



1/4

UNAUDITED REPORT
ON THE OPERATIONS OF THE
NOVA KBM GROUP
AND NOVA KBM D.D.

FOR THE PERIOD
JANUARY – MARCH 2016

MAY 2016

Corporate governance bodies of Nova KBM as of 31 March 2016

Management Board of Nova KBM

Robert Senica	President
Sabina Župec Kranjc	Member

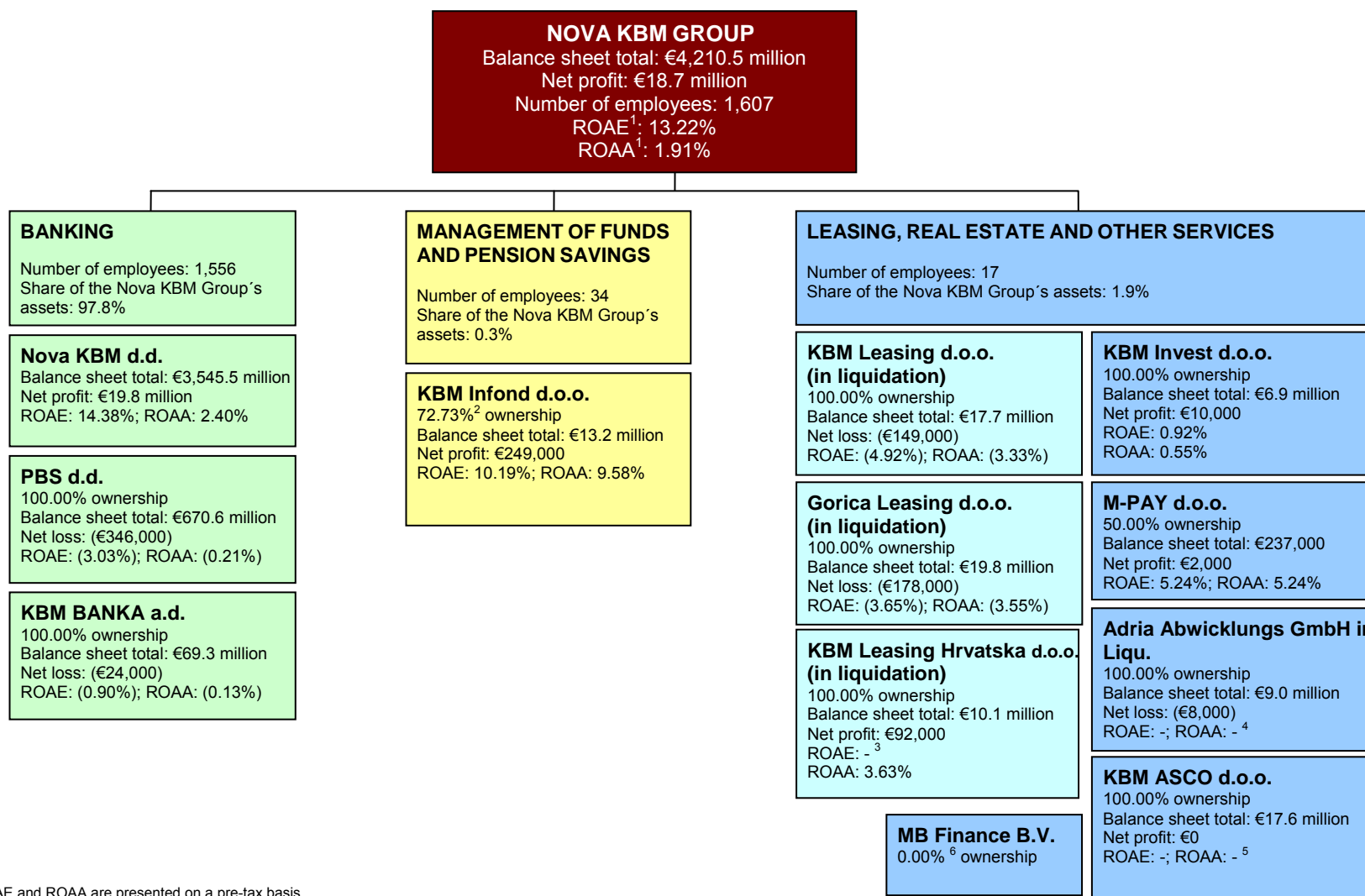
Executive Directors of Nova KBM

Aleksander Batič	
Jernej Močnik	
Primož Britovšek	
Darja Hota Mesarič	
Matjaž Jelenič	
Romana Muraus	(Acting Executive Director)
Tatjana Skaza	(Acting Executive Director)
Severin Vičič	(Acting Executive Director)

Supervisory Board of Nova KBM

Peter Kukovica	Chair
Niko Samec	Deputy Chair
Andrej Fatur	Member
Peter Kavčič	Member
Miha Glavič	Member

Name of the parent bank:	Nova Kreditna banka Maribor d.d.
Short name of the parent bank:	Nova KBM d.d.
Registered office:	Ulica Vita Kraigherja 4, 2505 Maribor
BIC (SWIFT):	KBMASI2X
Reuters:	KBMS
IBAN:	SI56 0100 0000 0400 014
Account No.:	01000-0000400014
Registration No.:	5860580
Entry No. in the register of companies kept by the Maribor District Court:	062/10924200
VAT ID No.:	SI94314527
Share capital:	€150,000,000



¹ ROAE and ROAA are presented on a pre-tax basis.

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

³ Not calculated because KBM Leasing Hrvatska reported a negative average equity.

⁴ The performance ratios of Adria Abwicklungs (in liquidation), a company into which Adria Bank was legally transformed after it had returned its licence for providing banking services and transferred its assets to Nova KBM, are not presented because they are irrelevant.

⁵ Not calculated because KBM ASCO has no capital and has reported no profit.

⁶ In accordance with IFRS 10, MB Finance is regarded as a special purpose vehicle controlled by Nova KBM. Nova KBM has neither voting rights nor an equity stake in this entity.

Contents

INTERIM REPORT OF THE NOVA KBM GROUP: JANUARY – MARCH 2016

KEY PERFORMANCE INDICATORS OF THE NOVA KBM GROUP AND NOVA KBM	5
SIGNIFICANT EVENTS DURING THE FIRST QUARTER OF 2016	6
EVENTS AFTER THE END OF THE REPORTING PERIOD	7
CHANGES IN THE SUPERVISORY BOARD OF NOVA KBM.....	8
STATEMENT OF MANAGEMENT'S RESPONSIBILITIES	9
PROFILE OF THE NOVA KBM GROUP AND NOVA KBM	10
SHAREHOLDER STRUCTURE OF NOVA KBM AND INFORMATION ABOUT ITS SHARES.....	11
OPERATING RESULTS OF THE NOVA KBM GROUP	12
FINANCIAL POSITION OF THE NOVA KBM GROUP	14
INTERIM FINANCIAL REPORT OF THE NOVA KBM GROUP AND NOVA KBM.....	15
Interim Income Statement.....	17
Interim Statement of Other Comprehensive Income	20
Interim Statement of Financial Position	23
Interim Statement of Cash Flows	24
Interim Statement of Changes in Equity.....	26
Notes to the financial statements	28
FINANCIAL CALENDAR of Nova KBM for the rest of 2016	67

Key performance indicators of the Nova KBM Group and Nova KBM

	Nova KBM Group			Nova KBM		
	2016	2015	Ind.	2016	2015	Ind.
Statement of financial position (€000)	31.3.	31.12.		31.3.	31.12.	
Balance sheet total	4,210,513	4,246,167	99	3,545,463	3,563,355	99
Customer deposits	3,072,785	3,095,356	99	2,498,113	2,514,527	99
Loans and advances to customers	1,789,488	1,808,373	99	1,526,963	1,538,283	99
Total equity	646,684	623,073	104	631,789	606,729	104
Income statement (€000)	1.1. – 31.3.	1.1. – 31.3.		1.1. – 31.3.	1.1. – 31.3.	
Net interest income	23,477	25,228	93	19,503	20,361	96
Net non-interest income (including profit or loss before tax from discontinued operations)	17,010	16,465	103	14,366	12,189	118
- of which net fees and commissions	11,232	13,396	84	8,188	9,677	85
Operating costs	(22,436)	(23,328)	96	(16,956)	(16,885)	100
Impairment losses and provisions	1,871	(5,067)	-	4,133	(2,866)	-
Profit before tax from continuing and discontinued operations	19,922	13,298	150	21,046	12,799	164
Net profit for the reporting period	18,667	12,263	152	19,845	11,911	167
Ratios (%)	31.3.	31.12.		31.3.	31.12.	
Interest margin	2.25	2.29		2.23	2.22	
Total capital adequacy	25.67	25.13		27.76	28.07	
Tier 1 capital adequacy	25.67	25.13		27.76	28.07	
Common Equity Tier 1 capital adequacy	25.67	25.13		27.76	28.07	
ROAA before tax	1.91	0.60		2.40	1.18	
ROAE before tax	13.22	4.11		14.38	7.06	
Operating costs/Average total assets	2.15	2.27		1.93	2.04	
Operating costs/Income (CIR)	55.42	60.02		50.06	55.51	
Net customer loans/Customer deposits (LTD)	58.24	58.42		61.12	61.18	
Ratings (long-term)				31.3.	31.12.	
				B3	B3	
				(Moody's)	(Moody's)	
				B+ (Fitch)	B+ (Fitch)	

Significant events during the first quarter of 2016

January

- Nova KBM offered its retail customers the option of having the overdrafts on their personal accounts covered by the insurance provided by Zavarovalnica Triglav.

February

- On 17 February, based on the prior consent of the Nova KBM Supervisory Board, Nova KBM signed the agreement concerning the sale of its 546,683 shares in KBM Banka to Andrej Jovanović and Bojan Milovanović. The number of shares sold by Nova KBM accounted for 89.53% of the total outstanding shares of KBM Banka.
- On 23 February, as part of the Nova KBM Group's restructuring, and to facilitate the completion of the sale of its investment in the equity of KBM Banka, Nova KBM set up a project company KBM ASCO as its wholly-owned subsidiary. Certain assets of KBM Banka, primarily its NPLs and real estate, were transferred to this company at the end of February.
- Poštna banka Slovenije (PBS) started issuing Activa Maestro and Activa MasterCard contactless payment cards.

March

- At an award ceremony for the best investment funds and fund managers, organized by the Moje Finance magazine on 17 March, four of the investment funds managed by KBM Infond were awarded the highest ratings in their respective categories, while three KBM Infond fund managers were ranked among the 15 best fund managers in Slovenia.
- On 29 March, Nova KBM acquired a 0.8844% equity stake in PBS from Pošta Slovenije, thereby becoming its 100% owner. On the same day, based on the prior consent of the Supervisory Boards of both banks, the Management Boards of Nova KBM and PBS signed the agreement concerning the acquisition of PBS by Nova KBM, which will become legally effective on the day it is registered with the court. Until the legal merger, which is scheduled for 1 July 2016, the banks will continue to operate as separate legal entities, given that, prior to taking any further steps towards their merger, they must obtain the necessary approvals from the ECB and/or the Bank of Slovenia.
- On 30 March, Nova KBM sent a request to the Bank of Slovenia to approve its acquisition of PBS.

Events after the end of the reporting period

April

- On 14 April, after all conditions precedent stipulated in the agreement concerning the sale of all of Nova KBM's 546,683 shares in KBM Banka to Andrej Jovanović and Bojan Milovanović had been met, the sale of KBM Banka was successfully completed. The number of shares sold by Nova KBM accounted for 89.53% of the total outstanding shares of KBM Banka. The respective sale agreement was signed on 17 February 2016, with the Nova KBM Supervisory Board giving its prior consent. Upon the conclusion of the sale process, Nova KBM's equity stake in KBM Banka was transferred to the new owners.
- The process of selling Nova KBM was completed on 21 April when the Republic of Slovenia received proceeds of €250 million for the sale of its 10,000,000 shares in Nova KBM, representing 100% of Nova KBM's share capital, to BISER BIDCO S.a.r.l., a company set up jointly by Apollo Global Management, LLC (Apollo), an alternative investment manager headquartered in the United States, and the European Bank for Reconstruction and Development (EBRD). Apollo acquired 80% of the total shares, with the remaining 20% of shares being purchased by the EBRD. The book-transfer of all of the 10,000,000 shares in Nova KBM to the new owners was effected on the same day.
- At the 28th Shareholders' Meeting of Nova KBM, which took place on 21 April, the then members of the Nova KBM Supervisory Board presented their resignation notices, making it possible for the Shareholders' Meeting to appoint new Supervisory Board members. In addition, the Shareholders' Meeting determined the remuneration of Supervisory Board members, and adopted amended Articles of Association for Nova KBM. The term of office of the resigned Supervisory Board members ended with the conclusion of the Shareholders' Meeting session and the appointment of new Supervisory Board members. New members of the Nova KBM Supervisory Board, appointed for a period of five years, are as follows: Gernot Lohr, Manfred Puffer, Andrea Moneta, Michele Rabà (all of them from Apollo), Alexander Saveliev (EBRD) and Andrej Fatur, the latter of whom was elected as their Chair at the constituent meeting of the Supervisory Board that was held on the same day after the Shareholders' Meeting.
- On 22 April, Nova KBM was notified that the Slovene Sovereign Holding had disposed of all of the 10,000,000 shares in Nova KBM (ticker symbol: KBMS), thereby losing its proportion of voting rights in Nova KBM. On the same day, Nova KBM also received a notice from BISER BIDCO S.a.r.l., stating that the latter had acquired all of

the 10,000,000 shares in Nova KBM (ticker symbol: KBMS) and had thus gained 100% voting rights in Nova KBM.

- At the Slovene Advertising Festival (SOF), Nova KBM received awards in three different categories for its marketing campaign called Smooth Banking, designed to raise awareness of banking services among young people.

May

- On 12 May, Fitch Ratings upgraded Nova KBM's Long-Term IDR to 'BB-' from 'B+', with the rating being assigned a positive outlook. Nova KBM's Viability Rating was upgraded to 'bb-' from 'b+', while Support Rating and Support Rating Floor were affirmed at '5' and 'No Floor', respectively.

Changes in the Supervisory Board of Nova KBM

There were no changes in the composition of the Nova KBM Supervisory Board in the first quarter of 2016.

Statement of management's responsibilities


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

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

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

Maribor, 11 April 2016

Management Board of Nova KBM d.d.



Sabina Župec Kranjc
Member



Robert Senica
President

Profile of the Nova KBM Group and Nova KBM

Nova KBM d.d. (herein also referred to as 'Nova KBM') is the parent company of the Nova KBM Group which, as of 31 March 2016, comprised the parent company and 11 subsidiary companies. Nova KBM is a commercial bank with a tradition of understanding and supporting its retail and corporate customers to whom it provides standard banking products. Its registered office is at Ulica Vita Kraigherja 4, 2505 Maribor, Republic of Slovenia.

Nova KBM is obliged to prepare consolidated financial statements.

The Nova KBM Group comprises the parent bank (Nova KBM) and its subsidiary companies.

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

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

² KBM ASCO is a project company that was set up as a wholly-owned subsidiary of Nova KBM on 23 February 2016.

³ In accordance with IFRS 10, MB Finance is regarded as a special purpose vehicle controlled by Nova KBM. Nova KBM has neither voting rights nor an equity stake in this entity, and the operations of this entity are considered to be immaterial to the Nova KBM Group.

Key performance indicators of individual Nova KBM Group companies for the three-month period ended 31 March 2016

Company	Number of employees 31.3.2016	Net profit/(loss) (€000)	Balance sheet total (€000)	ROAE before tax (%)	ROAA before tax (%)
Nova KBM d.d.	1,094	19,845	3,545,463	14.38	2.40
PBS d.d.	195	(346)	670,563	(3.03)	(0.21)
KBM Banka a.d.	267	(24)	69,306	(0.90)	(0.13)
KBM Infond d.o.o.	34	249	13,188	10.19	9.58
KBM Leasing d.o.o. (in liquidation)	2	(149)	17,704	(4.92)	(3.33)
Gorica Leasing d.o.o. (in liquidation)	5	(178)	19,790	(3.65)	(3.55)
KBM Leasing Hrvatska d.o.o. (in liquidation)	2	92	10,096	*	3.63
KBM Invest d.o.o.	8	10	6,919	0.92	0.55
Adria Abwicklungs GmbH in Liqu.	0	(8)	8,961	**	**
M-PAY d.o.o.	0	2	237	5.24	5.24
KBM ASCO d.o.o.	0	0	17,600	***	***

* Not calculated because the company reported a negative average equity.

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

*** Not calculated because the company has no capital and has reported no profit.

Shareholder structure of Nova KBM and information about its shares

As of 31 March 2016, the share capital of Nova KBM totalled €150,000,000 and was split into 10,000,000 ordinary no-par-value shares, all of which were held by the Republic of Slovenia. Nova KBM shares, with the ticker symbol KBMS, are not quoted on a regulated stock market.

Nova KBM has issued only one class of shares which are all freely transferable and bear the same rights. Each ordinary share entitles its holder to one vote at the Nova KBM Shareholders' Meeting. The rights of the holders of ordinary shares are set out in the relevant legislation of the Republic of Slovenia.

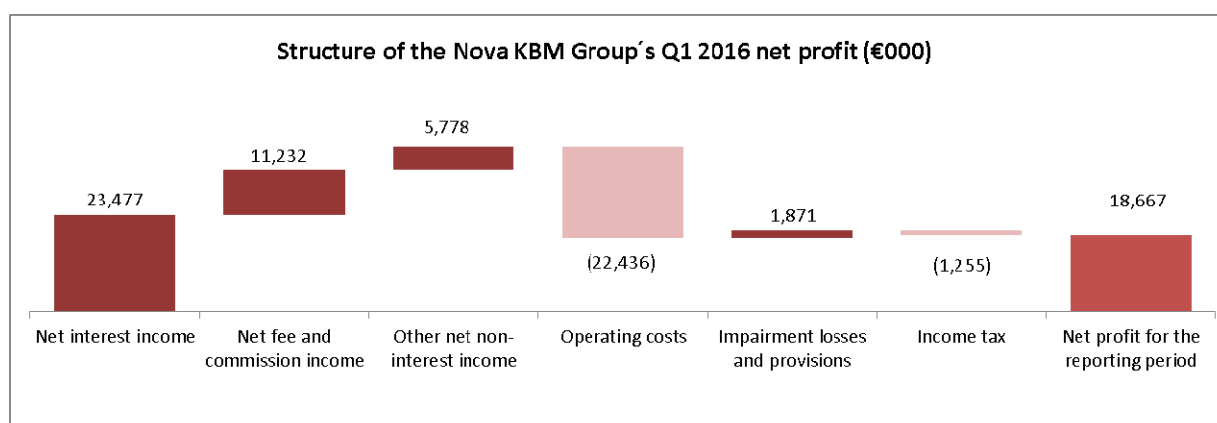
	Nova KBM Group				Nova KBM			
	31.3.16	31.12.15	31.12.14	31.12.13	31.3.16	31.12.15	31.12.14	31.12.13
Book value per share ⁴ (€)	64.39	62.00	61.34	56.67	63.18	60.67	58.03	51.77
Net earnings/(loss) per share ⁵ (€)	7.44	1.66	2.19	(63.05)	7.94	3.44	3.59	(65.65)

⁴ Book value per share on the last day of the reporting period is calculated as the ratio between Nova KBM's total equity (for the Nova KBM Group: equity attributable to owners of the parent) and the total number of Nova KBM shares outstanding at the end of the reporting period.

⁵ Net earnings or loss per share is calculated as the ratio between Nova KBM's net profit or loss (for the Nova KBM Group: net profit or loss attributable to owners of the parent) and the weighted average number of Nova KBM shares outstanding during the year. The total number of KBMS shares outstanding at the end of the respective reporting period was taken into account in the calculation of the 2013 net loss and the 2014 net earnings per share.

Operating results of the Nova KBM Group

For the three-month period ended 31 March 2016, the Nova KBM Group reported a **net profit** of €18,667,000, compared to €12,263,000 reported for the same period last year. Total income earned by the Nova KBM Group declined year-on-year by 2.9% and totalled €40,487,000, of which €23,477,000 was attributable to net interest income and €11,232,000 was attributable to net fee and commission income. The operating costs incurred by the Nova KBM Group in the first quarter of 2016 totalled €22,436,000, down 3.8% on the comparable period last year. While the Nova KBM Group reversed net impairment charges of €1,871,000 in the first quarter of 2016, it recorded net impairment charges of €5,067,000 in the first quarter of 2015.



Net interest income earned by the Nova KBM Group in the first quarter of 2016 reached €23,477,000, down €1,751,000, or 6.9%, on the same period last year, with interest income and interest expenses registering a year-on-year decline of 18.7% and 56.7%, respectively. The year-on-year decline in interest income was attributable mainly to a reduction in the lending volume and interest rates on loans recorded by Nova KBM, but also due to lower business volumes registered by other Nova KBM Group companies. The decline in interest expenses was attributable mainly to a reduction in deposit interest rates. The Nova KBM Group's interest margin fell to 2.25% by the end of the first quarter of 2016, reflecting a declining interest income.

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

Net fee and commission income generated by the Nova KBM Group in the first quarter of 2016 totalled €11,232,000, a decline of 16.2% compared with the same period last year. Both fee and commission income, and fee and commission expenses registered a decline, with the largest proportion of the decline in the net fee and commission income being attributable to a change in the accounting treatment of the financial services tax, which has been included in fee and commission expenses since 1 January 2016, but was included in

other net operating expenses in previous years. The structure of fees and commissions for both the Nova KBM Group and Nova KBM is presented in the notes to the financial statements.

Other non-interest income⁶ was €5,778,000, up from €3,069,000 reported for the same period last year.

The **operating costs** (administration costs, including depreciation and amortisation) incurred by the Nova KBM Group in the first quarter of 2016 totalled €22,436,000, a decline of 3.8% compared with the same period last year. As regards the composition of operating costs, staff costs accounted for 48.1% of the total operating costs, followed by general and administrative costs (39.1%), and depreciation and amortisation (12.8%). The Nova KBM Group's cost-to-income ratio reached 55.42% in the first quarter of 2016.

In the first quarter of 2016, the Nova KBM Group recorded **net impairment losses** of €1,242,000, compared to €5,063,000 recorded in the same period last year, while reversing **provisions** of €3,113,000. The amount of provisions set aside by the Nova KBM Group in the first quarter of 2015 totalled €4,000. The structure of provisions and impairment losses by type of assets for both the Nova KBM Group and Nova KBM is presented in the notes to the financial statements.

The Nova KBM Group expects to end the financial year of 2016 with a profit.

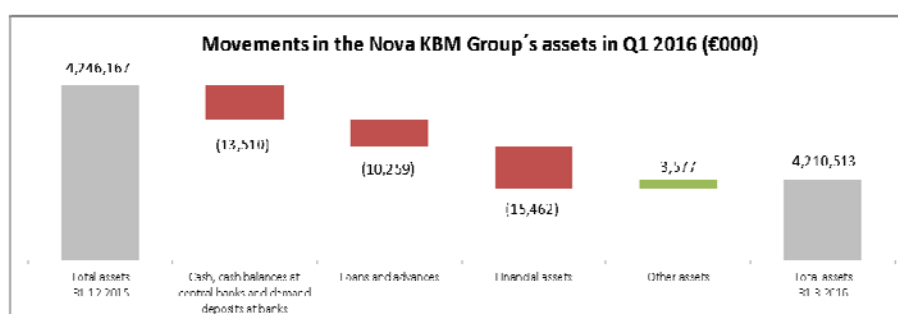
⁶ Other non-interest income includes: dividend income; realised gains or losses on financial assets and liabilities not measured at fair value through profit or loss; net gains or losses on financial assets and liabilities held for trading; gains or losses on financial assets and liabilities designated at fair value through profit or loss; net foreign exchange rate differences; net gains or losses on derecognition of assets other than non-current assets held for sale; other net operating income or loss; share of profits or losses of associates and joint ventures accounted for using the equity method; net gains or losses from non-current assets held for sale and liabilities associated therewith; and total profit or loss after tax from discontinued operations.

Financial position of the Nova KBM Group

At the end of March 2016, the Nova KBM Group's **balance sheet total** amounted to €4,210,513,000, down 0.8%, or €35,654,000, on the end of 2015.

The decline in the **balance of cash, deposits with the central banks and demand deposits placed with commercial banks**, which the Nova KBM Group saw in the first quarter of 2016, was mainly attributable to a decline in the volume of demand deposits held by Nova KBM with its partner banks.

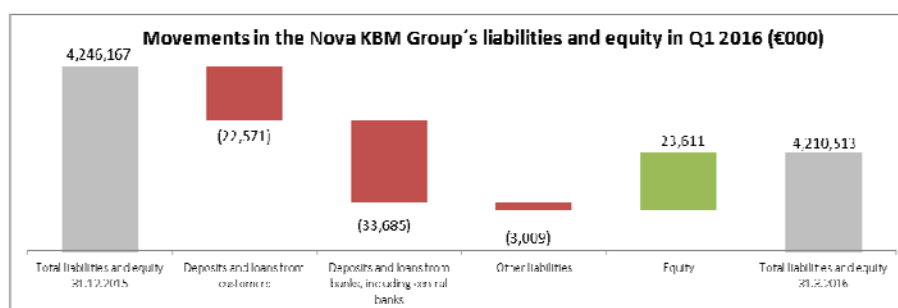
The decline in the volume of **loans** in the first quarter of 2016 was mostly the result of a reduction in the volume of loans outstanding to the non-banking sector. This decline was partially offset by a marginal increase in loans outstanding to banks.



The balance of the Nova KBM Group's **financial assets** saw a decline in the first quarter of 2016, with a reduction in the volume of held-to-maturity financial assets held by PBS contributing the most to this decline.

The decline in the volume of **deposits and loans from customers** registered in the first quarter of 2016 was mainly the result of a decline in both short- and long-term customer deposits.

The volume of **loans and deposits from banks, including central banks**, declined too, due to a reduction in the balance of demand deposits and long-term loans from banks.



As of 31 March 2016, the Nova KBM Group's **total equity** amounted to €646,684,000, an increase of 3.8% from the end of last year, with its **total capital adequacy ratio** standing at 25.67%. The composition of the Nova KBM Group's equity is presented in the notes to the financial statements.

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

**INTERIM FINANCIAL REPORT OF THE
NOVA KBM GROUP
AND
NOVA KBM d.d.
JANUARY – MARCH 2016**

FINANCIAL STATEMENTS

NOVA KBM GROUP AND NOVA KBM d.d.

1 Interim Income Statement

€000

ITEM DESCRIPTION	Notes	Nova KBM Group		Nova KBM d.d.	
		1.1.– 31.3.2016	1.1.– 31.3.2015	1.1.– 31.3.2016	1.1.– 31.3.2015
Interest income	8	26,875	33,068	22,571	27,314
Interest expenses	8	(3,398)	(7,840)	(3,068)	(6,953)
Net interest income	8	23,477	25,228	19,503	20,361
Dividend income	9	16	0	12	0
Fee and commission income	10	17,101	20,012	8,977	10,534
Fee and commission expenses	10	(5,869)	(6,616)	(789)	(857)
Net fee and commission income	10	11,232	13,396	8,188	9,677
Realised gains on financial assets and liabilities not measured at fair value through profit or loss	11	3,883	1,949	4,231	1,791
Net gains/(losses) on financial assets and liabilities held for trading	12	312	(7,483)	300	(7,608)
Net gains on financial assets and liabilities designated at fair value through profit or loss	13	1,248	96	1,248	96
Net gains/(losses) from foreign exchange rate differences	14	(244)	8,795	(386)	8,783
Net gains/(losses) on derecognition of assets	-	33	22	5	(5)
Other net operating income/(loss)	-	204	(440)	710	(606)
Administration costs	15	(19,557)	(20,013)	(14,809)	(14,419)
Depreciation and amortisation	-	(2,879)	(3,315)	(2,147)	(2,466)
Provisions	16	3,113	(4)	2,995	(666)
Impairment losses	17	(1,242)	(5,063)	1,138	(2,200)
Share of profits of subsidiaries, associates and joint ventures	-	0	80	0	0
Total profit from non-current assets and disposal groups classified as held for sale	-	58	61	58	61
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	-	19,654	13,309	21,046	12,799
Income taxes on continuing operations	18	(1,255)	(1,035)	(1,201)	(888)
NET PROFIT FROM CONTINUING OPERATIONS	-	18,399	12,274	19,845	11,911
Total profit/(loss) after tax from discontinued operations	-	268	(11)	0	0
NET PROFIT FOR THE REPORTING PERIOD	-	18,667	12,263	19,845	11,911
a) Attributable to owners of the parent	-	18,598	12,110	19,845	11,911
– continuing operations	-	18,330	12,133	19,845	11,911
– discontinued operations	-	268	(23)	0	0
b) Attributable to non-controlling interests	-	69	153	0	0
– continuing operations	-	69	141	0	0
– discontinued operations	-	0	12	0	0
Basic earnings per share (€)	-	1.86	1.21	1.98	1.19
Diluted earnings per share (€)	-	1.86	1.21	1.98	1.19

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

1.1 Interim Income Statement – presented by quarter

€000

Nova KBM Group	2016				2015
ITEM DESCRIPTION	Q1	Q4	Q3	Q2	Q1
Interest income	26,875	28,834	29,250	31,230	33,068
Interest expenses	(3,398)	(4,397)	(5,510)	(6,491)	(7,840)
Net interest income	23,477	24,437	23,740	24,739	25,228
Dividend income	16	(22)	367	772	0
Fee and commission income	17,101	20,343	20,143	20,796	20,012
Fee and commission expenses	(5,869)	(6,838)	(6,771)	(6,592)	(6,616)
Net fee and commission income	11,232	13,505	13,372	14,204	13,396
Realised gains on financial assets and liabilities not measured at fair value through profit or loss	3,883	3,620	3,036	5,146	1,949
Net gains/(losses) on financial assets and liabilities held for trading	312	114	2,975	347	(7,483)
Net gains/(losses) on financial assets and liabilities designated at fair value through profit or loss	1,248	189	(2,565)	(2,155)	96
Net gains/(losses) from foreign exchange rate differences	(244)	268	(2,652)	319	8,795
Net gains/(losses) on derecognition of assets	33	(134)	63	31	22
Other net operating income/(loss)	204	(1,889)	(1,058)	(460)	(440)
Administration costs	(19,557)	(23,937)	(20,332)	(20,470)	(20,013)
Depreciation and amortisation	(2,879)	(3,019)	(3,116)	(3,213)	(3,315)
Provisions	3,113	(4,439)	9,302	4,783	(4)
Impairment losses	(1,242)	(8,015)	(14,570)	(21,132)	(5,063)
Share of profits/(losses) of associates and joint ventures accounted for using the equity method	0	10	54	(9)	80
Total profit/(loss) from non-current assets and disposal groups classified as held for sale	58	652	0	(1)	61
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	19,654	1,340	8,616	2,901	13,309
Income taxes on continuing operations	(1,255)	(369)	(4,603)	(3,023)	(1,035)
NET PROFIT FROM CONTINUING OPERATIONS	18,399	971	4,013	(122)	12,274
Total profit/(loss) after tax from discontinued operations	268	(250)	(50)	135	(11)
NET PROFIT FOR THE REPORTING PERIOD	18,667	721	3,963	13	12,263
a) Attributable to owners of the parent	18,598	652	3,901	(96)	12,110
– continuing operations	18,330	894	3,941	(225)	12,133
– discontinued operations	268	(242)	(40)	129	(23)
b) Attributable to non-controlling interests	69	69	62	109	153
– continuing operations	69	77	72	103	141
– discontinued operations	0	(8)	(10)	6	12
Basic earnings/(loss) per share (€)	1.86	0.07	0.39	(0.01)	1.21
Diluted earnings/(loss) per share (€)	1.86	0.07	0.39	(0.01)	1.21

€000

Nova KBM d.d.	2016				2015
ITEM DESCRIPTION	Q1	Q4	Q3	Q2	Q1
Interest income	22,571	23,535	24,167	25,910	27,314
Interest expenses	(3,068)	(3,967)	(5,041)	(5,864)	(6,953)
Net interest income	19,503	19,568	19,126	20,046	20,361
Dividend income	12	(498)	283	1,248	0
Fee and commission income	8,977	11,523	11,193	11,449	10,534
Fee and commission expenses	(789)	(1,217)	(1,176)	(913)	(857)
Net fee and commission income	8,188	10,306	10,017	10,536	9,677
Realised gains on financial assets and liabilities not measured at fair value through profit or loss	4,231	2,670	3,558	5,147	1,791
Net gains/(losses) on financial assets and liabilities held for trading	300	(28)	2,951	404	(7,608)
Net gains/(losses) on financial assets and liabilities designated at fair value through profit or loss	1,248	189	(2,565)	(2,155)	96
Net gains/(losses) from foreign exchange rate differences	(386)	327	(2,524)	290	8,783
Net gains/(losses) on derecognition of assets	5	(174)	3	10	(5)
Other net operating income/(loss)	710	(1,513)	(676)	(417)	(606)
Administration costs	(14,809)	(18,760)	(14,977)	(15,001)	(14,419)
Depreciation and amortisation	(2,147)	(2,285)	(2,349)	(2,404)	(2,466)
Provisions	2,995	(1,956)	8,689	4,746	(666)
Impairment losses	1,138	(3,894)	(11,368)	(9,325)	(2,200)
Share of profits of subsidiaries, associates and joint ventures	0	528	0	0	0
Total profit/(loss) from non-current assets and disposal groups classified as held for sale	58	1,680	0	(1)	61
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	21,046	6,160	10,168	13,124	12,799
Income taxes on continuing operations	(1,201)	182	(4,540)	(2,570)	(888)
NET PROFIT FROM CONTINUING OPERATIONS	19,845	6,342	5,628	10,554	11,911
NET PROFIT FOR THE REPORTING PERIOD	19,845	6,342	5,628	10,554	11,911
Basic earnings per share (€)	1.98	0.63	0.56	1.06	1.19
Diluted earnings per share (€)	1.98	0.63	0.56	1.06	1.19

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

2 Interim Statement of Other Comprehensive Income

€000

ITEM DESCRIPTION	Nova KBM Group		Nova KBM d.d.	
	1.1.– 31.3.2016	1.1.– 31.3.2015	1.1.– 31.3.2016	1.1.– 31.3.2015
NET PROFIT FOR THE REPORTING PERIOD AFTER TAX	18,667	12,263	19,845	11,911
OTHER COMPREHENSIVE INCOME AFTER TAX	5,623	7,665	5,215	5,271
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS	5,623	7,665	5,215	5,271
(Losses) from foreign currency translation	(118)	0	0	0
– translation (losses) taken to equity	(118)	0	0	0
Gains in respect of available-for-sale financial assets	7,072	9,119	6,283	6,351
– valuation gains taken to equity	7,072	9,119	6,283	6,351
Share of profits of associates and joint ventures accounted for using the equity method	0	32	0	0
Gains/(losses) recognised in other comprehensive income in respect of discontinued operations	(129)	64	0	0
Income tax relating to items that may be reclassified to profit or loss	(1,202)	(1,550)	(1,068)	(1,080)
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD AFTER TAX	24,290	19,928	25,060	17,182
a) Attributable to owners of the parent	24,257	19,694	25,060	17,182
– continuing operations	24,118	19,660	25,060	17,182
– discontinued operations	139	34	0	0
b) Attributable to non-controlling interests	33	234	0	0
– continuing operations	33	215	0	0
– discontinued operations	0	19	0	0

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

2.1 Interim Statement of Other Comprehensive Income – presented by quarter

€000

Nova KBM Group	2016			2015	
ITEM DESCRIPTION	Q1	Q4	Q3	Q2	Q1
NET PROFIT FOR THE REPORTING PERIOD AFTER TAX	18,667	721	3,963	13	12,263
OTHER COMPREHENSIVE INCOME/(LOSS) AFTER TAX	5,623	(2,370)	5,295	(20,654)	7,665
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS	0	497	0	0	0
Actuarial gains on defined benefit pension plans	0	511	0	0	0
Income tax relating to items that will not be reclassified to profit or loss	0	(14)	0	0	0
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS	5,623	(2,867)	5,295	(20,654)	7,665
Gains/(losses) from foreign currency translation	(118)	5	73	(58)	0
– translation gains/(losses) taken to equity	(118)	5	73	(58)	0
Gains/(losses) in respect of available-for-sale financial assets	7,072	(3,334)	6,239	(24,694)	9,119
– valuation gains/(losses) taken to equity	7,072	(3,272)	5,998	(24,694)	9,119
– gains/(losses) transferred to profit or loss	0	(62)	241	0	0
Share of profits/(losses) of associates and joint ventures accounted for using the equity method	0	12	(30)	(48)	32
Gains/(losses) recognised in other comprehensive income in respect of discontinued operations	(129)	(165)	93	(52)	64
Income tax relating to items that may be reclassified to profit or loss	(1,202)	615	(1,080)	4,198	(1,550)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE REPORTING PERIOD AFTER TAX	24,290	(1,649)	9,258	(20,641)	19,928
a) Attributable to owners of the parent	24,257	(1,726)	9,231	(20,680)	19,694
– continuing operations	24,118	(1,418)	9,271	(20,763)	19,660
– discontinued operations	139	(308)	(40)	83	34
b) Attributable to non-controlling interests	33	77	27	39	234
– continuing operations	33	91	37	39	215
– discontinued operations	0	(14)	(10)	0	19

€000

Nova KBM d.d.	2016				2015
ITEM DESCRIPTION	Q1	Q4	Q3	Q2	Q1
NET PROFIT FOR THE REPORTING PERIOD AFTER TAX	19,845	6,342	5,628	10,554	11,911
OTHER COMPREHENSIVE INCOME/(LOSS) AFTER TAX	5,215	(1,104)	4,122	(16,349)	5,271
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS	0	440	0	0	0
Actuarial gains on defined benefit pension plans	0	440	0	0	0
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS	5,215	(1,544)	4,122	(16,349)	5,271
Gains/(losses) in respect of available-for-sale financial assets	6,283	(1,860)	4,967	(19,698)	6,351
– valuation gains/(losses) taken to equity	6,283	(1,860)	4,967	(19,698)	6,351
Income tax relating to items that may be reclassified to profit or loss	(1,068)	316	(845)	3,349	(1,080)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE REPORTING PERIOD AFTER TAX	25,060	5,238	9,750	(5,795)	17,182

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

3 Interim Statement of Financial Position

€000

ITEM DESCRIPTION	Notes	Nova KBM Group		Nova KBM d.d.	
		31.3.2016	31.12.2015	31.3.2016	31.12.2015
Cash, cash balances at central banks and demand deposits at banks	19	309,379	322,889	221,485	260,860
Financial assets held for trading	20	1,772	1,563	289	116
Financial assets designated at fair value through profit or loss	21	14,669	13,421	14,669	13,421
Available-for-sale financial assets	22	1,678,845	1,675,907	1,441,033	1,442,288
Loans and advances		1,886,129	1,896,388	1,624,824	1,623,522
– loans and advances to banks	23	68,927	61,229	73,894	61,439
– loans and advances to customers	24	1,789,488	1,808,373	1,526,963	1,538,283
– other financial assets	25	27,714	26,786	23,967	23,800
Held-to-maturity financial assets	26	109,691	129,548	28,235	28,566
Non-current assets held for sale and discontinued operations	-	51,934	57,449	1,225	1,239
Property, plant and equipment	-	56,311	57,325	49,212	49,908
Investment property	-	34,057	31,184	31,288	28,439
Intangible assets	-	20,633	21,806	11,097	11,908
Investments in the equity of subsidiaries, associates and joint ventures	-	0	0	99,280	81,400
Tax assets	-	8,459	8,981	8,451	8,721
– current tax assets	-	1,871	1,706	1,863	1,446
– deferred tax assets	-	6,588	7,275	6,588	7,275
Other assets	-	38,634	29,706	14,375	12,967
TOTAL ASSETS	-	4,210,513	4,246,167	3,545,463	3,563,355
Financial liabilities held for trading	-	585	270	585	270
Financial liabilities measured at amortised cost	27	3,439,921	3,494,287	2,852,451	2,895,029
– deposits from banks and central banks	27	6,074	29,768	11,121	32,833
– deposits from customers	27	3,071,875	3,094,447	2,497,203	2,513,618
– loans from banks and central banks	27	306,251	316,242	294,890	299,554
– loans from customers	27	910	909	910	909
– debt securities issued	-	12,260	12,368	14,231	14,418
– subordinated liabilities	27	610	610	0	0
– other financial liabilities	27	41,941	39,943	34,096	33,697
Liabilities included in disposal groups classified as held for sale and discontinued operations	-	52,337	56,941	0	0
Provisions	28	63,600	66,876	55,939	59,085
Tax liabilities	-	3,346	1,641	1,582	0
– current tax liabilities	-	1,632	61	1,582	0
– deferred tax liabilities	-	1,714	1,580	0	0
Other liabilities	-	4,040	3,079	3,117	2,242
TOTAL LIABILITIES	-	3,563,829	3,623,094	2,913,674	2,956,626
Share capital	29	150,000	150,000	150,000	150,000
Share premium	-	360,572	360,572	360,572	360,572
Accumulated other comprehensive income	30	38,694	32,815	31,014	25,799
Translation reserves	-	(3,450)	(3,230)	0	0
Reserves from profit	31	53,963	54,069	53,648	53,648
Retained earnings (including net profit for the reporting period)	-	44,154	25,731	36,555	16,710
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	-	643,933	619,957	631,789	606,729
Equity attributable to non-controlling interests	-	2,751	3,116	0	0
TOTAL EQUITY	-	646,684	623,073	631,789	606,729
TOTAL LIABILITIES AND EQUITY	-	4,210,513	4,246,167	3,545,463	3,563,355

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

4 Interim Statement of Cash Flows

€000

Designation	ITEM DESCRIPTION	Nova KBM Group		Nova KBM d.d.	
		1.1.– 31.3.2016	1.1.– 31.3.2015	1.1.– 31.3.2016	1.1.– 31.3.2015
A.	CASH FLOWS FROM OPERATING ACTIVITIES				
a)	Total profit before tax	19,922	13,298	21,046	12,799
	Depreciation and amortisation	3,022	3,484	2,147	2,466
	Impairment/(reversal of impairment) of loans and advances	1,894	5,206	(1,138)	2,087
	(Reversal of impairment) of held-to-maturity financial assets	(407)	(413)	0	0
	Impairment/(reversal of impairment) of tangible assets, investment property, intangible assets and other assets	(669)	206	0	113
	Share of (profits) of subsidiaries, associates and joint ventures	0	(80)	0	0
	Net (gains)/losses from foreign exchange rate differences	210	(8,688)	386	(8,783)
	Net (gains)/losses from the sale of tangible assets and investment property	(10)	(29)	(5)	5
	Other (gains) from investing activities	(608)	(1,101)	(312)	(583)
	Net unrealised (gains) from non-current assets held for sale and discontinued operations and the liabilities associated therewith	(58)	(63)	(58)	(61)
	Other adjustments to total profit or loss before tax	(3,136)	(57)	(2,995)	666
	Cash flow from operating activities before changes in operating assets and liabilities	20,160	11,763	19,071	8,709
b)	(Increase)/decrease in operating assets (excluding cash equivalents)	23,066	(76,382)	8,518	(85,644)
	Net (increase) in financial assets held for trading	(211)	(587)	(173)	(500)
	Net (increase) in financial assets designated at fair value through profit or loss	(1,248)	(96)	(1,248)	(96)
	Net (increase)/decrease in available-for-sale financial assets	4,116	(114,743)	7,538	(114,088)
	Net decrease in loans and advances	19,516	32,356	3,860	23,860
	Net (increase)/decrease in non-current assets held for sale	(500)	19	(1)	125
	Net (increase)/decrease in other assets	1,393	6,669	(1,458)	5,055
c)	(Decrease) in operating liabilities	(54,712)	(82,043)	(38,898)	(52,148)
	Net increase in financial liabilities held for trading	315	2,168	315	2,227
	Net (decrease) in deposits and loans taken, measured at amortised cost	(55,541)	(70,488)	(39,771)	(35,333)
	Net (decrease) in debt securities in issue, measured at amortised cost	(108)	(6,845)	(187)	(13,197)
	Net increase/(decrease) in other liabilities	622	(6,878)	745	(5,845)
d)	Cash flow from operating activities (a + b + c)	(11,486)	(146,662)	(11,309)	(129,083)
e)	Income taxes (paid)	(439)	(337)	(627)	0
f)	Net cash flow from operating activities (d + e)	(11,925)	(146,999)	(11,936)	(129,083)

€000

Designation	ITEM DESCRIPTION	Nova KBM Group		Nova KBM d.d.	
		1.1.– 31.3.2016	1.1.– 31.3.2015	1.1.– 31.3.2016	1.1.– 31.3.2015
B.	CASH FLOWS FROM INVESTING ACTIVITIES				
a)	Receipts from investing activities	20,948	39,112	677	25,444
	Receipts from the sale of tangible assets and investment property	67	309	33	27
	Receipts from the sale of intangible assets	0	21	0	0
	Receipts from the sale of held-to-maturity financial assets	20,881	38,782	644	25,417
b)	Cash payments on investing activities	(2,100)	(14,609)	(19,475)	(708)
	(Cash payments to acquire tangible assets and investment property)	(523)	(166)	(520)	(115)
	(Cash payments to acquire intangible assets)	(1,153)	(1,117)	(1,075)	(593)
	(Cash payments for the investments in the equity of subsidiaries, associates and joint ventures)	(424)	0	(17,880)	0
	(Cash payments to acquire held-to-maturity financial assets)	0	(13,326)	0	0
c)	Net cash flow from investing activities (a + b)	18,848	24,503	(18,798)	24,736
C.	CASH FLOWS FROM FINANCING ACTIVITIES				
D.	Effects of change in foreign exchange rates on cash and cash equivalents	(1,664)	732	(1,395)	366
E.	Net increase/(decrease) in cash and cash equivalents (Af + Bc + Cc)	6,923	(122,496)	(30,734)	(104,347)
F.	Opening balance of cash and cash equivalents	398,836	477,831	302,382	365,599
G.	Closing balance of cash and cash equivalents (D + E + F)	404,095	356,067	270,253	261,618

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

The balance of cash and cash equivalents as of 31 March 2015 amounted to €356,067,000 and was made up of cash and balances with the central bank, in the amount of €283,778,000, loans and advances to banks with an original maturity of up to three months, in the amount of €52,316,000, and cash and cash equivalents in respect of discontinued operations, totalling €19,973,000.

Cash Flows from Interest, Dividends and Shares in Profits

€000

	Nova KBM Group		Nova KBM d.d.	
	1.1.– 31.3.2016	1.1.– 31.3.2015	1.1.– 31.3.2016	1.1.– 31.3.2015
Interest paid	(6,544)	(14,032)	(5,595)	(10,939)
Interest received	49,046	48,157	34,113	32,089
Dividends and shares in profits received	16	0	12	0

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

5 Interim Statement of Changes in Equity

Interim statement of changes in equity of the Nova KBM Group for the three months ended 31 March 2016

€000

ITEM DESCRIPTION	Share capital	Share premium	Accumulated other comprehensive income	Translation reserves	Reserves from profit	Retained earnings (including net profit for the reporting period)	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
OPENING BALANCE FOR THE REPORTING PERIOD	150,000	360,572	32,815	(3,230)	54,069	25,731	619,957	3,116	623,073
Total comprehensive income for the reporting period after tax	0	0	5,879	(220)	0	18,598	24,257	33	24,290
Transfer of net profit to reserves from profit	0	0	0	0	(106)	106	0	0	0
Other	0	0	0	0	0	(281)	(281)	(398)	(679)
CLOSING BALANCE FOR THE REPORTING PERIOD	150,000	360,572	38,694	(3,450)	53,963	44,154	643,933	2,751	646,684

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

Interim statement of changes in equity of the Nova KBM Group for the three months ended 31 March 2015

€000

ITEM DESCRIPTION	Share capital	Share premium	Accumulated other comprehensive income	Translation reserves	Reserves from profit	Retained earnings (including net profit for the reporting period)	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
OPENING BALANCE FOR THE REPORTING PERIOD	150,000	360,572	42,841	(3,208)	27,895	35,338	613,438	2,919	616,357
Total comprehensive income for the reporting period after tax	0	0	7,515	69	0	12,110	19,694	234	19,928
CLOSING BALANCE FOR THE REPORTING PERIOD	150,000	360,572	50,356	(3,139)	27,895	47,448	633,132	3,153	636,285

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

Interim statement of changes in equity of Nova KBM d.d. for the three months ended 31 March 2016

€000

ITEM DESCRIPTION	Share capital	Share premium	Accumulated other comprehensive income	Reserves from profit	Retained earnings (including net profit for the reporting period)	Total equity
OPENING BALANCE FOR THE REPORTING PERIOD	150,000	360,572	25,799	53,648	16,710	606,729
Total comprehensive income for the reporting period after tax	0	0	5,215	0	19,845	25,060
CLOSING BALANCE FOR THE REPORTING PERIOD	150,000	360,572	31,014	53,648	36,555	631,789

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

Interim statement of changes in equity of Nova KBM d.d. for the three months ended 31 March 2015

€000

ITEM DESCRIPTION	Share capital	Share premium	Accumulated other comprehensive income	Reserves from profit	Retained earnings (including net profit for the reporting period)	Total equity
OPENING BALANCE FOR THE REPORTING PERIOD	150,000	360,572	33,859	27,389	8,527	580,347
Total comprehensive income for the reporting period after tax	0	0	5,271	0	11,911	17,182
Other	0	0	0	0	4	4
CLOSING BALANCE FOR THE REPORTING PERIOD	150,000	360,572	39,130	27,389	20,442	597,533

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

NOTES TO THE FINANCIAL STATEMENTS

NOVA KBM GROUP AND NOVA KBM d.d.

1 General information

Nova KBM is the parent company of the Nova KBM Group which, as of 31 March 2016, comprised the parent company and 11 subsidiary companies.

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

As of 31 March 2016, the share capital of Nova KBM totalled €150,000,000 and was split into 10,000,000 ordinary no-par-value shares, all of which were held by the Republic of Slovenia.

On 30 June 2015, the Slovene Sovereign Holding, Apollo Global Management, LLC (Apollo) and the European Bank for Reconstruction and Development (EBRD) signed the agreement concerning the sale of the Republic of Slovenia's 100% shareholding in Nova KBM.

After all conditions precedent stipulated in the sale agreement had been met, the process of selling Nova KBM was completed on 21 April 2016 when the buyers, Apollo and the EBRD, paid the agreed purchase consideration, based on which Nova KBM shares were registered in their name. The acquisition of Nova KBM was executed through BISER BIDCO S.a.r.l., a special project company established jointly by the buyers, with Apollo acquiring 80% of Nova KBM shares and the EBRD the remaining 20%. By disposing of all of the 10,000,000 shares (with the ticker symbol KBMS) in Nova KBM, the Slovene Sovereign Holding's proportion of voting rights in Nova KBM was reduced from 100.00% to 0.00%, while the proportion of voting rights in Nova KBM by BISER BIDCO S.a.r.l., the purchaser of all of the 10,000,000 Nova KBM shares (with the ticker symbol KBMS), was increased from 0.00% to 100.00%.

The buyers of Nova KBM will endeavour to ensure its further growth, while developing its services and broadening its offerings. Moreover, they will make every effort to strengthen the relationships with Nova KBM's corporate and retail customers, as well as its other stakeholders.

Nova KBM is obliged to prepare consolidated financial statements.

2 Definition of the Nova KBM Group

The Nova KBM Group comprises the parent bank (Nova KBM) and its subsidiary companies.

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

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

² In accordance with IFRS 10, MB Finance is regarded as a special purpose vehicle controlled by Nova KBM. Nova KBM has neither voting rights nor an equity stake in this entity, and the operations of this entity are considered to be immaterial to the Nova KBM Group.

In August 2014, the Adria Bank Supervisory Board reached a decision to start the procedures to terminate the operations of Adria Bank. Adria Bank returned its licence for providing banking services to the FMA on 23 March 2015, the same day on which it ceased its banking operations and met the conditions to wind up its business. On 11 June 2015, Adria Bank was legally transformed from a joint stock company into a limited liability company (GmbH) named 'Adria Abwicklungs', which filed for controlled liquidation on 26 June 2015, in accordance with a ruling made by the relevant court. On 3 September 2015, the Shareholders' Meeting of Adria Abwicklungs GmbH in Liqu. made the decision to reduce the share capital of the company by €8,860,000. This reduction in the share capital was entered into the records kept by the competent Registration Court in Vienna on 18 December 2015. The amount by which the capital of Adria Abwicklungs was reduced is to be repaid to Nova KBM, pursuant to the agreement between the two regarding the repayment of capital. While €3,715,000 was already repaid in December 2015, the remaining balance, which is secured by BAMC bonds, is expected to be repaid by the end of 2016.

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

The liquidation proceedings against KBM Leasing Hrvatska are expected to be completed by the end of 2016, while those against KBM Leasing and Gorica Leasing are planned to be concluded within the next three years.

In December 2014, the Nova KBM Management Board passed a decision to sell KBM Banka, based on which the investment of Nova KBM in KBM Banka was reclassified as non-current assets held for sale. KBM Banka is fully consolidated in the consolidated financial statements, with its assets, liabilities and profit and loss components being presented as separate items.

Since 31 March 2014, KBM Banka has been under-capitalized and subject to specific measures imposed on it by the National Bank of Serbia. Efforts to find an appropriate solution for this banking subsidiary in Serbia continued throughout 2015, with the focus being placed by Nova KBM on the attempts to sell its equity investment in KBM Banka and to withdraw from the Serbian market. Simultaneously with these efforts, work started on developing and evaluating alternative scenarios to be implemented in the event that the sale fails. On 17 February 2016, based on the prior consent of the Nova KBM Supervisory Board, Nova KBM signed the agreement concerning the sale of its 546,683 shares in KBM Banka to a new investor. The number of shares sold by Nova KBM accounted for 89.53% of the total outstanding shares of KBM Banka. Given that all conditions precedent related to its sale were not met until 14 April 2016, KBM Banka is included in the consolidated financial statements for the three-month period ended 31 March 2016 as a fully-consolidated subsidiary of Nova KBM.

In March 2016, KBM Banka acquired from its minority shareholders a 10.47% stake of its own equity, as a result of which Nova KBM became the 100% owner of KBM Banka because the shares purchased by KBM Banka were treated as treasury shares.

On 23 February 2016, as part of the Nova KBM Group's restructuring, and to facilitate the completion of the sale of its investment in the equity of KBM Banka, Nova KBM set up a project company KBM ASCO as its wholly-owned subsidiary. Certain assets of KBM Banka, primarily its NPLs and real estate, were transferred to this company at the end of February. The transfer value of the NPLs was determined based on their (audited) net book value at

the end of 2015, while the transfer value of real estate items was determined based on their fair value valuations made for the end of 2015 by a certified real estate appraiser.

In 2015, Nova KBM started taking steps towards fully merging the operations of PBS with its own, which is one of the strategically most important projects undertaken as part of the restructuring and consolidation of the Nova KBM Group. On 29 March 2016, Nova KBM acquired a 0.8844% equity stake in PBS from Pošta Slovenije, thereby becoming its 100% owner. On the same day, based on the prior consent of the Supervisory Boards of both banks, the Management Boards of Nova KBM and PBS signed the agreement concerning the acquisition of PBS by Nova KBM, which will become legally effective on the day it is registered with the court. Until the legal merger, which is scheduled for 1 July 2016, the banks will continue to operate as separate legal entities, given that, prior to taking any further steps towards their merger, they must obtain the necessary approvals from the ECB and/or the Bank of Slovenia. On the day the merger becomes effective, PBS will cease to exist as an independent legal entity and all its assets, liabilities and rights will be transferred to Nova KBM, with the result that the latter, being a legal successor of PBS, will take over the obligations and rights under all transactions concluded by PBS prior to the merger.

Istra Plan, a company 100% owned by KBM Invest, is not regarded as a business entity. Consequently, only the assets of this company, totalling €231,000, have been included in the consolidated financial statements.

3 Basis for the presentation of consolidated financial statements

The financial statements of the Nova KBM Group and Nova KBM for the three-month period ended 31 March 2016 were authorised for issue on 20 April 2016 by the Nova KBM Management Board.

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

3.1 Statement of compliance and purpose of financial statements

The separate and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (hereafter 'IFRS') as adopted by the European Union.

The interim financial report has been prepared in a condensed form and includes selected explanatory notes as requested in accordance with IAS 34 – Interim Financial Reporting.

The interim financial statements presented herein are unaudited and are regarded as general-purpose financial statements. They are not intended for use by any party for purposes of decision-making concerning ownership, financing or any other specific transactions relating to the Nova KBM Group. Accordingly, users of these interim financial statements should not rely exclusively on the financial statements and should undertake other procedures before making decisions.

3.2 Presentation and functional currency

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

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

4 Significant accounting policies

The accounting policies used by the Nova KBM Group are presented in detail in its 2015 Annual Report.

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

During the interim reporting period and in 2015, the Nova KBM Group did not reclassify any of its financial assets into another category.

Newly adopted standards, revisions and interpretations that have been adopted by the EU and that have or will come into effect in 2016 are presented below:

- **Amendments to various standards – Improvements to IFRSs (cycle 2010–2012)** resulting from the annual improvement project of IFRSs (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording; adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015).
- **Amendments to IAS 19 – Employee Benefits** – Defined Benefit Plans: Employee Contributions; adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015).
- **Amendments to IFRS 11 – Joint Arrangements** – Accounting for Acquisition of Interests in Joint Operations; adopted by the EU on 24 November 2015 (effective for annual periods beginning on or after 1 January 2016).
- **Amendments to IAS 1 – Presentation of Financial Statements** – Disclosure Initiative; adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016).
- **Amendments to IAS 16 – Property, Plant and Equipment, and IAS 38 – Intangible Assets** – Clarification of Acceptable Methods of Depreciation and Amortisation; adopted by the EU on 2 December 2015 (effective for annual periods beginning on or after 1 January 2016).
- **Amendments to IAS 16 – Property, Plant and Equipment, and IAS 41 – Agriculture** – Agriculture: Bearer Plants; adopted by the EU on 23 November 2015 (effective for annual periods beginning on or after 1 January 2016).
- **Amendments to IAS 27 – Separate Financial Statements** – Equity Method in Separate Financial Statements; adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016).
- **Amendments to various standards – Improvements to IFRSs (cycle 2012–2014)** resulting from the annual improvement project of IFRSs (IFRS 5, IFRS 7, IFRS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording; adopted by the EU on 15 December 2015 (effective for annual periods beginning on or after 1 January 2016).

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

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

- **IFRS 9 – Financial Instruments** (effective for annual periods beginning on or after 1 January 2018).

- **IFRS 14 – Regulatory Deferral Accounts** (effective for annual periods beginning on or after 1 January 2016); the European Commission has decided not to launch the endorsement process of this interim standard, but to wait for its final version.
- **IFRS 15 – Revenue from Contracts with Customers** (effective for annual periods beginning on or after 1 January 2018).
- **IFRS 16 – Leases** (effective for annual periods beginning on or after 1 January 2019).
- **Amendments to IFRS 10 – Consolidated Financial Statements, and IAS 28 – Investments in Associates and Joint Ventures** – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (the date of initial application has been postponed for an indefinite period).
- **Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosure of Interests in Other Entities, and IAS 28 – Investments in Associates and Joint Ventures** – Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016).
- **Amendments to IAS 12 – Income Taxes** – Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017).
- **Amendments to IAS 7 – Statement of Cash Flows** – Initiative to disclose additional information about cash flows from financing activities (effective for annual periods beginning on or after 1 January 2017).

Hedge accounting regarding the portfolio of financial assets and liabilities, whose principles have not been adopted by the EU, is still unregulated.

The Nova KBM Group estimates that the application of hedge accounting for the portfolio of financial assets or liabilities pursuant to IAS 39 – Financial Instruments: Recognition and Measurement would not significantly impact its financial statements, if applied as at the statement of financial position date.

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

The effects of the introduction of the new standard on financial instruments (IFRS 9) have not yet been assessed by Nova KBM or the Nova KBM Group. The Nova KBM Management Board is aware that ensuring compliance with this standard will require the implementation of changes in various areas of banking operations (such as changes of work processes, information systems and information support systems, methodologies, methods of providing relevant data, etc.) and the strong involvement of employees. Therefore, in order to ensure timely compliance with the standard, the Management Board has decided to take a project approach to the implementation of necessary changes, inviting an external adviser with experience in standard implementation to participate in the project. The project is divided into the following two phases:

- First phase: the performance of a gap analysis and of an impact analysis.
- Second phase: the development of necessary methodologies (the precise timeline and deadlines for this phase will be determined based on the results of the gap analysis).

As part of the first phase, Nova KBM has carried out the following tasks:

- it has identified the areas that will be significantly affected by the introduction of IFRS 9
- it has drawn up a gap analysis report detailing the classification, measurement and impairment of financial assets according to IFRS 9. Based on an analysis of its business model and an analysis of the characteristics of its contractual cash flows, as well as a comparison of its current processes and methodologies for calculating impairments with what is required to be implemented, the Nova KBM Group has identified the relevant gaps and has given recommendations and proposals regarding the measures to be taken to deal with and to close these gaps.

The first phase of the project, involving an assessment of the preliminary impact of the introduction of IFRS 9 on the Nova KBM Group's financial statements, is expected to be completed in May 2016. The conclusions of the final gap analysis report will serve as a basis for the full implementation of IFRS 9.

Taking into consideration the results of the gap analysis, it is expected that the introduction of IFRS 9 will have an impact on the level of impairment losses and will increase its volatility, mainly as a result of changes made to models for calculating expected credit losses, and to a lesser extent due to changes in the classification and measurement of financial assets.

5 Risk review

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

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

Further details with respect to risk management are provided in the Nova KBM Group's 2015 Annual Report.

5.1 Credit risk

Analysis of exposure to credit risk

Nova KBM Group	Loans to customers		Loans to banks	
	31.3.2016	31.12.2015	31.3.2016	31.12.2015
Individual impairments				
Gross amount	821,925	830,023	1,106	0
Impairment	(532,048)	(532,218)	(1,106)	0
Net amount	289,877	297,805	0	0
Collective impairments				
Credit rating A	989,780	993,030	0	0
Credit rating B	259,090	268,203	0	0
Credit rating C	196,187	197,786	0	0
Credit rating D	23,993	22,257	0	0
Credit rating E	75,002	77,556	0	0
Gross amount	1,544,052	1,558,832	0	0
Impairments	(85,037)	(88,431)	0	0
Net amount	1,459,015	1,470,401	0	0
Net non-impaired loans	40,596	40,167	68,927	61,229
Total net outstanding loans	1,789,488	1,808,373	68,927	61,229

Nova KBM d.d.	Loans to customers		Loans to banks	
	31.3.2016	31.12.2015	31.3.2016	31.12.2015
Individual impairments				
Gross amount	546,063	560,484	5,170	5,170
Impairment	(339,754)	(347,573)	(5,170)	(5,170)
Net amount	206,309	212,911	0	0
Collective impairments				
Credit rating A	883,335	878,222	0	0
Credit rating B	205,331	218,998	0	0
Credit rating C	179,851	177,806	0	0
Credit rating D	21,686	21,395	0	0
Credit rating E	61,338	68,642	0	0
Gross amount	1,351,541	1,365,063	0	0
Impairments	(70,568)	(78,807)	0	0
Net amount	1,280,973	1,286,256	0	0
Net non-impaired loans	39,681	39,116	73,894	61,439
Total net outstanding loans	1,526,963	1,538,283	73,894	61,439

Past-due and unpaid claims

Nova KBM Group	Up to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total	31.3.2016
						Past-due over 90 days as a % of total past-due claims
Banks	31	0	0	179	210	85.24
State	31	5	5	16	57	28.07
Legal entities	6,245	15,938	2,445	493,040	517,668	95.24
Households	1,413	476	301	72,397	74,587	97.06
Total	7,720	16,419	2,751	565,632	592,522	95.46

Nova KBM Group	Up to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total	31.12.2015
						Past-due over 90 days as a % of total past-due claims
Banks	18	0	0	179	197	90.86
State	31	5	5	12	53	22.64
Legal entities	15,732	24,353	623	496,217	536,925	92.42
Households	1,698	433	306	72,270	74,707	96.74
Total	17,479	24,791	934	568,678	611,882	92.94

Nova KBM d.d.	Up to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total	31.3.2016
						Past-due over 90 days as a % of total past-due claims
Banks	0	0	0	179	179	100.00
State	26	0	0	0	26	0.00
Legal entities	2,634	11,579	1,970	301,223	317,406	94.90
Households	1,066	353	254	51,183	52,856	96.83
Total	3,726	11,932	2,224	352,585	370,467	95.17

Nova KBM d.d.	Up to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total	31.12.2015 Past-due over 90 days as a % of total past- due claims
Banks	0	0	0	179	179	100.00
State	26	0	0	0	26	0.00
Legal entities	8,848	23,220	128	303,726	335,922	90.42
Households	884	358	253	51,415	52,910	97.17
Total	9,758	23,578	381	355,320	389,037	91.33

Volume of NPLs and their proportion within total loans

	Nova KBM Group		Nova KBM d.d.	
	31.3.2016	31.12.2015	31.3.2016	31.12.2015
Total gross loans	2,476,606	2,490,251	2,016,349	2,031,272
Total net loans	1,858,415	1,869,602	1,600,857	1,599,722
Net NPLs	310,067	317,945	246,195	253,628
Net NPLs/total net loans (%)	16.68	17.01	15.38	15.85

Analysis of performing loans and NPLs by industry sectors

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

Nova KBM Group			31.3.2016			31.12.2015
Industry sector	Total net loans	Net NPLs	Proportion of NPLs (%)	Total net loans	Net NPLs	Proportion of NPLs (%)
Households	880,658	33,512	3.81	869,362	34,953	4.02
Agriculture and hunting, forestry, fishing	23,505	6,252	26.60	23,893	6,419	26.87
Mining	13,196	233	1.77	13,572	233	1.72
Manufacturing industry	263,996	86,145	32.63	268,828	82,916	30.84
Electricity, gas and steam supply	45,635	953	2.09	51,164	912	1.78
Water supply, waste and sewage management, rehabilitation of the environment	27,324	1,263	4.62	26,887	1,286	4.78
Construction	56,600	30,260	53.46	59,971	34,044	56.77
Trade, maintenance and repair of motor vehicles	168,522	60,261	35.76	179,803	65,371	36.36
Transportation and storage	46,253	7,583	16.39	43,623	3,409	7.81
Accommodation and food service activities	34,215	12,782	37.36	35,400	14,537	41.06
Information and communication activities	17,399	14,028	80.63	17,673	13,385	75.74
Financial intermediation	108,564	8,958	8.25	98,801	8,797	8.90
Real estate activities	26,190	20,840	79.57	27,478	21,792	79.31
Professional, scientific and technical activities	34,810	15,360	44.13	39,292	18,360	46.73
Other various business activities	9,480	2,599	27.42	9,824	2,580	26.26
Public administration and defence services, compulsory social security activities	41,137	444	1.08	43,809	455	1.04
Education	2,594	0	0.00	2,134	0	0.00
Health and welfare security	21,868	6,911	31.60	21,666	6,973	32.18
Arts, entertainment and recreation	32,478	795	2.45	32,449	839	2.59
Other activities	3,991	888	22.25	3,973	684	17.22
Total net loans	1,858,415	310,067	16.68	1,869,602	317,945	17.01

Nova KBM d.d.			31.3.2016			31.12.2015
Industry sector	Total net loans	Net NPLs	Proportion of NPLs (%)	Total net loans	Net NPLs	Proportion of NPLs (%)
Households	783,449	31,497	4.02	772,211	32,792	4.25
Agriculture and hunting, forestry, fishing	18,368	2,826	15.39	18,218	2,854	15.67
Mining	12,933	229	1.77	13,294	229	1.72
Manufacturing industry	211,362	62,679	29.65	215,908	61,040	28.27
Electricity, gas and steam supply	43,328	861	1.99	48,740	862	1.77
Water supply, waste and sewage management, rehabilitation of the environment	21,755	238	1.09	21,424	254	1.19
Construction	41,982	23,325	55.56	44,774	27,001	60.31
Trade, maintenance and repair of motor vehicles	124,318	45,686	36.75	132,575	50,823	38.34
Transportation and storage	44,779	7,295	16.29	42,383	3,105	7.33
Accommodation and food service activities	26,909	9,296	34.55	27,494	10,522	38.27
Information and communication activities	12,528	9,936	79.31	13,591	9,975	73.39
Financial intermediation	119,463	17,426	14.59	106,042	17,465	16.47
Real estate activities	18,808	13,941	74.12	19,633	14,673	74.74
Professional, scientific and technical activities	22,742	11,796	51.87	25,216	12,787	50.71
Other various business activities	5,657	1,489	26.32	5,807	1,471	25.33
Public administration and defence services, compulsory social security activities	35,818	25	0.07	36,041	28	0.08
Education	2,538	0	0.00	2,073	0	0.00
Health and welfare security	19,474	6,878	35.32	19,708	6,939	35.21
Arts, entertainment and recreation	31,608	236	0.75	31,550	272	0.86
Other activities	3,038	536	17.64	3,040	536	17.63
Total net loans	1,600,857	246,195	15.38	1,599,722	253,628	15.85

5.2 Composition of regulatory capital and capital requirements

	Nova KBM Group		Nova KBM d.d.	
	31.3.2016	31.12.2015	31.3.2016	31.12.2015
Tier 1 capital	567,963	569,394	556,772	559,245
Paid-in capital instruments	150,000	150,000	150,000	150,000
Share premium	360,572	360,572	360,572	360,572
Retained earnings and value adjustments of investment property from previous years	31,068	58,733	9,578	35,836
(–) Loss for the current financial year	0	0	0	0
Accumulated other comprehensive income	(2,308)	(4,045)	3,501	1,460
Other reserves	53,963	28,224	53,647	27,389
(–) Intangible assets	(20,633)	(21,806)	(11,096)	(11,908)
(–) Deferred tax assets	(2,367)	(2,284)	(6,556)	(4,104)
(–) Deductions from Common Equity Tier 1 Capital for the net impact of credit risk adjustments and the fair-valued assets	(2,332)	0	(2,874)	0
Additional capital	0	0	0	0
Total capital	567,963	569,394	556,772	559,245
Risk weighted exposure amounts for credit risk	1,923,305	1,969,831	1,767,805	1,762,717
Central governments or central banks	9,250	6,155	4,370	6,155
Regional governments or local authorities	10,904	12,604	6,466	5,761
Public sector entities	1,602	5,193	974	174
Multilateral development banks	0	0	0	0
Institutions	185,352	176,065	155,099	149,192
Corporates	471,048	504,131	412,769	440,199
Retail	635,649	640,485	529,175	531,356
Exposures secured by mortgages on immovable property	93,668	79,667	93,668	79,667
Exposures in default	323,895	344,264	243,488	249,614
Items associated with particular high risk	56,032	57,295	211,541	186,046
Collective investment undertakings	5,135	5,836	2,607	2,815
Equity	937	937	869	869
Other items	129,833	137,199	106,779	110,869
Risk weighted exposure amounts for market risks	29,991	29,697	28,784	26,791
Traded debt instruments	3	10	0	0
Equity instruments	29,967	29,663	28,763	26,767
Foreign exchange	0	0	0	0
Credit value adjustment risk	21	24	21	24
Risk weighted exposure amounts for operational risk	259,323	266,496	208,808	203,088
Total risk weighted exposure amount	2,212,619	2,266,024	2,005,397	1,992,596
Total capital adequacy ratio	25.67%	25.13%	27.76%	28.07%
Tier 1 capital ratio	25.67%	25.13%	27.76%	28.07%

6 Fair value of financial assets and financial liabilities

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

Further details with respect to the policy of determining the fair value of financial assets and financial liabilities are presented in the Nova KBM Group's 2015 Annual Report.

Analysis of fair value hierarchy

Nova KBM Group	31.3.2016				31.12.2015			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Financial assets								
Derivatives	289	0	289	0	116	0	116	0
Financial assets held for trading	1,483	1,483	0	0	1,447	1,447	0	0
– equity financial instruments	1,483	1,483	0	0	1,447	1,447	0	0
Available-for-sale financial assets	1,678,845	1,440,183	232,652	6,010	1,675,907	1,430,315	239,584	6,008
– debt financial instruments	1,652,677	1,435,669	217,008	0	1,649,171	1,425,232	223,939	0
– equity financial instruments	26,168	4,514	15,644	6,010	26,736	5,083	15,645	6,008
Financial assets designated at fair value through profit or loss	14,669	14,669	0	0	13,421	13,421	0	0
– equity financial instruments	14,669	14,669	0	0	13,421	13,421	0	0
Financial liabilities								
Derivatives	585	0	585	0	270	0	270	0

Nova KBM d.d.	31.3.2016				31.12.2015			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Financial assets								
Derivatives	289	0	289	0	116	0	116	0
Available-for-sale financial assets	1,441,033	1,216,344	218,892	5,797	1,442,288	1,211,595	224,896	5,797
– debt financial instruments	1,419,036	1,214,390	204,646	0	1,420,193	1,209,543	210,650	0
– equity financial instruments	21,997	1,954	14,246	5,797	22,095	2,052	14,246	5,797
Financial assets designated at fair value through profit or loss	14,669	14,669	0	0	13,421	13,421	0	0
– equity financial instruments	14,669	14,669	0	0	13,421	13,421	0	0
Financial liabilities								
Derivatives	585	0	585	0	270	0	270	0

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

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

Analysis of transfers between fair value hierarchy levels

Nova KBM Group			31.3.2016			31.12.2015
	Transfer from Level 1 to Level 2	Transfer from Level 2 to Level 1	Transfer from Level 1 to Level 3	Transfer from Level 1 to Level 2	Transfer from Level 2 to Level 1	Transfer from Level 1 to Level 3
Available-for-sale financial assets	0	9,727	0	1,064	0	0
– debt financial instruments	0	9,727	0	1,064	0	0

Nova KBM d.d.			31.3.2016			31.12.2015
	Transfer from Level 1 to Level 2	Transfer from Level 2 to Level 1	Transfer from Level 1 to Level 3	Transfer from Level 1 to Level 2	Transfer from Level 2 to Level 1	Transfer from Level 1 to Level 3
Available-for-sale financial assets	0	8,646	0	0	0	0
– debt financial instruments	0	8,646	0	0	0	0

Movements in financial assets classified into Level 3

Available-for-sale financial assets	Nova KBM Group			Nova KBM d.d.		
	Total	Shares	Stocks	Total	Shares	Stocks
1 January 2015	3,167	2,553	614	3,026	2,540	486
Change due to debt-to-equity conversions	362	362	0	362	362	0
Change in the portfolio of Adria Abwicklungs GmbH in Liqu.	(4)	0	(4)	0	0	0
Change due to the revaluation of shares (PTNR)	(362)	(362)		(362)	(362)	0
Change due to the revaluation of the investment in Visa Europe	2,908	2,908		2,908	2,908	
31 December 2015	6,008	5,318	690	5,797	5,310	487
Change due to a new investment (MESR)	2	2				
31 March 2016	6,010	5,320	690	5,797	5,310	487

In the first quarter of 2016, there were no significant changes in financial assets classified in Level 3.

The 2015 change in the level of financial assets classified in Level 3 of the fair value hierarchy was mainly attributable to the revaluation of the investment in Visa Europe.

Fair value of financial instruments measured at amortised cost

Nova KBM Group					31.3.2016
	Book value	Fair value	Level 1	Level 2	Level 3
Financial assets					
Cash and cash balances at central banks	309,379	309,379	309,379	0	0
Loans and advances to banks	68,927	75,272	0	75,272	0
Loans and advances to customers	1,789,488	1,787,834	0	0	1,787,834
Other financial assets	27,714	27,714	0	0	27,714
Held-to-maturity financial assets	109,691	118,633	107,983	10,650	0
Financial liabilities					
Deposits from banks	6,074	6,285	0	6,285	0
Deposits from customers	3,071,875	3,075,481	0	3,075,481	0
Loans from banks	306,251	306,693	0	306,693	0
Loans from customers	910	911	0	911	0
Debt securities	12,260	13,087	0	13,087	0
Subordinated liabilities	610	610	0	610	0
Other financial liabilities	41,941	41,941	0	0	41,941

Nova KBM Group					31.12.2015
	Book value	Fair value	Level 1	Level 2	Level 3
Financial assets					
Cash and cash balances at central banks	322,889	322,889	322,889	0	0
Loans and advances to banks	61,229	67,165	0	67,165	0
Loans and advances to customers	1,808,373	1,817,154	0	0	1,817,154
Other financial assets	26,786	26,786	0	0	26,786
Held-to-maturity financial assets	129,548	137,745	127,470	10,275	0
Financial liabilities					
Deposits from banks	29,768	29,979	0	29,979	0
Deposits from customers	3,094,447	3,098,048	0	3,098,048	0
Loans from banks	316,242	316,684	0	316,684	0
Loans from customers	909	910	0	910	0
Debt securities	12,368	13,195	0	13,195	0
Subordinated liabilities	610	610	0	610	0
Other financial liabilities	39,943	39,943	0	0	39,943

Nova KBM d.d.					31.3.2016
	Book value	Fair value	Level 1	Level 2	Level 3
Financial assets					
Cash and cash balances at central banks	221,485	221,485	221,485	0	0
Loans and advances to banks	73,894	80,239	0	80,239	0
Loans and advances to customers	1,526,963	1,525,422	0	0	1,525,422
Other financial assets	23,967	23,967	0	0	23,967
Held-to-maturity financial assets	28,235	34,395	29,525	4,870	0
Financial liabilities					
Deposits from banks	11,121	11,332	0	11,332	0
Deposits from customers	2,497,203	2,500,669	0	2,500,669	0
Loans from banks	294,890	295,332	0	295,332	0
Loans from customers	910	911	0	911	0
Debt securities	14,231	15,058	0	15,058	0
Subordinated liabilities	0	0	0	0	0
Other financial liabilities	34,096	34,096	0	0	34,096

Nova KBM d.d.					31.12.2015
	Book value	Fair value	Level 1	Level 2	Level 3
Financial assets					
Cash and cash balances at central banks	260,860	260,860	260,860	0	0
Loans and advances to banks	61,439	67,375	0	67,375	0
Loans and advances to customers	1,538,283	1,546,673	0	0	1,546,673
Other financial assets	23,800	23,800	0	0	23,800
Held-to-maturity financial assets	28,566	34,212	29,529	4,683	0
Financial liabilities					
Deposits from banks	32,833	33,044	0	33,044	0
Deposits from customers	2,513,618	2,517,084	0	2,517,084	0
Loans from banks	299,554	299,996	0	299,996	0
Loans from customers	909	910	0	910	0
Debt securities	14,418	15,245	0	15,245	0
Subordinated liabilities	0	0	0	0	0
Other financial liabilities	33,697	33,697	0	0	33,697

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

7 Reporting by operating segments

Analysis by operating segments as of 31 March 2016

	Banking	Leasing	Fund management	Real estate activity	Other	Total	Inter-segment relationships	31.3.2016 Relationships with third parties
A. Net income/(expenses)	39,180	(403)	1,139	110	73	40,099	(62)	40,161
Interest income	26,722	419	2	0	54	27,197	322	26,875
Interest expenses	(3,646)	(172)	0	(33)	0	(3,851)	(453)	(3,398)
Net interest income	23,076	247	2	(33)	54	23,346	(131)	23,477
Dividend income	16	0	0	0	0	16	0	16
Fee and commission income	15,832	3	1,387	0	0	17,222	121	17,101
Fee and commission expenses	(5,641)	(5)	(302)	(2)	(1)	(5,951)	(82)	(5,869)
Net fee and commission income	10,191	(2)	1,085	(2)	(1)	11,271	39	11,232
Realised gains/(losses) on financial assets and liabilities not measured at fair value through profit or loss	4,200	(394)	78	0	0	3,884	1	3,883
Net gains/(losses) on financial assets and liabilities held for trading	327	0	(14)	0	0	313	1	312
Net gains on financial assets and liabilities designated at fair value through profit or loss	1,248	0	0	0	0	1,248	0	1,248
Net foreign exchange rate differences	(369)	125	0	0	0	(244)	0	(244)
Net gains on derecognition of assets	30	0	0	3	0	33	0	33
Other net operating income/(loss)	461	(379)	(12)	142	20	232	28	204
B. Other items by segments	(18,480)	168	(836)	(100)	(78)	(19,326)	1,181	(20,507)
Administration costs	(18,157)	(743)	(562)	(99)	(78)	(19,639)	(82)	(19,557)
Depreciation and amortisation	(2,513)	(90)	(274)	(1)	0	(2,878)	1	(2,879)
Provisions	3,072	23	0	0	0	3,095	(18)	3,113
Impairment losses	(940)	978	0	0	0	38	1,280	(1,242)
Total profit from non-current assets and disposal groups classified as held for sale	58	0	0	0	0	58	0	58
C. Profit or loss								
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	20,700	(235)	303	10	(5)	20,773	1,119	19,654
Income taxes on continuing operations	(1,201)	0	(54)	0	(1)	(1,256)	(1)	(1,255)
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	19,499	(235)	249	10	(6)	19,517	1,118	18,399
Total profit after tax from discontinued operations	268	0	0	0	0	268	0	268
NET PROFIT/(LOSS) FOR THE REPORTING PERIOD	19,767	(235)	249	10	(6)	19,785	1,118	18,667
D. Segment assets and liabilities								
Total assets	4,269,131	47,590	13,188	6,919	26,798	4,363,626	153,113	4,210,513
– non-current assets held for sale and discontinued operations	51,912	22	0	0	0	51,934	0	51,934
– investments in the equity of associates and joint ventures accounted for using the equity method	99,280	0	0	0	0	99,280	99,280	0
Liabilities (excluding equity) by segments	3,597,406	24,389	678	2,546	26,003	3,651,022	87,193	3,563,829
Total equity	671,725	23,201	12,510	4,373	795	712,604	65,920	646,684
Increase in property, plant and equipment and intangible assets	708	0	2	0	0	710	0	710

The column 'Inter-segment relationships' includes the following items: intra-group income and expenses, additional impairments/reversal of impairments as a result of changing over to a harmonized customer classification across the Nova KBM Group, impairment of loans given to subsidiaries, claims and liabilities between the Nova KBM Group companies, investments in subsidiaries and the proportional share of equity of subsidiaries, and other consolidation entries.

Analysis by operating segments as of 31 March 2015

							31.3.2015	
	Banking	Leasing	Fund management	Real estate activity	Other	Total	Inter-segment relationships	Relationships with third parties
A. Net income/(expenses)	39,597	697	1,425	129	4	41,852	289	41,563
Interest income	33,285	573	2	0	0	33,860	792	33,068
Interest expenses	(8,100)	(219)	0	(89)	0	(8,408)	(568)	(7,840)
Net interest income	25,185	354	2	(89)	0	25,452	224	25,228
Dividend income	0	0	0	0	0	0	0	0
Fee and commission income	18,539	23	1,603	0	0	20,165	153	20,012
Fee and commission expenses	(6,328)	(7)	(384)	(1)	0	(6,720)	(104)	(6,616)
Net fee and commission income	12,211	16	1,219	(1)	0	13,445	49	13,396
Realised gains on financial assets and liabilities not measured at fair value through profit or loss	1,847	3	100	0	0	1,950	1	1,949
Net gains/(losses) on financial assets and liabilities held for trading	(7,589)	0	106	0	0	(7,483)	0	(7,483)
Net gains on financial assets and liabilities designated at fair value through profit or loss	96	0	0	0	0	96	0	96
Net foreign exchange rate differences	8,796	0	0	0	0	8,796	1	8,795
Net gains/(losses) on derecognition of assets	(12)	31	0	4	0	23	1	22
Other net operating income/(loss)	(937)	293	(2)	215	4	(427)	13	(440)
B. Other items by segments	(27,100)	(587)	(826)	(108)	(1)	(28,622)	(368)	(28,254)
Administration costs	(18,924)	(478)	(568)	(106)	(1)	(20,077)	(64)	(20,013)
Depreciation and amortisation	(2,981)	(74)	(258)	(2)	0	(3,315)	0	(3,315)
Provisions	(397)	221	0	0	0	(176)	(172)	(4)
Impairment losses	(4,859)	(256)	0	0	0	(5,115)	(52)	(5,063)
Share of profits of associates and joint ventures accounted for using the equity method	0	0	0	0	0	0	(80)	80
Total profit from non-current assets and disposal groups classified as held for sale	61	0	0	0	0	61	0	61
C. Profit or loss								
PROFIT FROM CONTINUING OPERATIONS	12,497	110	599	21	3	13,230	(79)	13,309
Income taxes on continuing operations	(942)	0	(92)	0	0	(1,034)	1	(1,035)
NET PROFIT FROM CONTINUING OPERATIONS	11,555	110	507	21	3	12,196	(78)	12,274
Total (loss) after tax from discontinued operations	(11)	0	0	0	0	(11)	0	(11)
NET PROFIT FOR THE REPORTING PERIOD	11,544	110	507	21	3	12,185	(78)	12,263
D. Segment assets and liabilities								
Total assets	4,370,652	62,229	14,424	12,269	227	4,459,801	145,715	4,314,086
– non-current assets held for sale and discontinued operations	55,422	586	0	0	0	56,008	0	56,008
– investments in the equity of associates and joint ventures accounted for using the equity method	96,764	0	0	0	0	96,764	93,488	3,276
Liabilities (excluding equity) by segments	3,711,152	25,241	1,123	7,915	1	3,745,432	67,631	3,677,801
Total equity	659,500	36,988	13,301	4,354	226	714,369	78,084	636,285
Increase in property, plant and equipment and intangible assets	370	0	191	0	0	561	0	561

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

Notes to the income statement items

8 Interest income and interest expenses

8.1 Analysis of interest by market segments

	Nova KBM Group				Nova KBM d.d.			
	1.1.– 31.3.2016		1.1.– 31.3.2015		1.1.– 31.3.2016		1.1.– 31.3.2015	
	Income	Expenses	Income	Expenses	Income	Expenses	Income	Expenses
Non-financial companies	7,536	113	10,536	322	6,234	100	7,932	292
State	7,261	93	9,972	307	5,814	32	8,347	174
Banks	664	924	602	1,798	812	900	638	1,706
Other financial organizations	371	296	410	842	300	296	546	828
Households	10,025	1,924	10,391	4,437	8,560	1,694	8,821	3,823
Foreign persons	997	36	1,136	108	831	36	1,010	108
Non-profit institutions serving households	21	12	21	26	20	10	20	22
Total	26,875	3,398	33,068	7,840	22,571	3,068	27,314	6,953
Net interest income	23,477		25,228		19,503		20,361	

8.2 Analysis of interest by type of assets and liabilities

	Nova KBM Group				Nova KBM d.d.			
	1.1.– 31.3.2016		1.1.– 31.3.2015		1.1.– 31.3.2016		1.1.– 31.3.2015	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Interest income								
Financial assets held for trading	4	0	50	0	4	0	50	0
Available-for-sale financial assets	6,221	1,297	7,922	1,689	6,119	70	7,914	349
Loans and deposits (including finance leases and other financial assets)	4,026	14,717	5,712	16,592	3,169	12,896	4,274	14,143
Held-to-maturity financial assets	3	606	38	1,063	0	312	0	583
Other assets	1	0	2	0	1	0	1	0
Total by maturity	10,255	16,620	13,724	19,344	9,293	13,278	12,239	15,075
Total	26,875		33,068		22,571		27,314	
Interest expenses								
Financial liabilities held for trading	0	4	0	48	0	4	0	48
Financial liabilities measured at amortised cost	193	3,034	956	6,836	146	2,784	734	6,171
Other liabilities	167	0	0	0	134	0	0	0
Total by maturity	360	3,038	956	6,884	280	2,788	734	6,219
Total	3,398		7,840		3,068		6,953	
Net interest income	23,477		25,228		19,503		20,361	

9 Dividend income

	Nova KBM Group		Nova KBM d.d.	
	1.1.– 31.3.2016	1.1.– 31.3.2015	1.1.– 31.3.2016	1.1.– 31.3.2015
Available-for-sale financial assets	16	0	12	0
Total	16	0	12	0

10 Fee and commission income and fee and commission expenses

	Nova KBM Group		Nova KBM d.d.	
	1.1.– 31.3.2016	1.1.– 31.3.2015	1.1.– 31.3.2016	1.1.– 31.3.2015
Fee and commission income	17,101	20,012	8,977	10,534
Guarantees	689	859	583	737
Payment transactions	9,740	10,662	4,288	4,590
Brokerage and agency services	135	200	119	185
Transactions in securities for customers	182	116	182	116
Lending operations	658	1,259	528	836
Other services	5,697	6,916	3,277	4,070
Fee and commission expenses	5,869	6,616	789	857
Banking services	1,598	1,695	661	774
Brokerage and agency services	208	229	4	13
Stock exchange transactions and other transactions in securities	37	29	34	27
Payment transactions	3,812	4,336	23	38
Other services	214	327	67	5
Net fee and commission income	11,232	13,396	8,188	9,677

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

Nova KBM Group	1.1.– 31.3.2016			1.1.– 31.3.2015		
	Realised gains	Realised losses	Net realised gains	Realised gains	Realised losses	Net realised gains
Available-for-sale financial assets	1,827	0	1,827	238	0	238
Loans and advances (including finance leases)	2,306	445	1,861	1,783	82	1,701
Financial liabilities measured at amortised cost	1	0	1	1	0	1
Other financial assets and liabilities	245	51	194	54	45	9
Total	4,379	496	3,883	2,076	127	1,949

Nova KBM d.d.	1.1.– 31.3.2016			1.1.– 31.3.2015		
	Realised gains	Realised losses	Net realised gains	Realised gains	Realised losses	Net realised gains
Available-for-sale financial assets	1,749	0	1,749	138	0	138
Loans and advances (including finance leases)	2,292	6	2,286	1,703	50	1,653
Other financial assets and liabilities	244	48	196	0	0	0
Total	4,285	54	4,231	1,841	50	1,791

12 Net gains and losses on financial assets and liabilities held for trading

Nova KBM Group	1.1.– 31.3.2016			1.1.– 31.3.2015		
	Gains	Losses	Net gains/ (losses)	Gains	Losses	Net gains/ (losses)
Trading in equity instruments	10	25	(15)	190	100	90
Trading in debt securities	19	0	19	29	0	29
Trading in foreign exchange (purchase/sale)	327	154	173	725	381	344
Trading in derivatives	813	678	135	1,039	8,968	(7,929)
– futures/forwards	641	280	361	934	8,847	(7,913)
– swaps	139	116	23	48	45	3
– other derivatives	33	282	(249)	57	76	(19)
Trading in financial liabilities	0	0	0	0	17	(17)
Total	1,169	857	312	1,983	9,466	(7,483)

Nova KBM d.d.	1.1.– 31.3.2016			1.1.– 31.3.2015		
	Gains	Losses	Net gains/ (losses)	Gains	Losses	Net gains/ (losses)
Trading in equity instruments	0	0	0	22	15	7
Trading in debt securities	19	0	19	29	0	29
Trading in foreign exchange (purchase/sale)	297	151	146	682	376	306
Trading in derivatives	813	678	135	1,035	8,968	(7,933)
– futures/forwards	641	280	361	934	8,847	(7,913)
– swaps	139	116	23	44	45	(1)
– other derivatives	33	282	(249)	57	76	(19)
Trading in financial liabilities	0	0	0	0	17	(17)
Total	1,129	829	300	1,768	9,376	(7,608)

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

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

Nova KBM Group and Nova KBM d.d.	1.1.– 31.3.2016			1.1.– 31.3.2015		
	Gains	Losses	Net gains	Gains	Losses	Net gains
Financial assets designated at fair value through profit or loss	1,375	127	1,248	380	284	96
Total	1,375	127	1,248	380	284	96

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

14 Net gains and losses from foreign exchange rate differences

	Nova KBM Group		Nova KBM d.d.	
	1.1.– 31.3.2016	1.1.– 31.3.2015	1.1.– 31.3.2016	1.1.– 31.3.2015
Foreign exchange gains	4,602	17,513	3,887	17,290
Foreign exchange losses	4,846	8,718	4,273	8,507
Net foreign exchange gains/(losses)	(244)	8,795	(386)	8,783

15 Administration costs

	Nova KBM Group		Nova KBM d.d.	
	1.1.– 31.3.2016	1.1.– 31.3.2015	1.1.– 31.3.2016	1.1.– 31.3.2015
Staff costs	10,794	11,545	8,377	8,161
Gross salaries	8,111	8,913	6,279	6,377
Social security and pension insurance contribution	1,308	1,475	1,018	1,025
Pay for annual leave	526	274	449	223
Other staff costs	849	883	631	536
General and administrative costs	8,763	8,468	6,432	6,258
Costs of materials	587	765	467	575
Costs of services	6,097	5,150	4,522	4,016
Maintenance costs of fixed assets	1,275	1,450	861	925
Advertising costs	397	438	297	328
Other administrative costs	407	665	285	414
Total administration costs	19,557	20,013	14,809	14,419

16 Provisions

	Nova KBM Group		Nova KBM d.d.	
	1.1.– 31.3.2016	1.1.– 31.3.2015	1.1.– 31.3.2016	1.1.– 31.3.2015
Provisions for off-balance sheet liabilities	(3,028)	(1,335)	(2,995)	(946)
Provisions for tax claims and other pending legal issues	(10)	1,405	0	1,612
Other provisions	(75)	(66)	0	0
Total	(3,113)	4	(2,995)	666

17 Impairment losses

	Nova KBM Group		Nova KBM d.d.	
	1.1.– 31.3.2016	1.1.– 31.3.2015	1.1.– 31.3.2016	1.1.– 31.3.2015
Financial assets not measured at fair value through profit or loss	1,909	4,881	(1,138)	2,087
Other assets	(667)	182	0	113
Total	1,242	5,063	(1,138)	2,200

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

	Nova KBM Group		Nova KBM d.d.	
	1.1.– 31.3.2016	1.1.– 31.3.2015	1.1.– 31.3.2016	1.1.– 31.3.2015
Financial assets measured at amortised cost	1,909	4,881	(1,138)	2,087
– demand deposits at banks	(6)	0	(6)	(34)
– loans and advances to banks	0	(1)	1	1
– loans and advances to customers	1,422	4,195	(1,593)	1,629
– other financial assets	493	687	460	491
Total	1,909	4,881	(1,138)	2,087

18 Income taxes on continuing operations

	Nova KBM Group		Nova KBM d.d.	
	1.1.– 31.3.2016	1.1.– 31.3.2015	1.1.– 31.3.2016	1.1.– 31.3.2015
Income tax on continuing operations	(1,636)	(92)	(1,582)	0
Deferred tax relating to continuing operations	381	(943)	381	(888)
Total	(1,255)	(1,035)	(1,201)	(888)

Notes to the statement of financial position items

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

	Nova KBM Group		Nova KBM d.d.	
	31.3.2016	31.12.2015	31.3.2016	31.12.2015
Cash in hand	69,547	68,702	49,046	46,950
Cash balances at central banks	223,420	215,746	158,771	178,219
Demand deposits at banks	16,412	38,441	13,668	35,691
Total	309,379	322,889	221,485	260,860

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

19.1 Cash and cash equivalents

	Nova KBM Group		Nova KBM d.d.	
	31.3.2016	31.12.2015	31.3.2016	31.12.2015
Cash, cash balances at central banks and demand deposits at banks	309,379	322,889	221,485	260,860
Loans and advances to banks	53,926	46,706	48,768	41,522
Cash and cash equivalents of discontinued operations	40,790	29,241	0	0
Total	404,095	398,836	270,253	302,382

20 Financial assets held for trading

	Nova KBM Group		Nova KBM d.d.	
	31.3.2016	31.12.2015	31.3.2016	31.12.2015
Derivatives	289	116	289	116
Equity instruments	1,483	1,447	0	0
Total	1,772	1,563	289	116
Unquoted	1,772	1,563	289	116
Total	1,772	1,563	289	116

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

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

20.1 Movements in financial assets held for trading

	Nova KBM Group		Nova KBM d.d.	
	2016	2015	2016	2015
1 January	1,563	1,841	116	187
Increase during the year	29,467	63,804	29,382	62,966
– acquisition	29,248	63,387	29,191	62,826
– change in fair value (recovery and reversal of impairment)	201	216	173	0
– other (deferred interest, realised gains)	18	201	18	140
Decrease during the year	29,258	64,082	29,209	63,037
– disposal (sale and redemption)	29,216	63,605	29,209	62,879
– change in fair value (impairment and reversal of recovery)	42	390	0	71
– foreign exchange rate differences	0	2	0	2
– other (deferred interest, realised losses)	0	85	0	85
31 March 2016/31 December 2015	1,772	1,563	289	116

21 Financial assets designated at fair value through profit or loss

	Nova KBM Group		Nova KBM d.d.	
	31.3.2016	31.12.2015	31.3.2016	31.12.2015
Quoted equity instruments	14,669	13,421	14,669	13,421
Total	14,669	13,421	14,669	13,421

As of 31 March 2016, the Nova KBM Group had no assets of this portfolio pledged as collateral, and during the three-month period ended 31 March 2016, it did not receive any financial assets of this portfolio from the realisation of collateral provided as security for loans.

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

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

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

	Nova KBM Group		Nova KBM d.d.	
	2016	2015	2016	2015
1 January	13,421	17,857	13,421	17,857
Increase during the year	1,248	0	1,248	0
– change in fair value (recovery and reversal of impairment)	1,248	0	1,248	0
Decrease during the year	0	4,436	0	4,436
– change in fair value (impairment and reversal of recovery)	0	4,436	0	4,436
31 March 2016/31 December 2015	14,669	13,421	14,669	13,421

22 Available-for-sale financial assets

22.1 Analysis by type

	Nova KBM Group		Nova KBM d.d.	
	31.3.2016	31.12.2015	31.3.2016	31.12.2015
Equity instruments	26,168	26,736	21,997	22,095
Debt securities issued by the state and the central banks	1,299,016	1,320,329	1,093,957	1,106,992
Debt securities issued by banks	298,493	282,552	277,100	274,009
Other debt securities	55,168	46,290	47,979	39,192
Total	1,678,845	1,675,907	1,441,033	1,442,288

As of 31 March 2016, the Nova KBM Group had assets of this portfolio worth €534,061,000 pledged with the Bank of Slovenia for the pool of collateral, the guarantee scheme, the guaranteed claims of depositors and the Bank Resolution Fund.

During the three-month period ended 31 March 2016, the Nova KBM Group did not receive any financial assets of this portfolio from the realisation of collateral provided as security for loans.

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

22.2 Movements in available-for-sale financial assets

Nova KBM Group	Equity instruments	Debt securities	Total
1 January 2016	26,736	1,649,171	1,675,907
Recognition of additional financial assets	2	108,166	108,168
Interest	0	(10,803)	(10,803)
Net revaluation through equity	(251)	7,323	7,072
Derecognition of financial assets upon disposal	(2,041)	(5,459)	(7,500)
Derecognition of financial assets upon maturity	0	(95,826)	(95,826)
Net gains on sale	1,722	105	1,827
31 March 2016	26,168	1,652,677	1,678,845

Nova KBM Group	Equity instruments	Debt securities	Total
1 January 2015	19,014	1,463,106	1,482,120
Recognition of additional financial assets	17,290	684,011	701,301
Interest	0	(269)	(269)
Net revaluation through equity	(3,820)	(8,851)	(12,671)
Net impairments through profit or loss	(1,639)	0	(1,639)
Derecognition of financial assets upon disposal	(10,050)	(54,541)	(64,591)
Derecognition of financial assets upon maturity	0	(436,788)	(436,788)
Net gains on sale	5,941	2,503	8,444
31 December 2015	26,736	1,649,171	1,675,907

Nova KBM d.d.	Equity instruments	Debt securities	Total
1 January 2016	22,095	1,420,193	1,442,288
Recognition of additional financial assets	0	79,350	79,350
Interest	0	(7,836)	(7,836)
Net revaluation through equity	(96)	6,379	6,283
Derecognition of financial assets upon disposal	(1,646)	(5,458)	(7,104)
Derecognition of financial assets upon maturity	0	(73,697)	(73,697)
Net gains on sale	1,644	105	1,749
31 March 2016	21,997	1,419,036	1,441,033

Nova KBM d.d.	Equity instruments	Debt securities	Total
1 January 2015	13,778	1,261,435	1,275,213
Recognition of additional financial assets	15,891	643,209	659,100
Interest	0	(76)	(76)
Net revaluation through equity	(2,823)	(7,417)	(10,240)
Net impairments through profit or loss	(1,639)	0	(1,639)
Derecognition of financial assets upon disposal	(8,189)	(50,632)	(58,821)
Derecognition of financial assets upon maturity	0	(428,387)	(428,387)
Net gains on sale	5,077	2,061	7,138
31 December 2015	22,095	1,420,193	1,442,288

23 Loans and advances to banks

	Nova KBM Group		Nova KBM d.d.	
	31.3.2016	31.12.2015	31.3.2016	31.12.2015
Current loans	65,002	56,211	63,770	51,539
Impairment of current loans	(1,106)	0	0	0
Non-current loans	5,031	5,018	15,294	15,070
Impairment of non-current loans	0	0	(5,170)	(5,170)
Total – net amount	68,927	61,229	73,894	61,439
Impairment	1,106	0	5,170	5,170
Total – gross amount	70,033	61,229	79,064	66,609

24 Loans and advances to customers

	Nova KBM Group		Nova KBM d.d.	
	31.3.2016	31.12.2015	31.3.2016	31.12.2015
Current loans	377,956	397,479	228,562	251,756
Impairment of current loans	(131,164)	(130,743)	(43,790)	(52,767)
Non-current loans	2,012,021	2,015,270	1,693,654	1,697,966
Impairment of non-current loans	(473,205)	(477,644)	(355,152)	(362,363)
Claims under guarantees	16,596	16,273	15,069	14,941
Impairment of claims under guarantees	(12,716)	(12,262)	(11,380)	(11,250)
Total – net amount	1,789,488	1,808,373	1,526,963	1,538,283
Impairment	617,085	620,649	410,322	426,380
Total – gross amount	2,406,573	2,429,022	1,937,285	1,964,663

24.1 Movements in impairments of loans and advances to customers

	Nova KBM Group		Nova KBM d.d.	
	2016	2015	2016	2015
1 January	620,649	618,827	426,380	411,999
Additional impairment of principals	1,422	41,551	(1,593)	19,628
Additional impairment/reversal of impairment of interest	(1,755)	11,849	(1,517)	9,365
Additional impairment/reversal of impairment of fees	(4)	34	(4)	34
Write-off of loans and advances to customers	(19,653)	(43,919)	(12,849)	(24,169)
Foreign exchange rate differences	37	16	0	0
Assets received from subsidiaries	0	0	(95)	12,066
Other impairments	16,389	(7,709)	0	(2,543)
31 March 2016/31 December 2015	617,085	620,649	410,322	426,380

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

25 Other financial assets

	Nova KBM Group		Nova KBM d.d.	
	31.3.2016	31.12.2015	31.3.2016	31.12.2015
Cheques	26	30	22	27
Claims for fees and commissions	1,542	1,821	918	1,184
Accounts receivables	3,276	2,618	906	92
Other financial assets	22,870	22,317	22,121	22,497
Total – net amount	27,714	26,786	23,967	23,800
Impairment	11,990	11,674	2,441	2,170
Total – gross amount	39,704	38,460	26,408	25,970

Other financial assets of the Nova KBM Group at the end of both March 2016 and the year 2015 were mostly made up of the claims accounted for in respect of transactions with households (transactions under credit and charge cards).

The balance of Nova KBM's other financial assets at the end of both March 2016 and the year 2015 included a claim of €4,815,000 against Adria Abwicklungs with respect to the repayment of its share capital.

25.1 Movements in other financial assets

	Nova KBM Group		Nova KBM d.d.	
	2016	2015	2016	2015
1 January	11,674	4,552	2,170	1,537
Additional impairment of principals	493	2,746	460	597
Additional impairment/reversal of impairment of interest	(4)	18	4	19
Additional impairment/reversal of impairment of fees	3	(27)	5	(27)
Write-off of other financial assets	(202)	(936)	(198)	(289)
Foreign exchange rate differences	23	1	0	2
Other	3	5,320	0	331
31 March 2016/31 December 2015	11,990	11,674	2,441	2,170

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

26 Held-to-maturity financial assets

	Nova KBM Group		Nova KBM d.d.	
	31.3.2016	31.12.2015	31.3.2016	31.12.2015
Debt securities	109,691	129,548	28,235	28,566
– current securities issued by the state and the central banks	9,998	17,495	0	0
– non-current securities issued by the state and the central banks	90,992	98,338	24,321	24,699
– non-current securities issued by banks and savings banks	0	5,114	0	0
– non-current securities issued by other issuers	8,701	8,601	3,914	3,867
Total	109,691	129,548	28,235	28,566
Quoted	109,691	129,548	28,235	28,566
Total	109,691	129,548	28,235	28,566

As of 31 March 2016, the Nova KBM Group had assets of this portfolio worth €67,909,000 pledged with the Bank of Slovenia for the pool of collateral and the guarantee scheme.

26.1 Movements in held-to-maturity financial assets

	Nova KBM Group		Nova KBM d.d.	
	2016	2015	2016	2015
1 January	129,548	206,540	28,566	89,950
Increase during the year	609	38,291	313	1,695
– acquisition	0	34,982	0	0
– other (deferred interest)	609	3,309	313	1,695
Decrease during the year	20,466	115,283	644	63,079
– disposal (sale and redemption)	17,393	109,204	0	60,000
– other (interest received)	3,073	6,079	644	3,079
31 March 2016/31 December 2015	109,691	129,548	28,235	28,566

27 Financial liabilities measured at amortised cost

	Nova KBM Group		Nova KBM d.d.	
	31.3.2016	31.12.2015	31.3.2016	31.12.2015
Deposits	3,077,949	3,124,215	2,508,324	2,546,451
Loans	307,161	317,151	295,800	300,463
Debt securities	12,260	12,368	14,231	14,418
Subordinated liabilities	610	610	0	0
Other financial liabilities	41,941	39,943	34,096	33,697
Total	3,439,921	3,494,287	2,852,451	2,895,029

27.1 Deposits by type of customers and maturity

	Nova KBM Group		Nova KBM d.d.	
	31.3.2016	31.12.2015	31.3.2016	31.12.2015
Deposits from banks	6,074	29,768	11,121	32,833
– demand deposits	5,741	29,435	10,785	32,497
– current deposits	333	333	336	336
Deposits from customers	3,071,875	3,094,447	2,497,203	2,513,618
– demand deposits	1,842,518	1,807,122	1,438,002	1,408,068
– current deposits	388,270	425,582	306,229	335,784
– non-current deposits	841,087	861,743	752,972	769,766
Total	3,077,949	3,124,215	2,508,324	2,546,451

27.2 Loans by type of customers and maturity

	Nova KBM Group		Nova KBM d.d.	
	31.3.2016	31.12.2015	31.3.2016	31.12.2015
Loans from banks	306,251	316,242	294,890	299,554
– non-current loans	306,251	316,242	294,890	299,554
Loans from customers	910	909	910	909
– non-current loans	910	909	910	909
Total	307,161	317,151	295,800	300,463

27.3 Subordinated liabilities

Nova KBM Group					
	Currency	Date of maturity	Interest rate	31.3.2016	31.12.2015
Subordinated debt					
Adria Abwicklungs GmbH in Liqu.	EUR	perpetual; call option on each 28.12.	variable	610	610
Total				610	610

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

27.4 Other financial liabilities

	Nova KBM Group		Nova KBM d.d.	
	31.3.2016	31.12.2015	31.3.2016	31.12.2015
Liabilities for fees and commissions	2	8	2	7
Liabilities for gross salaries of employees	2,937	3,132	2,277	2,407
Liabilities to suppliers	1,292	4,712	919	4,047
Liabilities related to payment card transactions	16,600	12,978	16,285	12,943
Liabilities related to ATM transactions	2,017	1,642	1,845	1,485
Liabilities related to funds provided by customers for making payments abroad	1,954	378	1,904	378
Liabilities related to cash transactions	4,986	2,198	1,341	969
Accruals and deferred income	6,851	7,403	3,823	4,073
Surplus arising from authorized transactions for customers	81	56	81	56
Other financial liabilities	5,221	7,436	5,619	7,332
Total	41,941	39,943	34,096	33,697

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

28 Provisions

Nova KBM Group	Provisions for restructuring	Provisions for pending legal issues	Provisions for pensions and similar benefits	Provisions for off-balance sheet liabilities	Other provisions	Total
1 January 2016	2,456	20,672	6,160	33,387	4,201	66,876
Net creation of provisions through profit or loss	0	(10)	(62)	(3,028)	(13)	(3,113)
– provisions made during the year	0	0	0	3,107	0	3,107
– provisions reversed during the year	0	(10)	(62)	(6,135)	(13)	(6,220)
Provisions used during the year	(16)	(132)	(14)	0	0	(162)
Other	0	0	(1)	0	0	(1)
31 March 2016	2,440	20,530	6,083	30,359	4,188	63,600

Nova KBM Group	Provisions for restructuring	Provisions for pending legal issues	Provisions for pensions and similar benefits	Provisions for off-balance sheet liabilities	Other provisions	Total
1 January 2015	2,028	18,753	7,334	52,272	2,624	83,011
Net creation of provisions through profit or loss	1,995	4,879	625	(18,885)	1,744	(9,642)
– provisions made during the year	1,995	11,555	1,187	24,115	1,790	40,642
– provisions reversed during the year	0	(6,676)	(562)	(43,000)	(46)	(50,284)
Net reversal of provisions through equity	0	0	(511)	0	0	(511)
Provisions used during the year	(1,567)	(2,960)	(1,290)	0	(167)	(5,984)
Foreign exchange rate differences	0	0	1	0	0	1
Other	0	0	1	0	0	1
31 December 2015	2,456	20,672	6,160	33,387	4,201	66,876

Nova KBM d.d.	Provisions for restructuring	Provisions for pending legal issues	Provisions for pensions and similar benefits	Provisions for off-balance sheet liabilities	Other provisions	Total
1 January 2016	2,456	19,054	4,318	32,949	308	59,085
Net creation of provisions through profit or loss	0	0	0	(2,995)	0	(2,995)
– provisions made during the year	0	0	0	2,845	0	2,845
– provisions reversed during the year	0	0	0	(5,840)	0	(5,840)
Provisions used during the year	(16)	(121)	(14)	0	0	(151)
31 March 2016	2,440	18,933	4,304	29,954	308	55,939

Nova KBM d.d.	Provisions for restructuring	Provisions for pending legal issues	Provisions for pensions and similar benefits	Provisions for off-balance sheet liabilities	Other provisions	Total
1 January 2015	2,028	17,508	4,651	50,225	193	74,605
Net creation of provisions through profit or loss	1,995	3,937	249	(17,276)	282	(10,813)
– provisions made during the year	1,995	10,255	364	22,190	285	35,089
– provisions reversed during the year	0	(6,318)	(115)	(39,466)	(3)	(45,902)
Net reversal of provisions through equity	0	0	(440)	0	0	(440)
Provisions used during the year	(1,567)	(2,391)	(142)	0	(167)	(4,267)
31 December 2015	2,456	19,054	4,318	32,949	308	59,085

29 Share capital

Nova KBM Group and Nova KBM d.d.	31.3.2016	31.12.2015
Ordinary shares	150,000	150,000
– subscribed by the state	150,000	150,000

In the three-month period ended 31 March 2016 and during 2015, the Nova KBM Group did not purchase or sell treasury shares, and no treasury shares were held by Nova KBM at the end of March 2016, nor were shares of Nova KBM held by any of the Nova KBM Group companies.

30 Accumulated other comprehensive income

	Nova KBM Group		Nova KBM d.d.	
	31.3.2016	31.12.2015	31.3.2016	31.12.2015
Accumulated other comprehensive income in respect of available-for-sale financial assets	38,743	32,863	31,007	25,792
– revaluation	46,678	39,590	37,358	31,075
– deferred taxes	(7,935)	(6,727)	(6,351)	(5,283)
Accumulated other comprehensive income/(loss) in respect of actuarial gains or losses on defined benefit pension plans	(49)	(48)	7	7
– revaluation	(53)	(52)	7	7
– deferred taxes	4	4	0	0
Total	38,694	32,815	31,014	25,799

30.1 Movements in accumulated other comprehensive income

	Nova KBM Group		Nova KBM d.d.	
	2016	2015	2016	2015
1 January	32,815	42,841	25,799	33,859
Net change arising from the valuation of available-for-sale financial assets	7,088	(12,634)	6,283	(10,240)
– recognised gains/(losses)	7,088	(12,779)	6,283	(10,240)
– transfer of gains to profit or loss	0	145	0	0
Net change in accumulated other comprehensive income in respect of actuarial gains or losses on defined benefit pension plans	(1)	499	0	440
Net change in deferred taxes	(1,208)	2,109	(1,068)	1,740
31 March 2016/31 December 2015	38,694	32,815	31,014	25,799

31 Reserves from profit

	Nova KBM Group		Nova KBM d.d.	
	31.3.2016	31.12.2015	31.3.2016	31.12.2015
Regulatory reserves	3,833	3,939	3,518	3,518
Statutory reserves	33,420	33,420	33,420	33,420
Other reserves from profit	16,710	16,710	16,710	16,710
Total	53,963	54,069	53,648	53,648

31.1 Movements in reserves from profit

	Nova KBM Group		Nova KBM d.d.	
	2016	2015	2016	2015
1 January	54,069	27,895	53,648	27,389
Increase/(decrease) in regulatory reserves	(106)	1,637	0	1,722
Increase in statutory reserves	0	16,358	0	16,358
Increase in other reserves	0	8,179	0	8,179
31 March 2016/31 December 2015	53,963	54,069	53,648	53,648

In accordance with the provisions of the Companies Act (ZGD-1) and Nova KBM's Articles of Association, the Nova KBM Management Board has, with the consent of the Supervisory Board, appropriated the 2015 net profit to reserves as follows:

- for regulatory reserves: €1,722,000
- for statutory reserves: €16,358,000
- for other reserves from profit: €8,179,000.

Other notes

32 Commitments and contingent liabilities by type

	Nova KBM Group		Nova KBM d.d.	
	31.3.2016	31.12.2015	31.3.2016	31.12.2015
Guarantees	234,690	257,387	209,023	229,312
– financial guarantees	74,429	75,150	68,873	69,294
– service guarantees	160,261	182,237	140,150	160,018
Unsecured letters of credit	0	0	158	168
Approved and undrawn loans	166,671	145,430	162,097	142,021
Approved and undrawn overdrafts	191,297	190,447	165,032	163,914
Approved credit lines	4,009	7,386	0	0
Total	596,667	600,650	536,310	535,415

33 Related party transactions

33.1 Statement of financial position and off-balance sheet items

	Subsidiaries	
	Nova KBM d.d.	
	31.3.2016	31.12.2015
Assets		
Deposits and loans given (gross amount)	43,820	44,782
– deposits and loans to banks	15,309	15,090
– loans to customers	23,345	24,811
– other financial assets	5,166	4,881
Investments in securities	99,280	81,400
– equity instruments	99,280	81,400
Other claims	29	0
Liabilities		
Deposits and loans received	23,174	15,314
– deposits and loans from banks	5,047	3,066
– deposits and loans from customers	17,344	12,079
– other financial liabilities	783	169
Securities issued	1,971	2,049
– debt securities	1,971	2,049
Other liabilities	1	9
Off-balance sheet items	2,661	2,175

	Key management personnel						Other related persons	
	Nova KBM Group		Nova KBM d.d.		Nova KBM Group		Nova KBM d.d.	
	31.3.2016	31.12.2015	31.3.2016	31.12.2015	31.3.2016	31.12.2015	31.3.2016	31.12.2015
Assets								
Deposits and loans given (gross amount)	266	257	243	257	712	562	321	269
– loans to customers	266	257	243	257	712	562	321	269
Investments in securities	0	1,527	0	1,527	0	417	0	383
– equity instruments	0	1,527	0	1,527	0	417	0	383
Other claims	0	0	0	0	2	0	1	0
Liabilities								
Deposits and loans received	475	441	432	396	1,606	1,432	794	803
– deposits and loans from banks	0	0	0	0	0	0	0	0
– deposits and loans from customers	475	441	432	396	1,606	1,350	794	721
– other financial liabilities	0	0	0	0	0	82	0	82
Off-balance sheet items	65	57	64	57	151	184	100	117

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

Other related persons of the Nova KBM Group include:

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

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

33.2 Income statement

	Associates		Associates		Subsidiaries	
	Nova KBM Group		Nova KBM d.d.		Nova KBM d.d.	
	1.1.–31.3.2016	1.1.–31.3.2015	1.1.–31.3.2016	1.1.–31.3.2015	1.1.–31.3.2016	1.1.–31.3.2015
Net interest income	0	(22)	0	(22)	310	634
Net fee and commission income	0	1	0	1	116	128
Other operating income	0	8	0	0	6	4
Costs of services	0	(5)	0	0	(6)	(8)
Loan impairments	0	0	0	0	493	648
Provisions	0	0	0	0	(18)	(171)
Total profit/(loss)	0	(18)	0	(21)	901	1,235

	Key management personnel				Other related persons			
	Nova KBM Group		Nova KBM d.d.		Nova KBM Group		Nova KBM d.d.	
	1.1.– 31.3.2016	1.1.– 31.3.2015	1.1.– 31.3.2016	1.1.– 31.3.2015	1.1.– 31.3.2016	1.1.– 31.3.2015	1.1.– 31.3.2016	1.1.– 31.3.2015
Net interest income	0	1	0	1	1	476	2	3
Net fee and commission income	1	0	1	0	1	(31)	1	2
Costs of services	(63)	(41)	(50)	(38)	(872)	(520)	(752)	(470)
Impairments	0	0	0	0	0	116	0	0
Provisions	0	0	0	0	2	45	2	0
Total profit/(loss)	(62)	(40)	(49)	(37)	(868)	86	(747)	(465)

33.3 Loans and guarantees given

Nova KBM Group	Management Board members		Supervisory Board members		Other Nova KBM Group employees on individual contracts	
	31.3.2016	31.12.2015	31.3.2016	31.12.2015	31.3.2016	31.12.2015
Loans	0	0	22	23	2,018	1,907
Average interest rate on loans (%)	7.95	3.23	2.93	3.42	3.12	3.06
Repayments	0	3	1	6	102	487

Nova KBM d.d.	Management Board members		Supervisory Board members		Other Nova KBM employees on individual contracts	
	31.3.2016	31.12.2015	31.3.2016	31.12.2015	31.3.2016	31.12.2015
Loans	0	0	22	23	1,179	1,142
Average interest rate on loans (%)	7.95	3.23	2.93	3.42	2.83	2.89
Repayments	0	3	1	6	51	203

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

Exposure to:	Nova KBM Group		Nova KBM d.d.	
	31.3.2016	31.12.2015	31.3.2016	31.12.2015
Bank of Slovenia	239,066	231,391	173,016	192,464
Republic of Slovenia	777,931	884,548	597,158	664,357
State-owned institutions	290,145	310,381	356,609	369,875
Total exposure to the Bank of Slovenia, Republic of Slovenia and state-owned institutions	1,307,142	1,426,320	1,126,783	1,226,696
Total exposure as a proportion of the balance sheet total (%)	31.04	33.59	31.78	34.43
Balance sheet total	4,210,513	4,246,167	3,545,463	3,563,355

35 Remuneration

	Nova KBM Group		Nova KBM d.d.	
	1.1.–31.3.2016	1.1.–31.3.2015	1.1.–31.3.2016	1.1.–31.3.2015
Management Board	66	81	66	81
Robert Senica	35	30	35	30
Sabina Župec Kranjc	31	30	31	30
Aleš Hauc	0	21	0	21
Supervisory Board members	28	27	28	27
Members of Supervisory Board committees	16	16	16	16
Other Nova KBM Group employees on individual contracts	1,202	2,174	714	706
Total	1,312	2,298	824	830

Remuneration paid to Management Board members comprises: salary, bonuses and the payment of supplementary pension insurance premiums.

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

Remuneration paid to other Nova KBM Group employees working on individual contracts comprises: salary, bonuses and the payment of supplementary pension insurance premiums.

In February 2015, the Supervisory Board recalled Aleš Hauc from the position of the President of the Nova KBM Management Board, and appointed Robert Senica, who was then a member of the Management Board, as the new President.

The total amount paid in the first three months of 2015 to Robert Senica, President of the Management Board, and Aleš Hauc, ex-President of the Management Board, for meeting attendances, reimbursement of costs, and bonuses in respect of their work on the supervisory board of Moja naložba, an ex-associated company of the Nova KBM Group, was €1,260.01 and €1,690.02, respectively.

36 Events after the statement of financial position date

The sale of all of Nova KBM's 546,683 shares in KBM Banka, representing 89.53% of all outstanding shares of the latter, was completed on 14 April 2016, with the result that Nova KBM's equity stake in KBM Banka was transferred to the new owner.

The process of selling Nova KBM was completed on 21 April 2016 when the Republic of Slovenia received proceeds of €250 million for the sale of its 100% equity stake in Nova KBM to BISER BIDCO S.a.r.l., a company set up jointly by Apollo, an alternative investment manager headquartered in the United States, and the EBRD. Apollo acquired 80% of Nova KBM's share capital, with the remaining 20% being acquired by the EBRD.

Financial calendar of Nova KBM for the rest of 2016

All announcements will be available through the electronic dissemination system of the Ljubljana Stock Exchange (www.ljse.si) and on Nova KBM's website (www.nkbm.si).

Type of publication or event	Anticipated date of publication or event
Regular Shareholders' Meeting of Nova KBM d.d.	Friday, 17 June 2016
Resolutions adopted at the regular Shareholders' Meeting of Nova KBM d.d.	Monday, 20 June 2016
Unaudited report on the operations of the Nova KBM Group and Nova KBM d.d. for the period January – June 2016	Wednesday, 31 August 2016
Unaudited report on the operations of the Nova KBM Group and Nova KBM d.d. for the period January – September 2016	Wednesday, 30 November 2016
Executive summary of the 2017 Business Plan of the Nova KBM Group and Nova KBM d.d.	Friday, 30 December 2016

The dates specified above are indicative only and are subject to change. Any changes in the dates will be communicated through Nova KBM's website.

Nova KBM d.d., May 2016