1 2013		H1 2012	
	Current	Non-current	Current	Non-current
<b>Interest income</b>				
Balances with the central bank (measured at amortised cost)	371	0	277	0
Financial assets held for trading	87	0	14	0
Financial assets designated at fair value through profit or loss	0	0	0	34
Available-for-sale financial assets	6,091	4,437	6,579	2,375
Loans and advances (including finance leases)	24,405	53,748	35,164	70,558
Held-to-maturity financial assets	945	8,239	531	8,932
Other financial assets	151	0	69	0
<b>Total by maturity</b>	<b>32,050</b>	<b>66,424</b>	<b>42,634</b>	<b>81,899</b>
<b>Total</b>	<b>98,474</b>		<b>124,533</b>	
<b>Interest expense</b>				
Financial liabilities due to the central bank (measured at amortised cost)	0	1,579	120	2,151
Financial liabilities held for trading	0	84	0	25
Financial liabilities measured at amortised cost	13,150	40,817	14,247	46,120
Other financial liabilities (including finance leases)	174	0	114	0
<b>Total by maturity</b>	<b>13,324</b>	<b>42,480</b>	<b>14,481</b>	<b>48,296</b>
<b>Total</b>	<b>55,804</b>		<b>62,777</b>	
<b>Net interest income</b>	<b>42,670</b>		<b>61,756</b>	



## 2 Dividend income

	H1 2013	H1 2012
Financial assets held for trading	7	58
Financial assets designated at fair value through profit or loss	207	355
Available-for-sale financial assets	140	1,207
<b>Total</b>	<b>354</b>	<b>1,620</b>

## 3 Fee and commission income and expense

	H1 2013	H1 2012
<b>Fee and commission income</b>	<b>45,957</b>	<b>47,151</b>
Guarantees	1,963	2,184
Domestic payment transactions	24,380	25,568
Transactions under current accounts	6,163	5,149
Card operations	3,980	4,526
International payment transactions	1,561	1,141
Brokerage and agency services	237	127
Transactions in securities for customers	177	154
Lending operations	4,329	5,096
Safekeeping of objects and valuables	35	41
Other services	3,132	3,165
<b>Fee and commission expense</b>	<b>16,909</b>	<b>17,635</b>
Domestic banking services	3,173	2,655
Banking services abroad	663	744
Brokerage and agency services	284	233
Stock exchange transactions and other transactions in securities	279	274
Payment transactions	11,845	13,012
Other services	665	717
<b>Net fee and commission income</b>	<b>29,048</b>	<b>29,516</b>



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

	H1 2013			H1 2012		
	Gains	Losses	Net gains/(losses)	Gains	Losses	Net gains/(losses)
Trading in equity instruments	221	282	(61)	322	325	(3)
Trading in debt securities	15	0	15	3	0	3
Trading in foreign exchange (purchase/sale)	766	342	424	1,128	587	541
Trading in derivatives	3,480	1,492	1,988	2,838	9,150	(6,312)
– futures/forwards	3,116	1,307	1,809	2,796	9,090	(6,294)
– swaps	364	185	179	42	60	(18)
<b>Total</b>	<b>4,482</b>	<b>2,116</b>	<b>2,366</b>	<b>4,291</b>	<b>10,062</b>	<b>(5,771)</b>

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

	H1 2013			H1 2012		
	Gains	Losses	Net (losses)	Gains	Losses	Net gains
Financial assets designated at fair value through profit or loss	2,491	2,721	(230)	3,380	2,833	547
<b>Total</b>	<b>2,491</b>	<b>2,721</b>	<b>(230)</b>	<b>3,380</b>	<b>2,833</b>	<b>547</b>

## 6 Net exchange rate differences

	H1 2013	H1 2012
Foreign exchange gains	19,895	13,267
Foreign exchange losses	21,702	14,171
<b>Net foreign exchange (loss)</b>	<b>(1,807)</b>	<b>(904)</b>



## 7 Administration costs

	H1 2013	H1 2012
<b>Staff expenses</b>	<b>28,805</b>	<b>30,188</b>
Gross salaries	21,946	22,850
Social security and pension insurance contribution	4,028	4,184
Pay for annual leave	643	885
Other staff costs	2,188	2,269
<b>General and administrative expenses</b>	<b>21,241</b>	<b>19,763</b>
Costs of materials	1,999	2,224
Costs of services	13,198	10,907
Maintenance costs of fixed assets	3,233	3,413
Advertising costs	1,410	1,808
Other administrative costs	1,401	1,411
<b>Total administration costs</b>	<b>50,046</b>	<b>49,951</b>

## 8 Provisions

	H1 2013	H1 2012
Provisions for off-balance sheet liabilities	(2,793)	4,105
Provisions for tax claims and other pending legal issues	406	741
Other provisions	218	156
<b>Total</b>	<b>(2,169)</b>	<b>5,002</b>

## 9 Impairment losses

	H1 2013	H1 2012
Financial assets not measured at fair value through profit or loss	84,179	65,046
Other assets	(13)	(109)
<b>Total impairment losses</b>	<b>84,166</b>	<b>64,937</b>

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

	H1 2013	H1 2012
Financial assets measured at cost	10,750	0
Available-for-sale financial assets designated at fair value	5,333	604
Loans and advances (including finance leases and other financial assets) measured at amortised cost	68,083	64,466
– loans and advances to banks	(35)	(9)
– loans and advances to customers	73,935	64,284
– other financial assets	(5,817)	191
Held-to-maturity financial assets measured at amortised cost	13	(24)
<b>Total impairment of financial assets not measured at fair value through profit or loss</b>	<b>84,179</b>	<b>65,046</b>

The impairment of financial assets measured at cost relates to Merkur shares.



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

	H1 2013	H1 2012
Moja naložba d.d.	60	186
<b>Total</b>	<b>60</b>	<b>186</b>

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

	H1 2013	H1 2012
Income tax related to continuing operations	131	726
Deferred tax related to continuing operations	(3,851)	(1,143)
<b>Total</b>	<b>(3,720)</b>	<b>(417)</b>

## Notes to the statement of financial position items

### 12 Cash and balances with the central bank

	30.06.2013	31.12.2012
Cash in hand	62,796	59,839
Obligatory deposits with the central bank	253,762	153,025
Other deposits with the central bank	20,224	11,018
<b>Total</b>	<b>336,782</b>	<b>223,882</b>

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

#### 12.1 Cash and cash equivalents

	30.06.2013	31.12.2012
Cash and balances with the central bank	336,782	223,882
Loans and advances to banks	103,065	108,640
<b>Total</b>	<b>439,847</b>	<b>332,522</b>

### 13 Financial assets held for trading

	30.06.2013	31.12.2012
Derivatives	1,226	1,178
Equity instruments	1,015	310
Debt securities	373	84
<b>Total</b>	<b>2,614</b>	<b>1,572</b>
Quoted	691	394
Unquoted	1,923	1,178
<b>Total</b>	<b>2,614</b>	<b>1,572</b>



### 13.1 Movement in financial assets held for trading

	H1 2013	2012
<b>1 January</b>	<b>1,572</b>	<b>8,741</b>
<b>Increase during the year</b>	<b>3,396</b>	<b>12,841</b>
– acquisition	2,811	12,490
– change in fair value (recovery and reversal of impairment)	47	63
– other (deferred interest, realised gains)	538	288
<b>Decrease during the year</b>	<b>2,354</b>	<b>20,010</b>
– disposal (sale and redemption)	2,265	12,474
– change in fair value (impairment and reversal of recovery)	10	7,306
– exchange rate differences	17	16
– other (deferred interest, realised losses)	62	214
<b>30 June/31 December</b>	<b>2,614</b>	<b>1,572</b>

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

	30.06.2013	31.12.2012
Equity instruments	33,812	34,563
<b>Total</b>	<b>33,812</b>	<b>34,563</b>
Quoted	24,135	24,372
Unquoted	9,677	10,191
<b>Total</b>	<b>33,812</b>	<b>34,563</b>

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

	H1 2013	2012
<b>1 January</b>	<b>34,563</b>	<b>38,475</b>
<b>Increase during the year</b>	<b>2,491</b>	<b>7,120</b>
– acquisition	0	22
– change in fair value (recovery and reversal of impairment)	2,491	6,936
– deferred interest	0	34
– exchange rate differences	0	1
– other	0	127
<b>Decrease during the year</b>	<b>3,242</b>	<b>11,032</b>
– disposal (sale and redemption)	0	6,488
– change in fair value (impairment and reversal of recovery)	2,721	4,191
– interest received	0	120
– exchange rate differences	0	19
– other	521	214
<b>30 June/31 December</b>	<b>33,812</b>	<b>34,563</b>



## 15 Available-for-sale financial assets

### 15.1 Analysis by type and market segments

	30.06.2013	31.12.2012
<b>Equity instruments designated at fair value</b>	<b>42,013</b>	<b>50,810</b>
<b>Equity instruments measured at cost</b>	<b>23,238</b>	<b>23,225</b>
<b>Debt securities</b>	<b>765,765</b>	<b>515,378</b>
– issued by the state and the central bank	588,275	302,186
– issued by banks	139,792	176,662
– issued by other issuers	37,698	36,530
<b>Total</b>	<b>831,016</b>	<b>589,413</b>
Quoted	791,138	542,640
Unquoted	39,878	46,773
<b>Total</b>	<b>831,016</b>	<b>589,413</b>

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

	Equity instruments		Debt securities	Total
	At fair value	At cost		
<b>1 January 2013</b>	<b>50,810</b>	<b>23,225</b>	<b>515,378</b>	<b>589,413</b>
Recognition of new financial assets	297	10,763	378,672	389,732
Interest	0	0	(535)	(535)
Net exchange rate differences	0	0	74	74
Net revaluation through equity	2,642	0	(9,974)	(7,332)
Net impairment through profit or loss	(5,337)	(10,750)	4	(16,083)
Derecognition of financial assets upon disposal	(6,568)	0	(1,032)	(7,600)
Derecognition of financial assets at maturity	0	0	(116,819)	(116,819)
Net gains/(losses) on sale	169	0	(3)	166
<b>30 June 2013</b>	<b>42,013</b>	<b>23,238</b>	<b>765,765</b>	<b>831,016</b>

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



## 16 Loans and advances to banks

	30.06.2013	31.12.2012
Sight deposits	21,709	32,033
Current loans	90,870	102,067
Impairment of current loans	(2,577)	(2,585)
Non-current loans	20,634	31,186
Impairment of non-current loans	(287)	(293)
<b>Total – net amount</b>	<b>130,349</b>	<b>162,408</b>
<b>Impairment</b>	<b>2,864</b>	<b>2,878</b>
<b>Total – gross amount</b>	<b>133,213</b>	<b>165,286</b>

## 17 Loans and advances to customers

	30.06.2013	31.12.2012
Current loans	862,772	877,873
Impairment of current loans	(196,787)	(178,699)
Non-current loans	3,057,532	3,138,356
Impairment of non-current loans	(507,353)	(450,718)
Claims under guarantees	27,764	23,029
Impairment of claims under guarantees	(15,641)	(11,941)
<b>Total – net amount</b>	<b>3,228,287</b>	<b>3,397,900</b>
<b>Impairment</b>	<b>719,781</b>	<b>641,358</b>
<b>Total – gross amount</b>	<b>3,948,068</b>	<b>4,039,258</b>

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

	H1 2013	2012
<b>1 January</b>	<b>641,358</b>	<b>443,321</b>
Net impairment of principal	73,935	222,630
– additional impairment of principal	120,873	362,044
– reversal of impairment of principal	(46,938)	(139,414)
Additional impairment of interest	11,633	21,817
Additional impairment/reversal of impairment of fees	(12)	59
Write-offs of loans and advances to customers	(7,280)	(45,332)
Exchange rate differences	147	(298)
Other	0	(839)
<b>30 June/31 December</b>	<b>719,781</b>	<b>641,358</b>



## 18 Other financial assets

	30.06.2013	31.12.2012
Cheques	53	136
Claims for fees and commissions	1,982	2,210
Claims for advance payments	17	7
Accounts receivables	1,722	948
Surplus of financial assets arising from authorised transactions for customers	140	0
Other financial assets	17,417	69,651
<b>Total – net amount</b>	<b>21,331</b>	<b>72,952</b>
<b>Impairment</b>	<b>4,245</b>	<b>10,053</b>
<b>Total – gross amount</b>	<b>25,576</b>	<b>83,005</b>

### 18.1 Movement in impairment of other financial assets

	H1 2013	2012
<b>1 January</b>	<b>10,053</b>	<b>2,789</b>
Net impairment of principal	(5,817)	7,530
– additional impairment of principal	945	8,314
– reversal of impairment of principal	(6,762)	(784)
Additional impairment of interest	8	18
Additional impairment of fees	52	242
Write-offs of other financial assets	(67)	(446)
Exchange rate differences	16	(80)
Other	0	0
<b>30 June/31 December</b>	<b>4,245</b>	<b>10,053</b>

## 19 Held-to-maturity financial assets

	30.06.2013	31.12.2012
<b>Debt securities</b>	<b>279,594</b>	<b>500,108</b>
– current securities issued by the state and the central bank	7,919	37,787
– non-current securities issued by the state and the central bank	212,113	399,951
– non-current securities issued by banks and savings banks	49,376	50,172
– current securities issued by other issuers	1,354	3,566
– non-current securities issued by other issuers	8,832	8,632
<b>Total</b>	<b>279,594</b>	<b>500,108</b>
Quoted	278,239	496,543
Unquoted	1,355	3,565
<b>Total</b>	<b>279,594</b>	<b>500,108</b>



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

	H1 2013	2012
<b>1 January</b>	<b>500,108</b>	<b>449,605</b>
<b>Increase during the year</b>	<b>21,076</b>	<b>145,703</b>
– acquisition	11,857	126,005
– gains	452	916
– reversal of impairment	33	52
– exchange rate differences	21	0
– other (deferred interest)	<b>8,713</b>	<b>18,730</b>
<b>Decrease during the year</b>	<b>241,590</b>	<b>95,200</b>
– redemption	233,653	83,226
– losses	607	974
– impairment	46	31
– other (interest received)	7,284	10,969
<b>30 June/31 December</b>	<b>279,594</b>	<b>500,108</b>

## 20 Financial liabilities measured at amortised cost

	30.06.2013	31.12.2012
Deposits	3,689,940	3,719,283
Loans	468,557	582,476
Debt securities	69,945	88,592
Subordinated liabilities	100,912	98,069
Other financial liabilities	55,456	40,097
<b>Total</b>	<b>4,384,810</b>	<b>4,528,517</b>

### 20.1 Deposits by type of customers and maturity

	30.06.2013	31.12.2012
<b>Deposits from banks</b>	<b>88,433</b>	<b>107,077</b>
– sight deposits	3,284	5,691
– current deposits	82,304	97,245
– non-current deposits	2,845	4,141
<b>Deposits from customers</b>	<b>3,601,507</b>	<b>3,612,206</b>
– sight deposits	1,358,910	1,330,981
– current deposits	852,130	827,365
– non-current deposits	1,390,467	1,453,860
<b>Total</b>	<b>3,689,940</b>	<b>3,719,283</b>



## 20.2 Loans by type of customers and maturity

	30.06.2013	31.12.2012
<b>Loans from banks</b>	<b>462,977</b>	<b>576,004</b>
– current loans	10,452	13,846
– non-current loans	452,525	562,158
<b>Loans from customers</b>	<b>5,580</b>	<b>6,472</b>
– non-current loans	5,580	6,472
<b>Total</b>	<b>468,557</b>	<b>582,476</b>

## 20.3 Subordinated liabilities

ISIN code	Currency	Date of maturity	Interest rate	30.06.2013	31.12.2012
<b>Subordinated debt</b>					
Adria Bank AG	EUR	perpetual; call option on each 28.12.	variable	1,262	1,250
<b>Hybrid instruments as a component of additional own funds</b>					
Pošta Slovenije d.o.o.: contributions 1 to 4	EUR	perpetual	6M EURIBOR + 2.70%	6,554	6,740
Pošta Slovenije d.o.o.: 5th contribution	EUR	perpetual	6M EURIBOR + 3.50%	1,926	1,988
ISIN: XS0270427163	EUR	perpetual; call option after 05.10.2016	3M EURIBOR + 1.60%	50,675	50,222
ISIN: XS0325446903	EUR	perpetual; call option booked as executable on 31.12.2030	3M EURIBOR + 4.00%	12,154	11,920
<b>Hybrid instruments as a component of original own</b>					
ISIN: SI0022103046	EUR	perpetual; call option after 29.12.2014	8.70%	25,930	25,949
Hybrid loan facility - CoCo	EUR	The hybrid loan facility was converted into KBMR shares on 18.04.2013; interest on this hybrid loan facility will also be converted into KBMR shares, within 90 days of the conversion of the hybrid loan facility.	10.00%	2,411	0
<b>Total</b>				<b>100,912</b>	<b>98,069</b>

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



## 20.4 Other financial liabilities

	30.06.2013	31.12.2012
Liabilities for fees and commissions	48	70
Liabilities for gross salaries of employees	3,330	3,462
Liabilities to suppliers	3,651	5,733
Liabilities related to card transactions	12,120	5,420
Liabilities related to ATM transactions	2,115	2,036
Liabilities related to funds of customers provided for payments abroad	6,390	4,733
Liabilities related to cash transactions	10,058	665
Liabilities from participation in profits – dividends	170	75
Accruals and deferred income	7,092	7,129
Surplus arising from authorised transactions for customers	3	73
Other financial liabilities	10,479	10,701
<b>Total other financial liabilities</b>	<b>55,456</b>	<b>40,097</b>

## 21 Provisions

	Provisions for tax claims and other pending legal issues	Provisions for pensions and similar benefits	Provisions for off-balance sheet liabilities	Other provisions	Total
<b>1 January 2013</b>	<b>4,400</b>	<b>7,598</b>	<b>34,143</b>	<b>489</b>	<b>46,630</b>
Net provisions made during the year	406	216	(2,793)	2	(2,169)
– provisions made during the year	2,203	250	8,774	2	11,229
– provisions reversed during the year	(1,797)	(34)	(11,567)	0	(13,398)
Provisions used during the year	(143)	(274)	0	0	(417)
Exchange rate differences	1	1	1	0	3
<b>30 June 2013</b>	<b>4,664</b>	<b>7,541</b>	<b>31,351</b>	<b>491</b>	<b>44,047</b>

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



## 22 Share capital

	30.06.2013	31.12.2012
<b>Ordinary shares</b>	<b>140,814</b>	<b>40,814</b>
– subscribed by non-financial companies	7,180	7,209
– subscribed by the state	115,070	14,562
– subscribed by banks	288	458
– subscribed by other financial organisations	1,994	2,409
– subscribed by households	8,316	7,952
– subscribed by foreign persons	7,966	8,224

Following the April conversion of a €100 million hybrid loan facility into Bank equity, the share capital of the Bank increased to €140,814,313.08. No changes in the Bank's share capital took place in 2012.

As of 30 June 2013, the Bank's share capital was split into 137,645,135 ordinary shares (30 June 2012: 39,122,968 ordinary shares). The accounting value of each ordinary no-par value share, calculated as the ratio between the share capital and the total number of outstanding shares, was €1.02.

## 23 Revaluation reserves

	30.06.2013	31.12.2012
Revaluation reserves in respect of available-for-sale financial assets	(5,108)	(1,149)
– revaluation	(6,098)	(1,322)
– deferred taxes	990	173
<b>Total</b>	<b>(5,108)</b>	<b>(1,149)</b>

### 23.1 Movement in revaluation reserves

	H1 2013	2012
<b>1 January</b>	<b>(1,149)</b>	<b>(25,096)</b>
Net change in valuation of available-for-sale financial assets	(4,776)	29,804
– gains/(losses) recognised in revaluation reserves	(4,770)	19,050
– gains/(losses) transferred from revaluation reserves to profit or loss	(6)	10,754
Exchange rate differences	0	(1)
Net change in deferred taxes	817	(5,856)
<b>30 June/31 December</b>	<b>(5,108)</b>	<b>(1,149)</b>

## 24 Reserves from profit

	30.06.2013	31.12.2012
Regulatory reserves	13,616	13,616
Reserves for treasury shares	1,412	1,412
Statutory reserves	174,184	174,184
Other reserves from profit	100,621	100,529
<b>Total</b>	<b>289,833</b>	<b>289,741</b>



## Other notes

### 25 Commitments and contingent liabilities by type

	30.06.2013		
	Current	Non-current	Total
Financial guarantees	47,672	47,885	95,557
Service guarantees	100,653	95,166	195,819
<b>Total guarantees</b>	<b>148,325</b>	<b>143,051</b>	<b>291,376</b>
<b>Unsecured letters of credit</b>	<b>120</b>	<b>0</b>	<b>120</b>
Approved and undrawn loans	80,547	4,417	84,964
Approved and undrawn overdrafts	184,776	982	185,758
Approved credit lines	9,154	0	9,154
Other	6,949	0	6,949
<b>Total commitments and contingent liabilities</b>	<b>281,426</b>	<b>5,399</b>	<b>286,825</b>
<b>Derivatives</b>	<b>148,297</b>	<b>40,000</b>	<b>188,297</b>
<b>Total</b>	<b>578,168</b>	<b>188,450</b>	<b>766,618</b>

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

## 26 Related party transactions

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

	Associates	
	30.06.2013	31.12.2012
<b>Assets</b>		
Loans and advances given (gross amount)	1	3
– loans and advances to customers	1	2
– other financial assets	0	1
Investments in securities	2,237	2,237
– equity instruments	2,237	2,237
<b>Liabilities</b>		
Deposits and loans received	1,765	1,696
– deposits and loans from customers	1,755	1,686
– other financial liabilities	10	10
Subordinated liabilities	12	27
Off-balance sheet items	3	1,686



	Key management personnel		Other related persons	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012
<b>Assets</b>				
Loans and advances given (gross amount)	420	323	37,831	13,292
– loans and advances to customers	420	322	37,827	13,289
– other financial assets	0	1	4	3
Investments in securities	0	0	3,049	382
– equity instruments	0	0	382	382
– debt securities	0	0	2,667	0
Other claims	0	0	2	0
<b>Liabilities</b>				
Deposits and loans received	855	684	4,346	3,459
– deposits and loans from customers	855	677	4,338	3,370
– other financial liabilities	0	7	8	89
Securities issued	0	0	1,091	0
– debt securities	0	0	1,091	0
Other liabilities	0	3	0	0
Off-balance sheet items	<b>85</b>	<b>90</b>	<b>593</b>	<b>939</b>

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

## 26.2 Statement of income

	Associates	
	H1 2013	H1 2012
Net interest income	(44)	(663)
Net fee and commission income	6	68
Costs of services	(16)	(377)
<b>Total</b>	<b>(54)</b>	<b>(972)</b>

	Key management personnel		Other related persons	
	H1 2013	H1 2012	H1 2013	H1 2012
Net interest income	(9)	(2)	896	1,270
Net fee and commission income	0	0	(226)	(244)
Costs of services	(169)	(156)	(687)	(666)
Individual impairments	0	0	260	0
<b>Total</b>	<b>(178)</b>	<b>(158)</b>	<b>243</b>	<b>360</b>

## 26.3 Loans and guarantees given

	Management Board members		Supervisory Board members		Other Group employees on individual contract	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012	30.06.2013	31.12.2012
Loans	16	7	52	58	2,808	2,807
Average interest rate on loans (%)	8.5	8.59	3.71	4.18	3.26	3.67
Repayments	0	0	6	10	265	682



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

Exposure to:	30.06.2013	31.12.2012
Bank of Slovenia	244,425	140,764
Republic of Slovenia	753,030	721,036
State-owned institutions	584,385	578,126
<b>Total exposure to the Bank of Slovenia, Republic of Slovenia and state-owned institutions</b>	<b>1,581,840</b>	<b>1,439,926</b>
Share in total assets (%)	30.42	27.06
Off-balance sheet items covered by collateral provided by the Bank of Slovenia or the Republic of Slovenia	10,909	11,664
<b>Total assets</b>	<b>5,199,929</b>	<b>5,321,810</b>

## 28 Credit risk management

### Exposure to credit risk

	Loans to customers		Loans to banks	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012
<b>Net disbursed loans</b>	<b>3,228,287</b>	<b>3,397,900</b>	<b>130,349</b>	<b>162,408</b>
<b>Individual impairment</b>				
Gross amount	1,441,114	1,326,563	29,519	37,781
Impairment	(618,524)	(547,759)	(2,864)	(2,878)
Net amount	822,590	778,804	26,655	34,903
<b>Collective impairment</b>				
Credit rating A	1,206,974	1,313,927	0	0
Credit rating B	726,953	890,162	0	0
Credit rating C	416,722	370,368	0	0
Credit rating D	28,202	20,319	0	0
Credit rating E	50,985	41,297	0	0
<b>Gross amount</b>	<b>2,429,836</b>	<b>2,636,073</b>	<b>0</b>	<b>0</b>
<b>Impairment</b>	<b>(101,257)</b>	<b>(93,599)</b>	<b>0</b>	<b>0</b>
<b>Net amount</b>	<b>2,328,579</b>	<b>2,542,474</b>	<b>0</b>	<b>0</b>
<b>Net non-impaired loans</b>	<b>77,118</b>	<b>76,622</b>	<b>103,694</b>	<b>127,505</b>
<b>Total net loans</b>	<b>3,228,287</b>	<b>3,397,900</b>	<b>130,349</b>	<b>162,408</b>

### Past due and unpaid claims

	30.06.2013				
	Up to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
Banks	0	0	0	2,595	2,595
State	7	0	0	3	10
Legal entities	63,600	37,810	22,308	966,623	1,090,341
Households	3,837	1,570	1,192	52,169	58,768
<b>Total</b>	<b>67,444</b>	<b>39,380</b>	<b>23,500</b>	<b>1,021,390</b>	<b>1,151,714</b>

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



## NPLs in the Group's total loan portfolio

	30.06.2013	31.12.2012
Gross NPLs (D, E)*	1,193,951	933,694
Impairment losses for NPLs (D, E)	611,978	476,458
Net NPLs (D, E)	581,973	457,236
Total gross loan portfolio	4,081,281	4,204,544
Total net loan portfolio	3,358,636	3,560,308
Gross NPLs/Total gross loan portfolio (%)	29.25	22.21
Net NPLs/Total net loan portfolio (%)	17.33	12.84

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

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

Industry sector	30.06.2013			31.12.2012		
	Total loans	NPLs	Share of NPLs (%)	Total loans	NPLs	Share of NPLs (%)
Households	989,761	42,533	4.30	1,016,742	31,257	3.07
Agriculture and hunting, forestry, fishing	41,079	8,859	21.57	42,582	8,637	20.28
Mining	4,681	3,946	84.30	4,712	3,726	79.07
Manufacturing industry	818,526	261,300	31.92	841,441	217,135	25.81
Electricity, gas and steam supply	101,763	666	0.65	106,380	0	0.00
Water supply, waste and sewage management, rehabilitation of the environment	16,189	2,911	17.98	15,071	3,003	19.93
Construction	456,442	335,697	73.55	457,956	259,989	56.77
Trade, maintenance and repair of motor vehicles	437,439	164,555	37.62	446,943	85,496	19.13
Transportation and storage	78,962	11,332	14.35	83,561	13,648	16.33
Accommodation and food service activities	152,372	41,224	27.05	157,061	40,573	25.83
Information and communication activities	91,786	41,580	45.30	89,806	40,354	44.93
Financial intermediation	411,065	105,553	25.68	458,520	101,997	22.24
Real estate activities	141,748	86,438	60.98	140,527	62,619	44.56
Professional, scientific and technical activities	178,685	67,203	37.61	182,742	52,162	28.54
Other various business activities	17,318	0	0.00	17,561	6,277	35.74
Public administration and defence services, compulsory social security activities	17,884	7,439	41.60	19,938	221	1.11
Education	4,765	1,030	21.62	5,192	412	7.94
Health and welfare security	33,905	43	0.13	33,871	113	0.33
Arts, entertainment and recreation	65,234	3,546	5.44	68,913	3,580	5.19
Other activities	21,677	8,096	37.35	15,025	2,495	16.61
<b>Total gross loans</b>	<b>4,081,281</b>	<b>1,193,951</b>	<b>29.25</b>	<b>4,204,544</b>	<b>933,694</b>	<b>22.21</b>



## 29 Composition of regulatory capital and capital requirements

	30.06.2013	31.12.2012
<b>Original own funds</b>		
Paid-up share capital	140,814	40,814
(-) Treasury shares	(1,455)	(1,301)
Share premium	165,775	165,775
Reserves and retained earnings or loss	10,708	216,105
(-) Interim result used in the calculation (unaudited)	(53,813)	(203,773)
Revaluation excesses (PP) – prudential filters	(5,931)	(5,688)
Non-controlling interest	34,092	43,037
Hybrid instruments as a component of original own funds	25,930	125,930
(-) Intangible long-term assets	(35,707)	(37,485)
(-) Other country specific deductions	11,333	11,360
<b>Total</b>	<b>291,746</b>	<b>354,774</b>
<b>Additional own funds I</b>		
Hybrid instruments and preferential cumulative shares	38,254	38,254
Subordinated debt I	1,000	1,000
Other	7,208	5,446
<b>Total</b>	<b>46,462</b>	<b>44,700</b>
<b>(-) Deductions from original own funds and additional own funds I</b>		
(-) Deductions from original own funds	(1,570)	(1,545)
(-) Deductions from additional own funds I	(1,570)	(1,545)
<b>Total</b>	<b>(3,140)</b>	<b>(3,090)</b>
<b>Total equity (for solvency purposes)</b>	<b>335,068</b>	<b>396,384</b>
<b>Capital requirements</b>		
<b>Capital requirements for credit risk</b>	<b>293,509</b>	<b>313,058</b>
Central governments and central banks	0	0
Regional governments and local authorities	332	327
Administrative bodies	402	378
Institutions	14,661	15,674
Corporates	105,089	125,971
Retail banking	71,545	72,871
Secured by real estate	4,290	4,324
Past due items	15,833	19,942
Items belonging to regulatory high-risk categories	49,397	41,215
Collective investment undertakings	1,211	1,812
Other items	30,749	30,544
<b>Total capital requirements for market risks</b>	<b>2,858</b>	<b>3,063</b>
Debt securities	319	578
Equity instruments	643	532
Foreign exchange	1,896	1,953
<b>Capital requirement for operational risk</b>	<b>27,791</b>	<b>29,796</b>
<b>Total</b>	<b>324,158</b>	<b>345,917</b>
Total capital adequacy ratio	8.27%	9.17%
Tier I capital ratio	7.16%	8.17%
Core Tier I capital ratio	6.52%	5.26%
Core Tier I capital ratio (EBA methodology)	6.52%	7.57%



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

	30.06.2013		31.12.2012	
	Book value	Fair value	Book value	Fair value
<b>Financial assets</b>				
Cash and balances with the central bank	336,782	336,782	223,882	223,882
Financial assets held for trading	2,614	2,614	1,572	1,572
Financial assets designated at fair value through profit or loss	33,812	33,812	34,563	34,563
Available-for-sale financial assets	831,016	831,016	589,413	589,413
Loans and advances to banks	130,349	129,891	162,408	162,259
Loans and advances to customers	3,228,287	3,236,360	3,397,900	3,408,314
Other financial assets	21,331	21,331	72,952	72,952
Held-to-maturity financial assets	279,594	276,000	500,108	501,743
<b>Financial liabilities</b>				
Financial liabilities due to the central bank	478,820	478,906	485,149	486,931
Financial liabilities held for trading	1,552	1,552	1,658	1,658
Deposits from banks	88,433	88,631	107,077	107,563
Deposits from customers	3,601,507	3,620,247	3,612,206	3,636,160
Loans from banks	462,977	464,484	576,004	578,304
Loans from customers	5,580	5,585	6,472	6,479
Debt securities	69,945	76,826	88,592	95,790
Subordinated liabilities	100,912	102,563	98,069	99,729
Other financial liabilities	55,456	55,456	40,097	40,097



## 31 Reporting by operating segments

### Analysis by operating segments as of 30.06.2013

	Banking	Leasing	Fund management	Real estate activity	Other	Total	Inter-segment relationship	Relationship to third parties
<b>A. Net income/expense</b>	<b>70,866</b>	<b>497</b>	<b>2,506</b>	<b>(73)</b>	<b>11</b>	<b>73,807</b>	<b>269</b>	<b>73,538</b>
Interest and similar income	102,307	3,271	2	319	3	105,902	7,428	98,474
Interest and similar expense	(56,847)	(5,120)	(35)	(1,149)	0	(63,151)	(7,347)	(55,804)
<b>Net interest income</b>	<b>45,460</b>	<b>(1,849)</b>	<b>(33)</b>	<b>(830)</b>	<b>3</b>	<b>42,751</b>	<b>81</b>	<b>42,670</b>
<b>Dividend income</b>	<b>804</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>805</b>	<b>451</b>	<b>354</b>
Fee and commission income	43,521	52	2,958	3	0	46,534	577	45,957
Fee and commission expense	(16,897)	(84)	(396)	(14)	0	(17,391)	(482)	(16,909)
<b>Net fee and commission income</b>	<b>26,624</b>	<b>(32)</b>	<b>2,562</b>	<b>(11)</b>	<b>0</b>	<b>29,143</b>	<b>95</b>	<b>29,048</b>
Realised gains on financial assets and liabilities not measured at fair value through profit or loss	749	2	42	623	0	1,416	1	1,415
Net gains/(losses) on financial assets and liabilities held for trading	2,001	0	(69)	0	0	1,932	(434)	2,366
Net (losses) on financial assets (and liabilities) designated at fair value through profit or loss	(230)	0	0	0	0	(230)	0	(230)
Net exchange rate differences	(1,817)	10	0	0	0	(1,807)	0	(1,807)
Net gains/(losses) on derecognition of assets excluding non-current assets held for sale	71	51	0	0	0	122	(1)	123
Other net operating income/(loss)	(2,796)	2,315	3	145	8	(325)	76	(401)
<b>B. Other items by segments</b>	<b>(130,270)</b>	<b>(3,924)</b>	<b>(1,632)</b>	<b>(702)</b>	<b>(2)</b>	<b>(136,530)</b>	<b>3,434</b>	<b>(139,964)</b>
Administration costs	(47,062)	(1,342)	(1,112)	(706)	(2)	(50,224)	(178)	(50,046)
Depreciation and amortisation	(7,113)	(480)	(520)	(20)	0	(8,133)	2	(8,135)
Provisions	2,170	0	0	0	0	2,170	1	2,169
Impairment losses	(78,419)	(2,102)	0	24	0	(80,497)	3,669	(84,166)
Share of profits of associates and joint ventures accounted for using the equity method	0	0	0	0	0	0	(60)	60
Net gains from non-current assets held for sale and liabilities associated therewith	154	0	0	0	0	154	0	154
<b>C. Profit or loss</b>								
Profit/(loss) from continuing operations	(59,404)	(3,427)	874	(775)	9	(62,723)	3,703	(66,426)
Income tax related to profit or loss from continuing operations	2,566	25	0	(131)	(2)	2,458	(1,262)	3,720
<b>NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>	<b>(56,838)</b>	<b>(3,402)</b>	<b>874</b>	<b>(906)</b>	<b>7</b>	<b>(60,265)</b>	<b>2,441</b>	<b>(62,706)</b>
<b>D. Segment assets and liabilities</b>								
Total assets	5,361,805	204,692	15,386	62,916	206	5,645,005	445,076	5,199,929
- non-current assets held for sale and discontinued operations	1,552	1,937	0	0	0	3,489	(1)	3,490
- investments in associates and joint ventures accounted for using the equity method	55,980	33	0	0	0	56,013	52,874	3,139
Liabilities (excluding equity) by segments	5,030,435	251,741	2,087	78,700	1	5,362,964	447,562	4,915,402
Total equity	331,370	(47,049)	13,299	(15,784)	205	282,041	(2,486)	284,527
Increase in property, plant and equipment and intangible assets	4,577	62	21	4	0	4,664	0	4,664

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



## Analysis by operating segments as of 30.06.2012

	Banking	Leasing	Fund management	Real estate activity	Other	Total	Inter-segment relationship	Relationship to third parties
<b>A. Net income/expense</b>	<b>86,285</b>	<b>1,667</b>	<b>2,203</b>	<b>623</b>	<b>11</b>	<b>90,789</b>	<b>654</b>	<b>90,135</b>
Interest and similar income	126,924	4,483	19	494	3	131,923	7,390	124,533
Interest and similar expense	(63,862)	(5,345)	(86)	(874)	0	(70,167)	(7,390)	(62,777)
<b>Net interest income</b>	<b>63,062</b>	<b>(862)</b>	<b>(67)</b>	<b>(380)</b>	<b>3</b>	<b>61,756</b>	<b>0</b>	<b>61,756</b>
<b>Dividend income</b>	<b>2,060</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>2,061</b>	<b>441</b>	<b>1,620</b>
Fee and commission income	45,060	119	2,570	13	0	47,762	611	47,151
Fee and commission expense	(17,632)	(112)	(324)	(75)	0	(18,143)	(508)	(17,635)
<b>Net fee and commission income</b>	<b>27,428</b>	<b>7</b>	<b>2,246</b>	<b>(62)</b>	<b>0</b>	<b>29,619</b>	<b>103</b>	<b>29,516</b>
Realised gains on financial assets and liabilities not measured at fair value through profit or loss	448	1	0	570	0	1,019	0	1,019
Net (losses) on financial assets and liabilities held for trading	(5,928)	0	(1)	0	0	(5,929)	(158)	(5,771)
Net gains/(losses) on financial assets (and liabilities) designated at fair value through profit or loss	549	0	(2)	0	0	547	0	547
Net exchange rate differences	(912)	(24)	0	32	0	(904)	0	(904)
Net gains/(losses) on derecognition of assets excluding non-current assets held for sale	41	(20)	0	3	0	24	0	24
Other net operating income/(loss)	(463)	2,565	26	460	8	2,596	268	2,328
<b>B. Other items by segments</b>	<b>(122,316)</b>	<b>(4,858)</b>	<b>(1,682)</b>	<b>2,826</b>	<b>(2)</b>	<b>(126,032)</b>	<b>1,551</b>	<b>(127,583)</b>
Administration costs	(46,701)	(1,360)	(1,235)	(1,020)	(2)	(50,318)	(367)	(49,951)
Depreciation and amortisation	(7,020)	(498)	(446)	(26)	0	(7,990)	0	(7,990)
Provisions	(4,675)	0	(1)	0	0	(4,676)	326	(5,002)
Impairment losses	(64,031)	(3,000)	0	3,872	0	(63,159)	1,778	(64,937)
Share of profits of associates and joint ventures accounted for using the equity method	0	0	0	0	0	0	(186)	186
Net gains from non-current assets held for sale and liabilities associated therewith	111	0	0	0	0	111	0	111
<b>C. Profit or loss</b>								
Profit/(loss) from continuing operations	(36,031)	(3,191)	521	3,449	9	(35,243)	2,205	(37,448)
Income tax related to profit or loss from continuing operations	436	(351)	0	41	(1)	125	(292)	417
<b>NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>	<b>(35,595)</b>	<b>(3,542)</b>	<b>521</b>	<b>3,490</b>	<b>8</b>	<b>(35,118)</b>	<b>1,913</b>	<b>(37,031)</b>
Total profit after tax from discontinued operations	0	0	0	0	0	0	(3,355)	3,355
<b>D. Segment assets and liabilities</b>								
Total assets	5,921,954	273,497	17,512	73,909	192	6,287,064	537,237	5,749,827
- non-current assets held for sale and discontinued operations	401	5,930	0	0	0	6,331	0	6,331
- investments in associates and joint ventures accounted for using the equity method	101,967	33	0	0	0	102,000	48,746	53,254
Liabilities (excluding equity) by segments	5,471,074	273,466	3,448	82,756	1	5,830,745	490,433	5,340,312
Total equity	450,880	31	14,064	(8,847)	191	456,319	46,804	409,515
Increase in property, plant and equipment and intangible assets	4,083	2,870	6,848	8	0	13,809	0	13,809

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



## 32 Events after the statement of financial position date

On 2 July 2013, Nova KBM received a court notice that the share capital increase had been entered into the Companies register. Prior to the registration of the share capital increase, Nova KBM's share capital totalled €140,814,313.08. Following the registration of the share capital increase, Nova KBM's share capital now amounts to €143,225,272.08.

The share capital of Nova KBM was increased by an in-kind contribution resulting from the conversion into equity of interest accrued on the state-provided hybrid loan facility dated 31 December 2012. The shareholding (direct and indirect) of the state in Nova KBM now stands at 94.08%.



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

**JANUARY – JUNE 2013**



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

€000

ITEM DESCRIPTION	Notes	Six months ended 30.06.2013	Six months ended 30.06.2012
Interest income	1	78,713	95,088
Interest expense	1	(46,867)	(53,849)
<b>Net interest income</b>	<b>1</b>	<b>31,846</b>	<b>41,239</b>
<b>Dividend income</b>	<b>2</b>	<b>797</b>	<b>2,061</b>
Fee and commission income	3	22,399	23,125
Fee and commission expense	3	(2,211)	(1,992)
<b>Net fee and commission income</b>	<b>3</b>	<b>20,188</b>	<b>21,133</b>
Realised gains on financial assets and liabilities not measured at fair value through profit or loss	-	788	507
Net gains/(losses) on financial assets and liabilities held for trading	4	1,640	(6,013)
Net gains/(losses) on financial assets and liabilities designated at fair value through profit or loss	5	(230)	548
Net exchange rate differences	6	(1,790)	1,150
Net gains/(losses) on derecognition of assets excluding non-current assets held for sale	-	72	(20)
Other net operating (loss)	-	(2,136)	(263)
Administration costs	7	(33,283)	(33,019)
Depreciation and amortisation	-	(5,844)	(5,914)
Provisions	8	2,334	(5,133)
Impairment losses	9	(60,980)	(56,266)
Net gains from non-current assets held for sale and liabilities associated therewith	-	154	111
<b>(LOSS) FROM CONTINUING OPERATIONS</b>	<b>-</b>	<b>(46,444)</b>	<b>(39,879)</b>
Income tax related to profit or loss from continuing operations	10	2,270	1,255
<b>NET (LOSS) FROM CONTINUING OPERATIONS</b>	<b>-</b>	<b>(44,174)</b>	<b>(38,624)</b>
<b>NET (LOSS) FOR THE PERIOD</b>	<b>-</b>	<b>(44,174)</b>	<b>(38,624)</b>
Basic (loss) per share (€)	-	(0.58)	(0.99)
Diluted (loss) per share (€)	-	(0.58)	(0.99)

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



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

€000

ITEM DESCRIPTION	2013		2012			
	Q2	Q1	Q4	Q3	Q2	Q1
Interest income	37,257	41,456	40,050	41,888	45,378	49,710
Interest expense	(21,981)	(24,886)	(24,734)	(26,707)	(26,596)	(27,253)
<b>Net interest income</b>	<b>15,276</b>	<b>16,570</b>	<b>15,316</b>	<b>15,181</b>	<b>18,782</b>	<b>22,457</b>
<b>Dividend income</b>	<b>797</b>	<b>0</b>	<b>(2,028)</b>	<b>3,331</b>	<b>2,061</b>	<b>0</b>
Fee and commission income	11,858	10,541	11,983	11,257	11,491	11,634
Fee and commission expense	(1,541)	(670)	(1,488)	(1,150)	(1,141)	(851)
<b>Net fee and commission income</b>	<b>10,317</b>	<b>9,871</b>	<b>10,495</b>	<b>10,107</b>	<b>10,350</b>	<b>10,783</b>
Realised gains on financial assets and liabilities not measured at fair value through profit or loss	640	148	23,910	133	217	290
Net gains/(losses) on financial assets and liabilities held for trading	558	1,082	(2,796)	179	(2,735)	(3,278)
Net gains/(losses) on financial assets and liabilities designated at fair value through profit or loss	1,281	(1,511)	1,226	859	(2,263)	2,811
Net exchange rate differences	(919)	(871)	127	(561)	172	978
Net gains/(losses) on derecognition of assets excluding non-current assets held for sale	39	33	(4)	(2)	1	(21)
Other net operating (loss)	(1,545)	(591)	(645)	(159)	(113)	(150)
Administration costs	(17,321)	(15,962)	(19,351)	(17,787)	(16,515)	(16,504)
Depreciation and amortisation	(2,966)	(2,878)	(3,042)	(3,030)	(3,012)	(2,902)
Provisions	38	2,296	(7,326)	2,512	(4,774)	(359)
Impairment losses	(46,526)	(14,454)	(166,129)	(72,643)	(42,911)	(13,355)
Net gains from non-current assets held for sale and liabilities associated therewith	72	82	10	276	84	27
<b>PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>	<b>(40,259)</b>	<b>(6,185)</b>	<b>(150,237)</b>	<b>(61,604)</b>	<b>(40,656)</b>	<b>777</b>
Income tax related to profit or loss from continuing operations	678	1,592	9,851	(26)	1,496	(241)
<b>NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>	<b>(39,581)</b>	<b>(4,593)</b>	<b>(140,386)</b>	<b>(61,630)</b>	<b>(39,160)</b>	<b>536</b>
Total profit after tax from discontinued operations	0	0	37,385	0	0	0
<b>NET PROFIT/(LOSS) FOR THE PERIOD</b>	<b>(39,581)</b>	<b>(4,593)</b>	<b>(103,001)</b>	<b>(61,630)</b>	<b>(39,160)</b>	<b>536</b>
Basic earnings/(loss) per share (€)	(0.46)	(0.12)	(2.64)	(1.57)	(1.00)	0.01
Diluted earnings/(loss) per share (€)	(0.46)	(0.12)	(2.64)	(1.57)	(1.00)	0.01

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



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

€000

ITEM DESCRIPTION	Six months ended 30.06.2013	Six months ended 30.06.2012
<b>NET (LOSS) FOR THE PERIOD AFTER TAX</b>	<b>(44,174)</b>	<b>(38,624)</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) AFTER TAX</b>	<b>(1,424)</b>	<b>9,030</b>
<b>Available-for-sale financial assets</b>	<b>(1,676)</b>	<b>11,971</b>
Valuation gains/(losses) taken to equity	(1,676)	11,971
<b>Income tax related to components of other comprehensive income</b>	<b>252</b>	<b>(2,941)</b>
<b>TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD AFTER TAX</b>	<b>(45,598)</b>	<b>(29,594)</b>

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



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

€000

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

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



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

€000

ITEM DESCRIPTION	Notes	30.06.2013	31.12.2012
Cash and balances with the central bank	11	266,331	151,124
Financial assets held for trading	12	1,226	1,178
Financial assets designated at fair value through profit or loss	13	33,812	34,043
Available-for-sale financial assets	14	618,457	417,102
Loans and advances	-	2,923,528	3,127,450
– loans and advances to banks	15	149,291	169,382
– loans and advances to customers	16	2,760,732	2,891,136
– other financial assets	17	13,505	66,932
Held-to-maturity financial assets	18	188,438	397,130
Non-current assets and disposal groups classified as held for sale and discontinued operations	-	235	310
Property, plant and equipment	-	60,737	62,004
Investment property	-	1,660	1,660
Intangible assets	-	20,648	23,381
Investments in the equity of subsidiaries, associates and joint ventures accounted for using the equity method	-	55,980	55,980
Tax assets	-	37,619	35,100
– current tax assets	-	2	4
– deferred tax assets	-	37,617	35,096
Other assets	-	33,052	32,106
<b>TOTAL ASSETS</b>	-	<b>4,241,723</b>	<b>4,338,568</b>
Financial liabilities due to the central bank	-	425,072	423,646
Financial liabilities held for trading	-	3,856	3,412
Financial liabilities measured at amortised cost	19	3,523,561	3,674,360
– deposits from banks	19	49,137	53,880
– deposits from customers	19	2,868,818	2,910,847
– loans from banks	19	397,502	501,368
– loans from customers	19	5,579	6,470
– debt securities	-	78,066	88,591
– subordinated liabilities	19	91,270	88,190
– other financial liabilities	19	33,189	25,014
Provisions	20	38,657	41,033
Other liabilities	-	3,606	3,548
<b>TOTAL LIABILITIES</b>	-	<b>3,994,752</b>	<b>4,145,999</b>
Share capital	21	140,814	40,814
Share premium	-	165,775	165,775
Revaluation reserves	22	(3,516)	(2,092)
Reserves from profit	23	275,044	275,044
Retained loss (including net loss for the financial year)	-	(331,146)	(286,972)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	-	<b>246,971</b>	<b>192,569</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	-	<b>4,241,723</b>	<b>4,338,568</b>

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



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

€000

Designation	ITEM DESCRIPTION	Six months ended 30.06.2013	Six months ended 30.06.2012
<b>A.</b>	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>a)</b>	<b>Net (loss) before tax</b>	<b>(46,444)</b>	<b>(39,879)</b>
	Depreciation and amortisation	5,844	5,914
	Net (gains)/losses from exchange rate differences	1,790	(1,150)
	Net (gains)/losses from held-to-maturity financial assets	155	(99)
	Net (gains)/losses from the sale of tangible assets and investment properties	(72)	19
	Other (gains) from investing activities	(7,099)	(7,656)
	Other losses from financing activities	3,079	5,368
	Net unrealised (gains) from non-current assets held for sale and discontinued operations and liabilities associated therewith	(154)	(111)
	Other adjustments to total profit or loss before tax	58,646	61,399
	Cash flow from operating activities before changes in operating assets and liabilities	15,745	23,805
<b>b)</b>	<b>(Increase)/decrease in operating assets (excluding cash equivalents)</b>	<b>(118,406)</b>	<b>186,059</b>
	Net (increase)/decrease in financial assets held for trading	(48)	6,951
	Net decrease in financial assets designated at fair value through profit or loss	231	5,969
	Net (increase)/decrease in available-for-sale financial assets	(219,130)	137,421
	Net decrease in loans and advances	101,050	37,711
	Net decrease in non-current assets held for sale	437	210
	Net (increase) in other assets	(946)	(2,203)
<b>c)</b>	<b>(Decrease) in operating liabilities</b>	<b>(151,329)</b>	<b>(27,222)</b>
	Net increase in financial liabilities to the central bank	1,426	51,542
	Net increase/(decrease) in financial liabilities held for trading	444	(1,412)
	Net (decrease) in deposits and loans measured at amortised cost	(142,690)	(111,321)
	Net increase/(decrease) in debt securities in issue measured at amortised cost	(10,525)	17,396
	Net increase in other liabilities	16	16,573
<b>d)</b>	<b>Cash flow from operating activities (a+b+c)</b>	<b>(253,990)</b>	<b>182,642</b>
<b>f)</b>	<b>Net cash flow from operating activities</b>	<b>(253,990)</b>	<b>182,642</b>



€000

Designation	ITEM DESCRIPTION	Six months ended 30.06.2013	Six months ended 30.06.2012
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>a)</b>	<b>Receipts from investing activities</b>	<b>266,711</b>	<b>6,273</b>
	Receipts from the sale of tangible assets and investment properties	205	33
	Receipts from the disposal of associates – discontinued operations	50,034	0
	Receipts from non-current assets or liabilities held for sale	362	161
	Receipts from the sale of held-to-maturity financial assets	215,110	5,638
	Other receipts from investing activities	1,000	441
<b>b)</b>	<b>Cash payments on investing activities</b>	<b>(3,512)</b>	<b>(81,954)</b>
	(Cash payments to acquire tangible assets and investment properties)	(2,586)	(1,866)
	(Cash payments to acquire intangible assets)	(926)	(1,309)
	(Cash payments to acquire held-to-maturity financial assets)	0	(78,779)
<b>c)</b>	<b>Net cash flow from investing activities (a+b)</b>	<b>263,199</b>	<b>(75,681)</b>
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>a)</b>	<b>Cash proceeds from financing activities</b>	<b>100,000</b>	<b>0</b>
	Cash proceeds from subordinated liabilities issued	100,000	0
<b>b)</b>	<b>Cash payments on financing activities</b>	<b>0</b>	<b>(776)</b>
	(Dividends paid)	0	(2)
	(Repayment of subordinated liabilities)	0	(774)
<b>c)</b>	<b>Net cash flow from financing activities (a+b)</b>	<b>100,000</b>	<b>(776)</b>
<b>D.</b>	<b>Effects of change in exchange rates on cash and cash equivalents</b>	<b>(290)</b>	<b>1,056</b>
<b>E.</b>	<b>Net increase in cash and cash equivalents (Af+Bc+Cc)</b>	<b>109,209</b>	<b>106,185</b>
<b>F.</b>	<b>Opening balance of cash and cash equivalents</b>	<b>220,530</b>	<b>200,933</b>
<b>G.</b>	<b>Closing balance of cash and cash equivalents (D+E+F)</b>	<b>329,449</b>	<b>308,174</b>

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

The balance of cash and cash equivalents as of 30 June 2012 amounted to €308,174,000 and was made up of cash and balances with the central bank, in the amount of €170,635,000, and loans and advances to banks with original maturity of up to three months, in the amount of €137,539,000.

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

€000

ITEM DESCRIPTION	Six months ended 30.06.2013	Six months ended 30.06.2012
Interest paid	(49,642)	(57,876)
Interest received	68,569	89,828
Dividends paid	0	(2)
Dividends and participation in profits received	207	1,683

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



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

### Interim Statement of Changes in Equity for the six months ended 30.06.2013

€000

ITEM DESCRIPTION	Share capital	Share premium	Revaluation reserves	Reserves from profit	Retained (loss) (including net loss for the period)	Total shareholders' equity
OPENING BALANCE FOR THE REPORTING PERIOD	40,814	165,775	(2,092)	275,044	(286,972)	192,569
Total comprehensive (loss) for the period after tax	0	0	(1,424)	0	(44,174)	(45,598)
New share capital subscribed (paid)	100,000	0	0	0	0	100,000
CLOSING BALANCE FOR THE REPORTING PERIOD	140,814	165,775	(3,516)	275,044	(331,146)	246,971

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

### Interim Statement of Changes in Equity for the six months ended 30.06.2012

€000

ITEM DESCRIPTION	Share capital	Share premium	Revaluation reserves	Reserves from profit	Retained (loss) (including net loss for the period)	Total shareholders' equity
OPENING BALANCE FOR THE REPORTING PERIOD	40,815	165,775	(24,181)	275,044	(83,717)	373,736
Total comprehensive (loss) for the period after tax	0	0	9,030	0	(38,624)	(29,594)
CLOSING BALANCE FOR THE REPORTING PERIOD	40,815	165,775	(15,151)	275,044	(122,341)	344,142

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



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

The financial statements of Nova KBM d.d. for the six-month period ended 30 June 2013 were authorised for issue on 22 July 2013 by the Management Board of Nova KBM d.d.

### Statement of compliance

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

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

The interim financial statements are unaudited.

### Presentation and functional currency

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

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

### Significant accounting policies

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

The accounting policies applied are presented in detail in the 2012 Annual Report of Nova KBM d.d.



## Notes to the statement of income items

### 1 Interest income and expense

#### 1.1 Analysis of interest by market segments

	H1 2013		H1 2012	
	Income	Expense	Income	Expense
Non-financial companies	34,642	2,327	43,906	1,728
State	11,261	9,986	9,758	10,493
Banks	3,737	9,540	4,936	16,439
Other financial organisations	4,943	3,709	5,528	3,750
Households	21,095	20,649	26,731	20,869
Foreign persons	2,950	511	4,096	441
Non-profit household service providers	85	145	133	129
<b>Total</b>	<b>78,713</b>	<b>46,867</b>	<b>95,088</b>	<b>53,849</b>
<b>Net interest income</b>	<b>31,846</b>		<b>41,239</b>	

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

	H1 2013		H1 2012	
	Current	Non-current	Current	Non-current
<b>Interest income</b>				
Balances with the central bank (measured at amortised cost)	88	0	178	0
Financial assets held for trading	87	0	14	0
Financial assets designated at fair value through profit or loss	0	0	0	34
Available-for-sale financial assets	5,526	1,457	5,731	0
Loans and advances (including finance leases)	15,046	49,913	18,474	63,419
Held-to-maturity financial assets	145	6,428	276	6,939
Other financial assets	23	0	8	0
Other assets	0	0	15	0
<b>Total by maturity</b>	<b>20,915</b>	<b>57,798</b>	<b>24,696</b>	<b>70,392</b>
<b>Total</b>	<b>78,713</b>		<b>95,088</b>	
<b>Interest expense</b>				
Financial liabilities due to the central bank (measured at amortised cost)	0	1,426	117	1,923
Financial liabilities held for trading	0	84	0	25
Financial liabilities measured at amortised cost	8,197	37,160	9,319	42,465
<b>Total by maturity</b>	<b>8,197</b>	<b>38,670</b>	<b>9,436</b>	<b>44,413</b>
<b>Total</b>	<b>46,867</b>		<b>53,849</b>	
<b>Net interest income</b>	<b>31,846</b>		<b>41,239</b>	



## 2 Dividend income

	H1 2013	H1 2012
Financial assets held for trading	0	59
Financial assets designated at fair value through profit or loss	207	355
Available-for-sale financial assets	64	1,206
Investments in the equity of subsidiaries and associates accounted for using the equity method	526	441
<b>Total</b>	<b>797</b>	<b>2,061</b>

## 3 Fee and commission income and expense

	H1 2013	H1 2012
<b>Fee and commission income</b>	<b>22,399</b>	<b>23,125</b>
Guarantees	1,681	1,898
Services provided to banks in the Group	438	454
Services provided to other Group subsidiaries	101	161
Domestic payment transactions	9,112	9,178
Transactions under current accounts	4,413	3,956
Card operations	2,992	3,507
International payment transactions	800	334
Brokerage and agency services	207	127
Transactions in securities for customers	165	148
Lending operations	2,415	2,912
Other services	47	415
Safekeeping of objects and valuables	28	35
<b>Fee and commission expense</b>	<b>2,211</b>	<b>1,992</b>
Domestic banking services	1,193	676
Banking services abroad	632	706
Brokerage and agency services	23	45
Stock exchange transactions and other transactions in securities	146	143
Payment transactions	203	391
Services of banks in the Group	12	29
Other services	2	2
<b>Net fee and commission income</b>	<b>20,188</b>	<b>21,133</b>



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

	H1 2013			H1 2012		
	Gains	Losses	Net gains/ (losses)	Gains	Losses	Net gains/ (losses)
Trading in equity instruments	18	62	(44)	220	190	30
Trading in foreign exchange (purchase/sale)	467	312	155	757	531	226
Trading in derivatives	3,298	1,769	1,529	2,838	9,107	(6,269)
– futures/forwards	3,116	1,307	1,809	2,796	9,090	(6,294)
– options	0	277	(277)	0	0	0
– swaps	182	185	(3)	42	17	25
<b>Total</b>	<b>3,783</b>	<b>2,143</b>	<b>1,640</b>	<b>3,815</b>	<b>9,828</b>	<b>(6,013)</b>

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

	H1 2013			H1 2012		
	Gains	Losses	Net (losses)	Gains	Losses	Net gains
Financial assets designated at fair value through profit or loss	2,491	2,721	(230)	3,372	2,824	548
<b>Total</b>	<b>2,491</b>	<b>2,721</b>	<b>(230)</b>	<b>3,372</b>	<b>2,824</b>	<b>548</b>

## 6 Net exchange rate differences

	H1 2013	H1 2012
Foreign exchange gains	9,981	7,870
Foreign exchange losses	11,771	6,720
<b>Net foreign exchange gain/(loss)</b>	<b>(1,790)</b>	<b>1,150</b>

## 7 Administration costs

	H1 2013	H1 2012
<b>Staff expenses</b>	<b>18,670</b>	<b>20,016</b>
Gross salaries	14,514	15,582
Social security and pension insurance contribution	2,348	2,520
Pay for annual leave	502	512
Other staff costs	1,306	1,402
<b>General and administrative expenses</b>	<b>14,613</b>	<b>13,003</b>
Costs of materials	1,189	1,286
Costs of services	9,622	7,597
Maintenance costs of fixed assets	2,116	2,280
Advertising costs	1,005	1,290
Other administrative costs	681	550
<b>Total administration costs</b>	<b>33,283</b>	<b>33,019</b>



## 8 Provisions

	H1 2013	H1 2012
Provisions for off-balance sheet liabilities	(2,920)	4,449
Provisions for tax claims and other pending legal issues	598	742
Other provisions	(12)	(58)
<b>Total</b>	<b>(2,334)</b>	<b>5,133</b>

## 9 Impairment losses

	H1 2013	H1 2012
Financial assets not measured at fair value through profit or loss	60,980	56,250
Other assets	0	16
<b>Total impairment losses</b>	<b>60,980</b>	<b>56,266</b>

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

	H1 2013	H1 2012
Financial assets measured at cost	10,750	0
Available-for-sale financial assets designated at fair value	5,349	476
Loans and advances (including finance leases and other financial assets) measured at amortised cost	44,881	55,774
– loans and advances to banks	(2)	(72)
– loans and advances to customers	51,064	55,681
– other financial assets	(6,181)	165
<b>Total impairment of financial assets not measured at fair value through profit or loss</b>	<b>60,980</b>	<b>56,250</b>

The impairment of financial assets measured at cost relates to Merkur shares.

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

	H1 2013	H1 2012
Deferred tax related to continuing operations	(2,270)	(1,255)
<b>Total</b>	<b>(2,270)</b>	<b>(1,255)</b>

## Notes to the statement of financial position items

### 11 Cash and balances with the central bank

	30.06.2013	31.12.2012
Cash in hand	34,536	39,490
Obligatory deposits with the central bank	227,143	107,758
Other deposits with the central bank	4,652	3,876
<b>Total</b>	<b>266,331</b>	<b>151,124</b>

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



## 11.1 Cash and cash equivalents

	30.06.2013	31.12.2012
Cash and balances with the central bank	266,331	151,124
Loans and advances to banks	63,118	69,406
<b>Total</b>	<b>329,449</b>	<b>220,530</b>

## 12 Financial assets held for trading

	30.06.2013	31.12.2012
Derivatives	1,226	1,178
<b>Total</b>	<b>1,226</b>	<b>1,178</b>
Unquoted	1,226	1,178
<b>Total</b>	<b>1,226</b>	<b>1,178</b>

### 12.1 Movement in financial assets held for trading

	H1 2013	2012
<b>1 January</b>	<b>1,178</b>	<b>8,442</b>
<b>Increase during the year</b>	<b>2,375</b>	<b>12,689</b>
– acquisition	2,309	12,402
– change in fair value (recovery and reversal of impairment)	48	0
– other (deferred interest, realised gains)	18	287
<b>Decrease during the year</b>	<b>2,327</b>	<b>19,953</b>
– disposal (sale and redemption)	2,265	12,474
– change in fair value (impairment and reversal of recovery)	0	7,264
– exchange rate differences	0	1
– other (deferred interest, realised losses)	62	214
<b>30 June/31 December</b>	<b>1,226</b>	<b>1,178</b>

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

	30.06.2013	31.12.2012
Equity instruments	33,812	34,043
<b>Total</b>	<b>33,812</b>	<b>34,043</b>
Quoted	24,135	24,366
Unquoted	9,677	9,677
<b>Total</b>	<b>33,812</b>	<b>34,043</b>



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

	H1 2013	2012
<b>1 January</b>	<b>34,043</b>	<b>37,942</b>
<b>Increase during the year</b>	<b>2,491</b>	<b>7,033</b>
– change in fair value (recovery and reversal of impairment)	2,491	6,871
– deferred interest	0	34
– exchange rate differences	0	1
– other	0	127
<b>Decrease during the year</b>	<b>2,722</b>	<b>10,932</b>
– disposal (sale and redemption)	0	6,431
– change in fair value (impairment and reversal of recovery)	2,721	4,151
– interest received	0	120
– exchange rate differences	0	16
– other	1	214
<b>30 June/31 December</b>	<b>33,812</b>	<b>34,043</b>

## 14 Available-for-sale financial assets

### 14.1 Analysis by type and market segments

	30.06.2013	31.12.2012
<b>Equity instruments designated at fair value</b>	<b>37,006</b>	<b>45,425</b>
<b>Equity instruments measured at cost</b>	<b>23,094</b>	<b>23,081</b>
<b>Debt securities</b>	<b>558,357</b>	<b>348,596</b>
– issued by the state and the central bank	432,146	182,824
– issued by banks	103,713	142,599
– issued by other issuers	22,498	23,173
<b>Total</b>	<b>618,457</b>	<b>417,102</b>
Quoted	582,786	374,939
Unquoted	35,671	42,163
<b>Total</b>	<b>618,457</b>	<b>417,102</b>

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

	Equity instruments		Debt securities	Total
	At fair value	At cost		
<b>1 January 2013</b>	<b>45,425</b>	<b>23,081</b>	<b>348,596</b>	<b>417,102</b>
Recognition of new financial assets	297	10,763	323,690	334,750
Interest	0	0	9	9
Net revaluation through equity	2,860	0	(4,536)	(1,676)
Net impairment through profit or loss	(5,349)	(10,750)	0	(16,099)
Derecognition of financial assets at maturity	0	0	(109,399)	(109,399)
Derecognition of financial assets upon disposal	(6,355)	0	0	(6,355)
Net gains/(losses) on sale	128	0	(3)	125
<b>30 June 2013</b>	<b>37,006</b>	<b>23,094</b>	<b>558,357</b>	<b>618,457</b>



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

## 15 Loans and advances to banks

	30.06.2013	31.12.2012
Sight deposits	4,326	6,995
Current loans	90,529	97,783
Impairment of current loans	(155)	(172)
Non-current loans	54,725	64,893
Impairment of non-current loans	(134)	(117)
<b>Total – net amount</b>	<b>149,291</b>	<b>169,382</b>
<b>Impairment</b>	<b>289</b>	<b>289</b>
<b>Total – gross amount</b>	<b>149,580</b>	<b>169,671</b>

## 16 Loans and advances to customers

	30.06.2013	31.12.2012
Current loans	550,398	579,103
Impairment of current loans	(124,041)	(120,282)
Non-current loans	2,818,960	2,866,538
Impairment of non-current loans	(495,241)	(443,849)
Claims under guarantees	23,392	18,729
Impairment of claims under guarantees	(12,736)	(9,103)
<b>Total – net amount</b>	<b>2,760,732</b>	<b>2,891,136</b>
<b>Impairment</b>	<b>632,018</b>	<b>573,234</b>
<b>Total – gross amount</b>	<b>3,392,750</b>	<b>3,464,370</b>

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

	H1 2013	2012
<b>1 January</b>	<b>573,234</b>	<b>335,073</b>
Net impairment of principal	51,064	248,235
– additional impairment of principal	89,853	361,917
– reversal of impairment of principal	(38,789)	(113,682)
Additional impairment of interest	9,619	20,531
Additional impairment/reversal of impairment of fees	(12)	59
Write-offs of loans and advances to customers	(1,887)	(30,664)
<b>30 June/31 December</b>	<b>632,018</b>	<b>573,234</b>



## 17 Other financial assets

	30.06.2013	31.12.2012
Cheques	10	75
Claims for fees and commissions	1,309	1,673
Accounts receivables	125	245
Surplus of financial assets arising from authorised transactions for customers	141	0
Other financial assets	11,920	64,939
<b>Total – net amount</b>	<b>13,505</b>	<b>66,932</b>
<b>Impairment</b>	<b>1,536</b>	<b>7,721</b>
<b>Total – gross amount</b>	<b>15,041</b>	<b>74,653</b>

### 17.1 Movement in impairment of other financial assets

	H1 2013	2012
<b>1 January</b>	<b>7,721</b>	<b>918</b>
Net impairment of principal	(6,181)	6,825
– additional impairment of principal	534	7,475
– reversal of impairment of principal	(6,715)	(650)
Additional impairment of interest	8	18
Additional impairment of fees	52	242
Write-offs of other financial assets	(64)	(282)
<b>30 June/31 December</b>	<b>1,536</b>	<b>7,721</b>

## 18 Held-to-maturity financial assets

	30.06.2013	31.12.2012
<b>Debt securities</b>		
– current securities issued by the state and the central bank	0	29,855
– non-current securities issued by the state and the central bank	151,742	330,194
– non-current securities issued by banks and savings banks	32,725	33,203
– non-current securities issued by other issuers	3,971	3,878
<b>Total</b>	<b>188,438</b>	<b>397,130</b>
Quoted	186,765	395,473
Unquoted	1,673	1,657
<b>Total</b>	<b>188,438</b>	<b>397,130</b>

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

	H1 2013	2012
<b>1 January</b>	<b>397,130</b>	<b>339,819</b>
<b>Increase during the year</b>	<b>7,025</b>	<b>123,821</b>
– acquisition	0	108,257
– gains	452	916
– other (deferred interest)	6,573	14,648
<b>Decrease during the year</b>	<b>215,717</b>	<b>66,510</b>
– redemption	210,000	58,729
– losses	607	974
– other (interest received)	5,110	6,807
<b>30 June/31 December</b>	<b>188,438</b>	<b>397,130</b>



## 19 Financial liabilities measured at amortised cost

	30.06.2013	31.12.2012
Deposits	2,917,955	2,964,727
Loans	403,081	507,838
Debt securities	78,066	88,591
Subordinated liabilities	91,270	88,190
Other financial liabilities	33,189	25,014
<b>Total</b>	<b>3,523,561</b>	<b>3,674,360</b>

### 19.1 Deposits by type of customers and maturity

	30.06.2013	31.12.2012
<b>Deposits from banks</b>	<b>49,137</b>	<b>53,880</b>
– sight deposits	1,601	2,471
– current deposits	741	3,540
– non-current deposits	46,795	47,869
<b>Deposits from customers</b>	<b>2,868,818</b>	<b>2,910,847</b>
– sight deposits	994,153	971,591
– current deposits	634,152	616,703
– non-current deposits	1,240,513	1,322,553
<b>Total</b>	<b>2,917,955</b>	<b>2,964,727</b>

### 19.2 Loans by type of customers and maturity

	30.06.2013	31.12.2012
<b>Loans from banks</b>	<b>397,502</b>	<b>501,368</b>
– non-current loans	397,502	501,368
<b>Loans from customers</b>	<b>5,579</b>	<b>6,470</b>
– non-current loans	5,579	6,470
<b>Total</b>	<b>403,081</b>	<b>507,838</b>

### 19.3 Subordinated liabilities

ISIN code	Currency	Date of maturity	Interest rate	30.06.2013	31.12.2012
<b>Hybrid instruments as a component of additional own funds</b>					
ISIN: XS0270427163	EUR	perpetual; call option after 05.10.2016	3M EURIBOR + 1.60%	50,675	50,222
ISIN: XS0325446903	EUR	perpetual; call option booked as executable on 31.12.2030	3M EURIBOR + 4.00%	12,154	11,920
<b>Hybrid instruments as a component of original own</b>					
ISIN: SI0022103046	EUR	perpetual; call option after 29.12.2014	8.70%	26,030	26,048
Hybrid loan facility - CoCo	EUR	The hybrid loan facility was converted into KBMR shares on 18.04.2013; interest on this hybrid loan facility will also be converted into KBMR shares, within 90 days of the conversion of the hybrid loan facility.	10.00%	2,411	0
<b>Total</b>				<b>91,270</b>	<b>88,190</b>

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



## 19.4 Other financial liabilities

	30.06.2013	31.12.2012
Liabilities for fees and commissions	4	22
Liabilities for gross salaries of employees	2,423	2,472
Liabilities to suppliers	931	4,384
Liabilities related to card transactions	12,115	5,420
Liabilities related to ATM transactions	1,878	2,036
Liabilities related to funds of customers provided for payments abroad	6,323	4,733
Liabilities related to cash transactions	1,583	665
Liabilities from participation in profits – dividends	75	75
Accruals and deferred income	2,725	2,985
Surplus arising from authorised transactions for customers	0	72
Other financial liabilities	5,132	2,150
<b>Total other financial liabilities</b>	<b>33,189</b>	<b>25,014</b>

## 20 Provisions

	Provisions for tax claims and other pending legal issues	Provisions for pensions and similar benefits	Provisions for off-balance sheet liabilities	Other provisions	Total
<b>1 January 2013</b>	<b>3,274</b>	<b>4,333</b>	<b>32,998</b>	<b>428</b>	<b>41,033</b>
Net provisions made during the year	598	(12)	(2,920)	0	(2,334)
– provisions made during the year	2,176	0	8,003	0	10,179
– provisions reversed during the year	(1,578)	(12)	(10,923)	0	(12,513)
Provisions used during the year	0	(42)	0	0	(42)
<b>30 June 2013</b>	<b>3,872</b>	<b>4,279</b>	<b>30,078</b>	<b>428</b>	<b>38,657</b>

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



## 21 Share capital

	30.06.2013	31.12.2012
<b>Ordinary shares</b>	<b>140,814</b>	<b>40,814</b>
– subscribed by non-financial companies	7,180	7,209
– subscribed by the state	115,070	14,562
– subscribed by banks	288	458
– subscribed by other financial organisations	1,994	2,409
– subscribed by households	8,316	7,952
– subscribed by foreign persons	7,966	8,224

Following the April conversion of a €100 million hybrid loan facility into Bank equity, the share capital of the Bank increased to €140,814,313.08. No changes in the Bank's share capital took place in 2012.

As of 30 June 2013, the Bank's share capital was split into 137,645,135 ordinary shares (30 June 2012: 39,122,968 ordinary shares). The accounting value of each ordinary no-par value share, calculated as the ratio between the share capital and the total number of outstanding shares, was €1.02.

## 22 Revaluation reserves

	30.06.2013	31.12.2012
Revaluation reserves in respect of available-for-sale financial assets	(3,516)	(2,092)
– revaluation	(4,137)	(2,461)
– deferred taxes	621	369
<b>Total</b>	<b>(3,516)</b>	<b>(2,092)</b>

### 22.1 Movement in revaluation reserves

	H1 2013	2012
<b>1 January</b>	<b>(2,092)</b>	<b>(24,181)</b>
Net change in valuation of available-for-sale financial assets	(1,676)	27,765
– gains/(losses) recognised in revaluation reserves	(1,676)	17,061
– transferred from revaluation reserves to profit or loss	0	10,704
Net change in deferred taxes	252	(5,676)
<b>30 June/31 December</b>	<b>(3,516)</b>	<b>(2,092)</b>

## 23 Reserves from profit

	30.06.2013	31.12.2012
Regulatory reserves	12,145	12,145
Statutory reserves	172,158	172,158
Other reserves from profit	90,741	90,741
<b>Total</b>	<b>275,044</b>	<b>275,044</b>



## Other notes

### 24 Commitments and contingent liabilities by type

	30.06.2013		
	Current	Non-current	Total
Financial guarantees	40,080	38,685	78,765
Service guarantees	89,012	80,871	169,883
<b>Total guarantees</b>	<b>129,092</b>	<b>119,556</b>	<b>248,648</b>
<b>Unsecured letters of credit</b>	<b>157</b>	<b>0</b>	<b>157</b>
Approved and undrawn loans	77,426	4,040	81,466
Approved and undrawn overdrafts	160,879	0	160,879
Other	6	0	6
<b>Total commitments and contingent liabilities</b>	<b>238,311</b>	<b>4,040</b>	<b>242,351</b>
<b>Derivatives</b>	<b>136,797</b>	<b>40,000</b>	<b>176,797</b>
<b>Total</b>	<b>504,357</b>	<b>163,596</b>	<b>667,953</b>

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



## 25 Related party transactions

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

	Subsidiaries		Associates	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012
<b>Assets</b>				
Loans and advances given (gross amount)	337,705	343,928	1	199
– loans and advances to banks	80,193	81,609	0	0
– loans and advances to customers	256,782	260,936	1	3
– other financial assets	730	1,383	0	196
Investments in securities	55,415	57,089	2,237	4,051
– equity instruments	53,742	55,432	2,237	2,237
– debt securities	1,673	1,657	0	1,814
Other claims	90	0	0	13
<b>Liabilities</b>				
Deposits and loans received	53,057	50,730	1,754	28,956
– deposits and loans from banks	47,213	47,418	0	0
– deposits and loans from customers	4,493	3,066	1,754	28,624
– other financial liabilities	1,351	246	0	332
Securities issued	8,120	0	0	0
– debt securities	8,120	0	0	0
Subordinated liabilities	100	100	12	13,549
Other liabilities	0	0	0	4
Off-balance sheet items	4,669	4,900	3	2,510

	Key management personnel		Other related persons	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012
<b>Assets</b>				
Loans and advances given (gross amount)	420	323	17,994	12,660
– loans and advances to customers	420	322	17,990	12,657
– other financial assets	0	1	4	3
Investments in securities	0	0	3,015	348
– equity instruments	0	0	348	348
– debt securities	0	0	2,667	0
Other claims	0	0	2	0
<b>Liabilities</b>				
Deposits and loans received	755	684	2,543	898
– deposits and loans from customers	755	677	2,535	809
– other financial liabilities	0	7	8	89
Securities issued	0	0	1,091	0
– debt securities	0	0	1,091	0
Other liabilities	0	3	0	0
Off-balance sheet items	85	90	88	33

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



## 25.2 Statement of income

	Subsidiaries		Associates	
	H1 2013	H1 2012	H1 2013	H1 2012
Net interest income	6,131	5,141	(44)	(555)
Dividend income	526	441	0	0
Net fee and commission income	483	542	6	222
Costs of services	(54)	(224)	0	(324)
Individual impairments	(860)	2,125	0	0
Impairment of investments	0	0	0	0
Write-offs	0	0	0	0
<b>Total</b>	<b>6,226</b>	<b>8,025</b>	<b>(38)</b>	<b>(657)</b>

	Key management personnel		Other related persons	
	H1 2013	H1 2012	H1 2013	H1 2012
Net interest income	(8)	(2)	357	237
Net fee and commission income	0	0	25	31
Costs of services	(106)	(156)	(634)	(556)
Individual impairments	0	0	0	0
Write-offs	0	0	0	0
<b>Total</b>	<b>(114)</b>	<b>(158)</b>	<b>(252)</b>	<b>(288)</b>

## 25.3 Loans and guarantees given

	Management Board members		Supervisory Board members		Other Bank employees on individual contract	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012	30.06.2013	31.12.2012
Loans	16	7	52	58	1,837	1,755
Average interest rate on loans (%)	8.50	8.59	3.71	4.18	2.95	3.30
Repayments	0	0	6	10	185	441

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

Exposure to:	30.06.2013	31.12.2012
Bank of Slovenia	231,795	111,634
Republic of Slovenia	542,411	524,953
State-owned institutions	710,163	718,163
<b>Total exposure to the Bank of Slovenia, Republic of Slovenia and state-owned institutions</b>	<b>1,484,369</b>	<b>1,354,750</b>
Share in total assets (%)	34.99	31.23
Off-balance sheet items covered by collateral provided by the Bank of Slovenia or the Republic of Slovenia	10,909	11,664
<b>Total assets</b>	<b>4,241,723</b>	<b>4,338,568</b>



## 27 Credit risk management

### Exposure to credit risk

	Loans to customers		Loans to banks	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012
<b>Net disbursed loans</b>	<b>2,760,732</b>	<b>2,891,136</b>	<b>149,291</b>	<b>169,382</b>
<b>Individual impairment</b>				
Gross amount	1,277,867	1,191,874	61,042	62,062
Impairment	(556,169)	(502,173)	(289)	(289)
Net amount	721,698	689,701	60,753	61,773
<b>Collective impairment</b>				
Credit rating A	1,024,155	1,111,019	0	0
Credit rating B	574,950	687,393	0	0
Credit rating C	386,262	352,383	0	0
Credit rating D	20,359	15,546	0	0
Credit rating E	37,171	29,645	0	0
<b>Gross amount</b>	<b>2,042,897</b>	<b>2,195,986</b>	<b>0</b>	<b>0</b>
<b>Impairment</b>	<b>(75,849)</b>	<b>(71,061)</b>	<b>0</b>	<b>0</b>
<b>Net amount</b>	<b>1,967,048</b>	<b>2,124,925</b>	<b>0</b>	<b>0</b>
<b>Net non-impaired loans</b>	<b>71,986</b>	<b>76,510</b>	<b>88,538</b>	<b>107,609</b>
<b>Total net loans</b>	<b>2,760,732</b>	<b>2,891,136</b>	<b>149,291</b>	<b>169,382</b>

### Past due and unpaid claims

	30.06.2013				
	Up to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
Banks	0	0	0	2	2
State	3	0	0	0	3
Legal entities	26,202	26,127	18,450	756,213	826,992
Households	2,784	1,093	1,003	33,638	38,518
<b>Total</b>	<b>28,989</b>	<b>27,220</b>	<b>19,453</b>	<b>789,853</b>	<b>865,515</b>

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



## NPLs in the Bank's total loan portfolio

	30.06.2013	31.12.2012
Gross NPLs (D, E)*	924,565	712,671
Impairment losses for NPLs (D, E)	476,034	362,486
Net NPLs (D, E)	448,531	350,185
Total gross loan portfolio	3,542,330	3,634,041
Total net loan portfolio	2,910,023	3,060,518
Gross NPLs/Total gross loan portfolio (%)	26.10	19.61
Net NPLs/Total net loan portfolio (%)	15.41	11.44

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

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

Industry sector	30.06.2013			31.12.2012		
	Total loans	NPLs	Share of NPLs (%)	Total loans	NPLs	Share of NPLs (%)
Households	872,774	30,032	3.44	898,235	23,722	2.64
Agriculture and hunting, forestry, fishing	26,771	4,224	15.78	27,644	4,020	14.54
Mining	2,074	1,821	87.80	2,131	1,798	84.37
Manufacturing industry	647,423	212,634	32.84	659,623	172,150	26.10
Electricity, gas and steam supply	91,967	0	0.00	92,266	0	0.00
Water supply, waste and sewage management, rehabilitation of the environment	7,661	2,370	30.94	7,247	2,276	31.41
Construction	343,175	239,848	69.89	337,679	196,414	58.17
Trade, maintenance and repair of motor vehicles	309,365	131,683	42.57	320,881	55,631	17.34
Transportation and storage	67,486	8,809	13.05	70,962	8,402	11.84
Accommodation and food service activities	126,083	27,302	21.65	131,166	31,419	23.95
Information and communication activities	66,551	37,187	55.88	66,581	36,007	54.08
Financial intermediation	553,260	95,239	17.21	588,752	91,770	15.59
Real estate activities	164,711	76,336	46.35	166,951	53,764	32.20
Professional, scientific and technical activities	143,507	44,161	30.77	145,397	29,229	20.10
Other various business activities	10,720	4,079	38.05	10,789	3,093	28.67
Public administration and defence services, compulsory social security activities	10,934	0	0.00	12,419	0	0.00
Education	4,438	961	21.65	4,902	348	7.10
Health and welfare security	26,665	42	0.16	26,250	104	0.40
Arts, entertainment and recreation	56,971	1,938	3.40	59,193	1,991	3.36
Other activities	9,794	5,899	60.23	4,973	533	10.72
<b>Total gross loans</b>	<b>3,542,330</b>	<b>924,565</b>	<b>26.10</b>	<b>3,634,041</b>	<b>712,671</b>	<b>19.61</b>



## 28 Composition of regulatory capital and capital requirements

	30.06.2013	31.12.2012
<b>Original own funds</b>		
Paid-up share capital	140,814	40,814
(-) Treasury shares	(43)	(111)
Share premium	165,775	165,775
Reserves and retained earnings or loss	(11,899)	191,356
(-) Interim result used in the calculation (unaudited)	(44,145)	(203,226)
Revaluation excesses (PP) – prudential filters	(746)	(794)
Hybrid instruments as a component of original own funds	26,030	126,030
(-) Intangible long-term assets	(20,648)	(23,381)
(-) Other country specific deductions	11,332	11,356
<b>Total</b>	<b>266,470</b>	<b>307,819</b>
<b>Additional own funds I</b>		
Hybrid instruments and preferential cumulative shares	29,908	29,908
Other	4,286	2,380
<b>Total</b>	<b>34,194</b>	<b>32,288</b>
<b>(-) Deductions from original own funds and additional own funds I</b>		
(-) Deductions from original own funds	(1,119)	(1,119)
(-) Deductions from additional own funds I	(1,119)	(1,119)
<b>Total</b>	<b>(2,238)</b>	<b>(2,238)</b>
<b>Total equity (for solvency purposes)</b>	<b>298,426</b>	<b>337,869</b>
<b>Capital requirements</b>		
<b>Capital requirements for credit risk</b>	<b>251,652</b>	<b>269,546</b>
Central governments and central banks	0	0
Regional governments and local authorities	172	182
Administrative bodies	30	24
Institutions	13,176	14,558
Corporates	95,105	113,339
Retail banking	58,201	59,361
Secured by real estate	4,312	4,324
Past due items	7,906	11,782
Items belonging to regulatory high-risk categories	40,639	33,651
Collective investment undertakings	861	1,381
Other items	31,250	30,944
<b>Total capital requirements for market risks</b>	<b>1,599</b>	<b>1,805</b>
Debt securities	316	577
Equity instruments	481	483
Foreign exchange	802	745
<b>Capital requirement for operational risk</b>	<b>20,897</b>	<b>23,237</b>
<b>Total</b>	<b>274,148</b>	<b>294,588</b>
Total capital adequacy ratio	8.71%	9.18%
Tier I capital ratio	7.74%	8.33%
Core Tier I capital ratio	6.98%	4.91%
Core Tier I capital ratio (EBA methodology)	6.98%	7.62%



## 29 Fair value of financial assets and financial liabilities

	30.06.2013		31.12.2012	
	Book value	Fair value	Book value	Fair value
<b>Financial assets</b>				
Cash and balances with the central bank	266,331	266,331	151,124	151,124
Financial assets held for trading	1,226	1,226	1,178	1,178
Financial assets designated at fair value through profit or loss	33,812	33,812	34,043	34,043
Available-for-sale financial assets	618,457	618,457	417,102	417,102
Loans and advances to banks	149,291	148,833	169,382	169,233
Loans and advances to customers	2,760,732	2,769,317	2,891,136	2,901,689
Other financial assets	13,505	13,505	66,932	66,932
Held-to-maturity financial assets	188,438	185,917	397,130	399,072
<b>Financial liabilities</b>				
Financial liabilities due to the central bank	425,072	425,158	423,646	425,428
Financial liabilities held for trading	3,856	3,856	3,412	3,412
Deposits from banks	49,137	49,335	53,880	54,354
Deposits from customers	2,868,818	2,887,528	2,910,847	2,924,576
Loans from banks	397,502	399,009	501,368	501,368
Loans from customers	5,579	5,584	6,470	6,470
Debt securities	78,066	84,947	88,591	95,602
Subordinated liabilities	91,270	92,921	88,190	90,965
Other financial liabilities	33,189	33,189	25,014	25,014

## 30 Events after the statement of financial position date

On 2 July 2013, Nova KBM received a court notice that the share capital increase had been entered into the Companies Register. Prior to the registration of the share capital increase, Nova KBM's share capital totalled €140,814,313.08. Following the registration of the share capital increase, Nova KBM's share capital now amounts to €143,225,272.08.

The share capital of Nova KBM was increased by an in-kind contribution resulting from the conversion into equity of interest accrued on the state-provided hybrid loan facility dated 31 December 2012. The shareholding (direct and indirect) of the state in Nova KBM now stands at 94.08%.



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

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

Type of publication or event	Anticipated date of publication or event
Preliminary information on results for the period January – September 2013	Wednesday, 30 October 2013
Report on operations and unaudited financial statements of Nova KBM d.d. and the Nova KBM Group for the period January – September 2013	Thursday, 28 November 2013
The 2014 Business Plan of Nova KBM d.d. and the Nova KBM Group	Thursday, 19 December 2013

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