



Interim Report March 2015

NLB Group

Table of contents

Business report	3
Key events in 2015	4
Key trends and activities	5
Key financial data	7
Comments on the income statement	9
Comments on the financial position statement	12
Core and non-core business of the NLB Group	14
Financial statements	15

1 BUSINESS REPORT

Key events in 2015

IMPORTANT EVENTS IN THE BANK'S BUSINESS ENVIRONMENT

The Government of the Republic of Slovenia increases the tax on financial services by 2 p.p. to 8.5% (1.1.2015).

The Swiss National Bank abandons the currency ceiling at CHF 1.2 to EUR 1 (15.1.2015).

The European Bank for Restructuring and Development estimates that Slovenian GDP growth was 2.7% in 2014 and forecasts 1.6% growth in 2015 (19.1.2015).

The Government of the Republic of Slovenia hands over to the Council of Europe the action plan for implementation of the judgement of the European Court of Human Rights, which in 2014 ruled that Slovenia must repay the foreign-currency savers of the former Ljubljanska banka (20.1.2015).

The European Central Bank initiates the so-called quantitative easing programme, within which it will buy ABC, sovereign and covered bonds in the amount of EUR 60 billion per month before the end of September 2016 (22.1.2015).

Moody's improves Slovenia's sovereign credit rating from Ba1 to Baa3 with a stable outlook (24.1.2015).

January

NLB d.d. in cooperation with seven banks signs an MRA restructuring agreement with the Hidria Group. NLB d.d acts as a coordinator and agent (20.1.2015).

The European Commission forecasts 1.8% GDP growth for Slovenia in 2015 and 2.3% growth in 2016 (5.2.2015).

The Institute of Macroeconomic Analysis and Development forecasts 2.0% GDP growth in 2015 (9.2.2015).

The Statistical Office of the Republic of Slovenia estimates that Slovenian GDP growth was 2.6% in 2014 (27.2.2015).

February

NLB d.d. signs a syndicated facility in the amount of EUR 67 million with the KD Group. NLB d.d acts as an organiser and agent (23.2.2015).

The European Central Bank begins to purchase bonds from states and other institutions on the secondary market, initiating the programme of so-called quantitative easing (9.3.2015).

The Constitutional Court unanimously annuls the provisions of the Public Information Access Act which had required the nationalised banks to reveal data on non-performing loans that were not transferred to the Bank Assets Management Company (16.3.2015).

The Republic of Slovenia issues 20-year bonds in the amount of EUR 1 billion (18.3.2015).

March

NLB d.d. terminates its contractual relationship with Moody's. Thereafter, Moody's maintains the rating based solely on publicly available information (5.3.2015).

Moody's affirms the NLB's deposit ratings of Caa1 and places the rating under review for upgrade (17.3.2015).

KEY EVENTS IN THE NLB GROUP

-  Ratings
-  Macroeconomic forecasts
-  Key business activities of the NLB Group
-  Other events and activities

Key trends and activities

Macroeconomic environment

After modest growth in 2014, the markets are beginning to see signs of accelerating economic growth in the eurozone. The primary projected drivers of growth in 2015 are the ECB's quantitative easing programme and lower oil prices, which should help the eurozone economy achieve around 1.5% GDP growth according to recently revised projections of the ECB and the OECD. Steady growth in the EU based on confidence indicators throughout the quarter has been observed and confirms the positive outlook for the eurozone area for the rest of 2015. At the same time, it is important to stress that there is a heightened risk of deflation due to falling oil prices and that the quantitative easing programme will put downward pressure on the euro throughout 2015.

The macroeconomic situation in Slovenia has mirrored that of the eurozone, with cautious optimism returning to the economy. Currently available economic data show positive trends in the most vital economic indicators, barring unforeseen internal and external forces. The positive trend of 2014 is set to continue in 2015. GDP growth of 2.4% is forecast for the year, namely above the eurozone average. Data from the Statistical Office of the Republic of Slovenia indicate that the unemployment rate continued to drop in the first quarter of 2015 and was at 13.3% in February. According to the Institute of Macroeconomic Analysis and Development (UMAR), this trend is set to continue through the year across a broad spectrum of the job market. The improving economic situation in Slovenia should result in increased public spending, while government spending is expected to remain restrained due to austerity measures.

Slovenia's banking sector has experienced several positive moves in the past three months. External liabilities have decreased due to continued repayments to the ECB while increasing confidence in the banking sector has resulted in rising deposits. Loans outstanding are expected to increase in 2015 yet their growth is marred by a high degree of leverage in the corporate sector, which is expected to continue to decrease in 2015. A rise in loans outstanding and the resulting increase in money in the market will be a critical growth factor in the banking and corporate sectors in 2015. Additional growth in foreign direct investment is foreseen due to Slovenia's increased international visibility, which is a result of numerous ongoing and projected privatisation processes and the country's improving economic outlook.

The NLB Group's financial performance in 2015

The NLB Group's financial performance in the first three months of 2015 was stable and profitable, showing a solid **after-tax profit of EUR 25.0 million**. The operative result before provisions and impairments decreased by 10% YOY to EUR 47.5 million, due to one-offs in Q1 of last year (EUR 10.4 million in revenue from sales of securities) and Q1 this year (negative effects of the CHF rate changes, positive effects due to the sale of securities, recalculation of the VAT deduction). The amount of impairments and provisions on the portfolio was stable throughout Q1 2015 and amounted to EUR 21.2 million, which is at last year's level.

Key market activities

- **A revival of sales activities and increase in loans to clients in the strategic segments**, which are still resulting in an increase in market shares in those segments. In the first quarter of 2015, NLB d.d. managed to increase its market share in loans to the non-banking sector by 0.2 of a percentage point, of which the market share of the corporate loans segment rose by 0.2 of a percentage point.

- **The leading role in restructuring of the Slovenian economy, with cooperation and activities to improve the Slovenian institutional environment for company restructuring.** In Q1 2015, the Bank continued with its participation in restructuring projects and to manage Master Restructuring agreements as an agent.
- **The Bank organised a number of syndicated loans and credit agreements to refinance its clients' liabilities.** NLB d.d. as an agent in cooperation with other banks concluded EUR 112 million worth of loans and organised an issue of commercial papers in the amount of EUR 20 million.

Other key activities

- **Implementation of the Transformation Programme**
The aim of the Transformation Programme is to analyse the existing business model, while also defining and planning the introduction of appropriately adjusted target business models for each transformed area. It consists of 23 projects and three business initiatives, of which 15 projects and 3 business initiatives were finished by the end of Q1 2015.
- **Active approach to NPL management**
NPL balances have stabilised at around 25% (25.6% at the end of Q1 2015). Net NPLs were reduced in Q1 by almost EUR 30 million.

The NLB follows a structured approach in managing the reduction of the NPL portfolio with a number of measures and initiatives. This includes regular measures such as restructuring, collection and eventually write-offs as much as increased efforts to divest assets on a single-name or portfolio basis. The NLB has established a central taskforce to oversee all efforts and track progress against the established wind-down target.
- **Active reduction of the non-core investment portfolio**
With dedicated efforts, the Bank was able to reduce total non-core assets of the NLB Group in Q1 2015 by 2.2% to EUR 892 million.

Key financial data

Table 1: Key financial data for the NLB Group

	NLB Group			
	2014	1.1.-31.3.2014	1.1.-31.3.2015	Change ¹⁾
Key indicators				
Return on equity after tax (ROE a.t.) ²⁾	4.8%	9.0%	7.4%	-1.6 p.p.
Return on assets after tax (ROA a.t.) ²⁾	0.5%	0.9%	0.8%	-0.1 p.p.
Cost/income ratio (CIR)	59.4%	58.0%	60.0%	+2 p.p.
Capital adequacy ratio (CAR)	17.6%	15.7%	15.7%	+0.1 p.p.
Tier 1 ratio	17.6%	15.7%	15.7%	+0.1 p.p.
Loan/deposit ratio (LTD) - net	75.9%	83.0%	78.9%	-4.1 p.p.
Interest margin ³⁾	2.8%	2.7%	3.0%	+0.3 p.p.
Profit and loss account indicators (in EUR million)				
Net interest income	330.0	80.7	84.6	+5%
Net non-interest income	181.0	45.1	34.1	-25%
Costs	303.5	73.0	71.2	-2%
Impairments and provisions	141.4	23.6	21.2	-11%
Result before tax	69.2	29.1	27.5	-6%
Result after tax	62.3	28.6	25.0	-13%
Financial position statement indicators (in EUR million)				
Total assets	11,909.5		11,593.1	-3%
Loans to non-banking sector (net)	7,415.1		7,439.4	+0%
Deposits from non-bankig sector	8,948.5		8,635.7	-3%
Equity	1,343.1		1,375.8	+2%
Equity of minority shareholders	26.2		26.8	+2%
Portfolio quality indicators (in EUR million)				
Gross NPL	2,623.4		2,631.6	+0%
Coverage ratio	68.7%		69.9%	+1.2 p.p.
Net NPL	1,006.0		977.3	-3%
NPL / total loans	25.1%		25.6%	+0.5 p.p.

¹⁾ The change in key indicators and profit and loss account indicators refers to the comparison between 1-3 2015 and 1-3 2014. The change in financial position statement indicators and portfolio quality indicators refers to the comparison between 31.3.2015 and 31.12.2014.

²⁾ Excluding profit of minority shareholders.

³⁾ Calculated on the basis of interest-bearing average assets.

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Table 2: Key financial data for NLB d.d.

	NLB d.d.			
	2014	1.1.-31.3.2014	1.1.-31.3.2015	Change ¹⁾
Key indicators				
Return on equity after tax (ROE a.t.)	7.0%	8.4%	4.5%	-3.9 p.p.
Return on assets after tax (ROA a.t.)	0.9%	1.0%	0.6%	-0.4 p.p.
Cost/income ratio (CIR)	52.4%	51.8%	52.6%	+0.8 p.p.
Capital adequacy ratio (CAR)	22.7%	17.0%	22.7%	+5.7 p.p.
Tier 1 ratio	22.7%	17.0%	22.7%	+5.7 p.p.
Loan/deposit ratio (LTD) - net	80.7%	90.9%	84.6%	-6.3 p.p.
Interest margin ²⁾	2.4%	2.4%	2.5%	+0.1 p.p.
Profit and loss account indicators (in EUR million)				
Net interest income	227.3	56.6	54.8	-3%
Net non-interest income	141.8	35.3	31.3	-11%
Costs	193.3	47.6	45.3	-5%
Impairments and provisions	93.1	21.4	27.0	+26%
Result before tax	82.7	22.9	13.9	-39%
Result after tax	81.5	23.6	13.6	-42%
Financial position statement indicators (in EUR million)				
Total assets	8,885.7		8,576.7	-3%
Loans to non-banking sector (net)	5,699.8		5,702.7	+0%
Deposits from non-bankig sector	6,299.6		6,002.1	-5%
Equity	1,204.9		1,224.0	+2%
Equity of minority shareholders	-		-	-
Portfolio quality indicators (in EUR million)				
Gross NPL	1,535.7		1,528.9	0%
Coverage ratio	70.4%		73.2%	+2.8 p.p.
Net NPL	659.7		632.9	-4%
NPL / total loans	21.2%		21.5%	+0.3 p.p.

¹⁾ The change in key indicators and profit and loss account indicators refers to the comparison between 1-3 2015 and 1-3 2014. The change in financial position statement indicators and portfolio quality indicators refers to the comparison between 31.3.2015 and 31.12.2014.

²⁾ Calculated on the basis of interest-bearing average assets.

Comments on the income statement

In the first three months of 2015, the NLB Group recorded **stable and profitable operations. It generated an after-tax profit of EUR 25.0 million.**

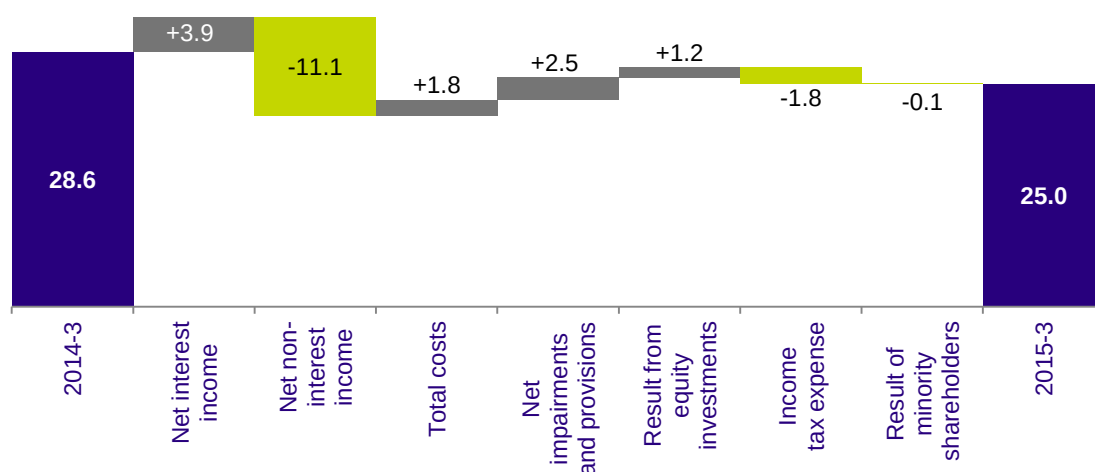
Compared to the same period last year, the result is slightly lower given the comparatively lower contribution of results from financial operations in 2015 (EUR -1.2 million) compared to 2014 (EUR +10.2 million), mainly as a result of a number of non-recurring items in both years. Profitability of recurring business in the first quarter 2015 improved.

The result before impairments and provisions excluding results from financial operations was improved by 14% with a continued improvement in the net interest margin (Q1 2015: 3%, Q1 2014: 2.7%) as well as a further reduction of the cost base (YOY -2%).

Results from financial operations in Q1 2015 were positively and negatively influenced by the market developments but largely in line with the expectations of a balanced result. The negative effects of FX valuations especially with regard to the sudden change in the CHF exchange rate regime of the Swiss National Bank were compensated by the positive effects of the interest rate developments on derivatives and bonds, some of which were realised using the very good market environment for Slovenian government bonds.

Impairment and provisions were kept at a level comparable to Q1 2014 (Q1 2015: EUR 21.2 million, Q1 2014: EUR 23.6 million).

Illustration 1: Net profit of the NLB Group – YoY reconciliation (in EUR million)



*Result from equity investments in associates and joint ventures (equity method)

Illustration 2: Profit before impairments and provisions (in EUR million)

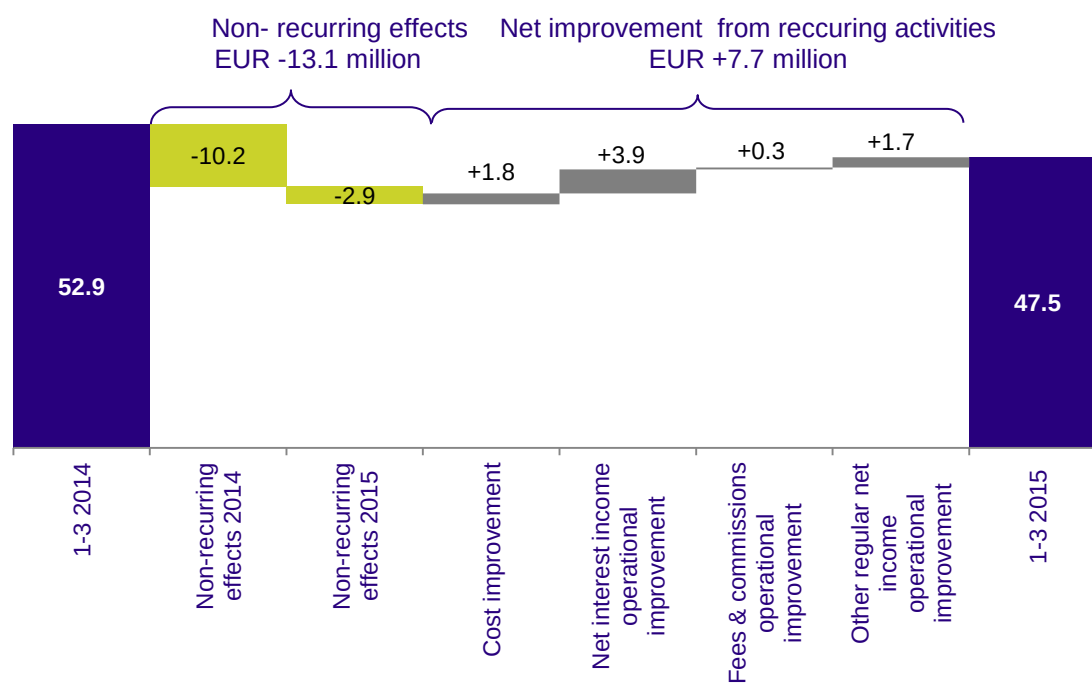


Table 3: The NLB Group income statement – key items

in EUR million	Cumulative			Quarters		
	1.1.-31.3.2014	1.1.-31.3.2015	Change YoY	4Q 2014	1Q 2015	Change QoQ
Net interest income	80.7	84.6	+5%	84.7	84.6	0%
Net fees and commissions	33.4	33.7	+1%	36.2	33.7	-7%
Dividend income	0.0	0.0	-67%	0.0	0.0	-75%
Net income from financial transactions	10.2	-1.2	-	8.9	-1.2	-114%
Net other income	1.5	1.6	+2%	-1.6	1.6	-
Net non-interest income	45.1	34.1	-25%	43.4	34.1	-22%
Total net operating income	125.8	118.7	-6%	128.1	118.7	-7%
Employee costs	-41.7	-39.8	-5%	-40.2	-39.8	-1%
Other general administrative expenses	-22.0	-23.1	+5%	-30.2	-23.1	-23%
Depreciation and amortisation	-9.2	-8.3	-10%	-8.5	-8.3	-3%
Total costs	-73.0	-71.2	-2%	-78.8	-71.2	-10%
Result before impairments and provisions	52.9	47.5	-10%	49.3	47.5	-4%
Impairments of financial assets AFS through equity	-2.0	0.1	-104%	1.5	0.1	+95%
Credit impairments and provisions	-18.8	-19.7	+4%	-21.6	-19.7	-9%
Other impairments and provisions	-2.8	-1.6	-43%	-12.7	-1.6	-88%
Impairments and provisions	-23.6	-21.2	-11%	-32.8	-21.2	-35%
Result from equity investments in associates and joint ventures (equity method)	-0.1	1.2	-	0.8	1.2	+47%
Result before tax	29.1	27.5	-	17.3	27.5	+59%
Income tax expense	0.2	-1.7	-	-2.1	-1.7	+19%
Result of minority shareholders	0.7	0.8	+10%	0.7	0.8	+13%
Result after tax	28.6	25.0	-	14.5	25.0	+73%

Table 4: NLB d.d. income statement – key items

in EUR million	Cumulative			Quarters		
	1.1.-31.3.2014	1.1.-31.3.2015	Change YoY	4Q 2014	1Q 2015	Change QoQ
Net interest income	56.6	54.8	-3 %	56.0	54.8	-2%
Net fees and commissions	24.6	23.9	-3 %	25.8	23.9	-7%
Dividend income	0.4	1.4	+296%	0.0	1.4	+5346%
Net income from financial transactions	8.4	7.0	-17 %	8.5	7.0	-18%
Net other income	1.9	-0.9	-	0.2	-0.9	-
Net non-interest income	35.3	31.3	-11 %	34.5	31.3	-9%
Total net operating income	91.9	86.2	-6 %	90.5	86.2	-5%
Employee costs	-27.1	-25.3	-7 %	-24.2	-25.3	+4%
Other general administrative expenses	-14.2	-14.4	+2%	-19.2	-14.4	-25%
Depreciation and amortisation	-6.3	-5.6	-10 %	-5.9	-5.6	-4%
Total costs	-47.6	-45.3	-5 %	-49.2	-45.3	-8%
Result before impairments and provisions	44.3	40.9	-8 %	41.3	40.9	-1%
Impairments of financial assets AFS through equity	-2.0	0.1	-104 %	1.5	0.1	-
Credit impairments and provisions	-17.0	-26.7	+57%	-2.2	-26.7	+1139%
Other impairments and provisions	-2.4	-0.3	-86 %	-7.6	-0.3	-
Impairments and provisions	-21.4	-27.0	+26%	-8.2	-27.0	+227%
Result from equity investments in associates and joint ventures (equity method)	-	-	-	-	-	-
Result before tax	22.9	13.9	-	33.1	13.9	-58%
Income tax expense	0.6	-0.3	-	-1.9	-0.3	-
Result of minority shareholders	-	-	-	-	-	-
Result after tax	23.6	13.6	-	31.2	13.6	-57%

Comments on the financial position statement

Total assets of the NLB Group amounted to EUR 11,593 million at the end of March 2015, having decreased by 3% compared to the end of 2014.

Gross loans to the non-banking sector at the end of March 2015 in the NLB Group amounted to EUR 9,108 million (EUR +54.3 million / +1% YTD). Positive growth was recorded in both key segments – corporate and retail.

The financing of the Group and its liquidity were solid in the first three months of 2015. Deposits by the non-banking sector remain the main source of funding and are related to a low LTD ratio (79%). In the first quarter of 2015, the NLB Group recorded a decrease in **non-banking sector deposits** (EUR 312.8 million or -3%), which was mainly driven by a decrease in state deposits (EUR -297.4 million) and to a much smaller extent in corporate deposits, whereas retail deposits rose by EUR 18.9 million.

The amount of **borrowing from the wholesale market** dropped by EUR 53 million in 2015, largely due to early repayments of credit taken out on interbank markets, this being the result of the Group's high liquidity. At the end of March 2015, unencumbered liquidity reserves of the Bank stood at EUR 3.5 billion.

The capital adequacy of the Group was 15.7%. In 2015, it decreased by 1.9% owing mainly to the amended regulations applying the weighting of SEE central governments exposures (from 0% to 100%). As a result, risk-weighted assets of the Group increased by approximately EUR 880 million.

Illustration 3: Total assets – YTD reconciliation (in EUR million)

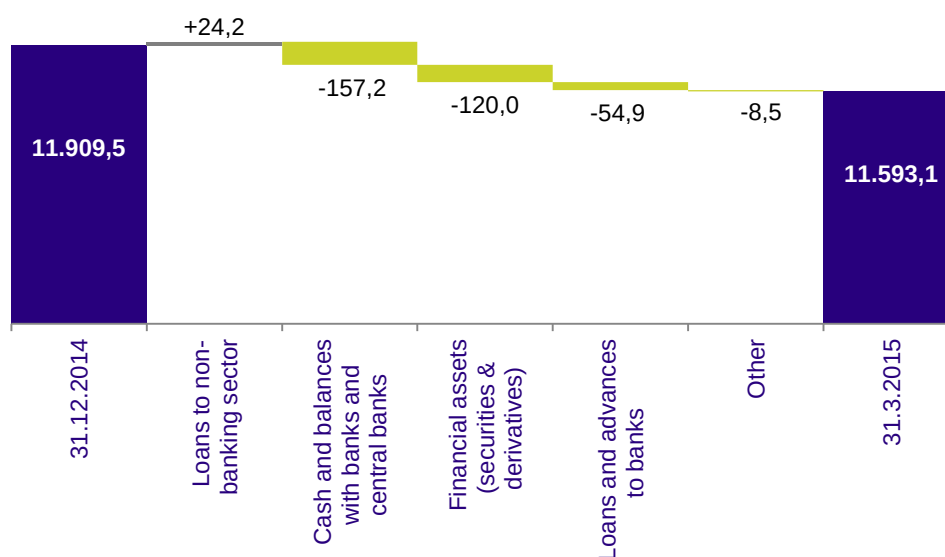


Illustration 4: Total liabilities – YTD reconciliation (in EUR million)

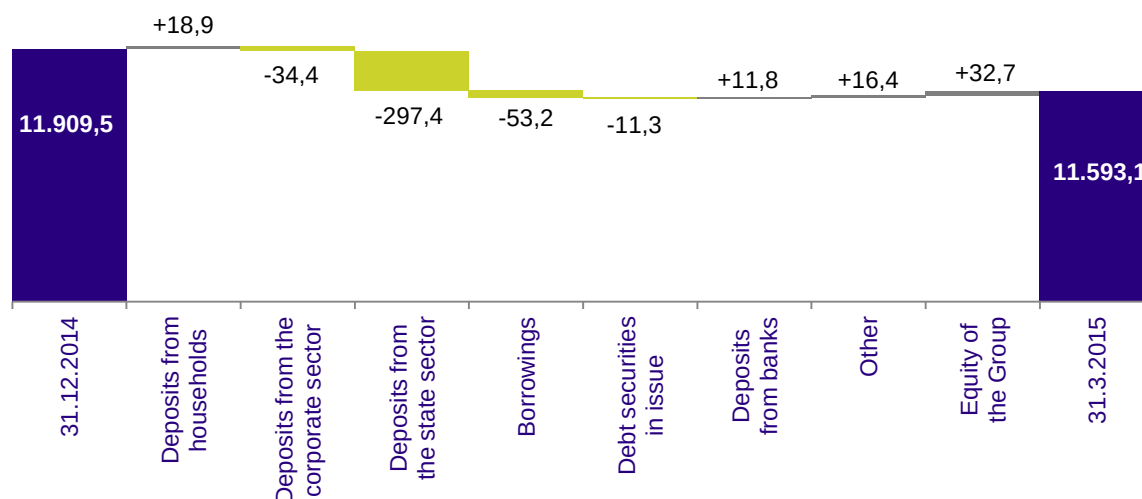


Table 5: The NLB Group and NLB d.d. key indicators of financial position (in EUR million)

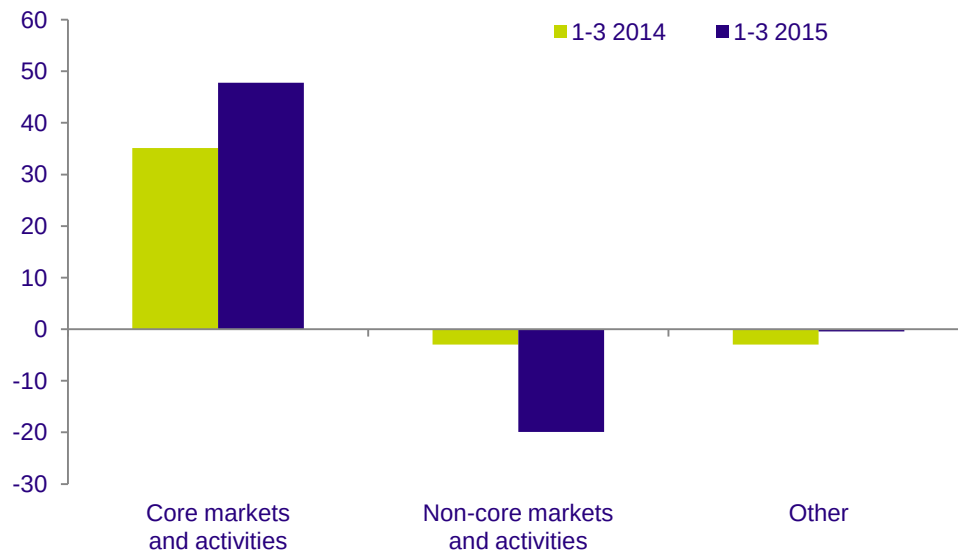
in EUR million	NLB Group			NLB		
	31/12/2014	31/03/2015	Change	31/12/2014	31/03/2015	Change
ASSETS						
Cash and balances with Central Bank	1,127.5	970.4	-14%	434.4	302.9	-30 %
Loans and advances to banks	271.3	216.4	-20%	159.3	104.3	-35 %
Loans to non-banking sector	7,415.1	7,439.4	+0%	5,699.8	5,702.7	+0%
Gross loans	9,053.4	9,107.7	+1%	6,698.2	6,737.0	+1%
- corporate	4,942.1	4,970.4	+1%	3,727.1	3,754.2	+1%
- households	2,958.0	2,980.7	+1%	1,958.8	1,963.1	+0%
- state	534.2	531.2	-1%	393.2	394.3	+0%
- BAMC bond	619.1	625.4	+1%	619.1	625.4	+1%
Impairments	-1,638.3	-1,668.4	+2%	-998.4	-1,034.4	+4%
Financial assets	2,529.3	2,409.3	-5%	2,037.9	1,906.7	-6 %
- Held for trading	138.2	164.7	+19%	138.8	165.3	+19%
- AFS, held to maturity, designated at fair value through PL	2,391.1	2,244.7	-6%	1,899.1	1,741.5	-8 %
Investments in subsidiaries, associates and JV	37.5	42.1	+12%	352.7	360.9	+2%
Property and equipment	256.6	253.4	-1%	98.8	96.3	-3 %
Intangible assets	42.8	40.0	-6%	33.7	30.9	-9 %
Other assets	229.3	222.2	-3%	69.0	72.1	+4%
Total assets	11,909.5	11,593.1	-3%	8,885.7	8,576.7	-3 %
LIABILITIES						
Deposits from non-banking sector	8,948.5	8,635.7	-3%	6,299.6	6,002.1	-5 %
- corporate	2,031.3	1,996.9	-2%	1,312.2	1,304.6	-1 %
- households	6,336.9	6,355.9	+0%	4,515.8	4,525.5	+0%
- state	580.3	282.9	-51%	471.6	172.1	-64 %
Deposits from banks	62.3	74.1	+19%	91.1	104.2	+14%
Debt securities in issue	359.9	348.5	-3%	359.9	348.5	-3 %
Borrowings	851.4	798.2	-6%	677.1	633.5	-6 %
Other liabilities	300.8	316.8	+5%	253.1	264.3	+4%
Subordinated debt	17.3	17.3	0%	0.0	0.0	-
Equity	1,343.1	1,375.8	+2%	1,204.9	1,224.0	+2%
Shareholders' equity (including minority interest)	1,369.3	1,402.5	+2%	-	-	-
Total liabilities	11,909.5	11,593.1	-3%	8,885.7	8,576.7	-3 %

Core and non-core business of the NLB Group

The core markets and activities of the NLB Group generated a profit before tax of EUR 47.8 million; + 36% YOY. Profit rose by EUR 12.7 million over the same period last year owing to higher net income (EUR +3.6 million), lower costs (EUR -1.1 million) and lower impairments and provisions (EUR -6.8 million). The attributed profit of associates and joint ventures was EUR 1.2 million in the period.

Non-core markets and activities incurred a loss of EUR 19.9 million, which was substantially higher than in the same period last year. The major drivers of the negative result are the negative effects of exchange rate movements (valuation of derivatives) and additional impairments and provisions (EUR 7.4 million). Operating costs were EUR 1.2 million lower.

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Illustration 5: Performance of core and non-core business – YoY
(result before tax, in EUR million)



2 FINANCIAL STATEMENTS

Unaudited Condensed Interim Financial Statements of NLB d.d. and the NLB Group as at 31.3.2015

prepared in accordance with IAS 34 "Interim financial reporting"

Table of Contents

CONDENSED INCOME STATEMENT	18
CONDENSED STATEMENT OF COMPREHENSIVE INCOME	19
CONDENSED STATEMENT OF FINANCIAL POSITION	20
CONDENSED STATEMENT OF CHANGES IN EQUITY	21
CONDENSED STATEMENT OF CASH FLOWS	22
1. GENERAL INFORMATION	24
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	24
2.1. STATEMENT OF COMPLIANCE.....	24
2.2. ACCOUNTING POLICIES	24
3. CHANGES IN SUBSIDIARY HOLDINGS	26
4. NOTES TO THE CONDENSED INCOME STATEMENT	27
4.1. INTEREST INCOME AND EXPENSES	27
4.2. NET FEE AND COMMISSION INCOME.....	28
4.3. GAINS LESS LOSSES FROM FINANCIAL ASSETS AND LIABILITIES NOT CLASSIFIED AS AT FAIR VALUE THROUGH PROFIT OR LOSS	28
4.4. GAINS LESS LOSSES FROM FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING	29
4.5. OTHER OPERATING INCOME.....	29
4.6. OTHER OPERATING EXPENSES.....	29
4.7. ADMINISTRATIVE EXPENSES	30
4.8. PROVISIONS FOR OTHER LIABILITIES AND CHARGES	30
4.9. IMPAIRMENT CHARGE	30
4.10. INCOME TAX	31
5. NOTES TO THE CONDENSED STATEMENT OF FINANCIAL POSITION.....	31
5.1. CASH, CASH BALANCES AT CENTRAL BANKS AND OTHER DEMAND DEPOSITS AT BANKS.....	31
5.2. TRADING ASSETS.....	31
5.3. AVAILABLE-FOR-SALE FINANCIAL ASSETS	32
5.4. LOANS AND ADVANCES.....	32
5.4.1. <i>Debt securities</i>	32
5.4.2. <i>Loans and advances to banks</i>	32
5.4.3. <i>Loans and advances to customers</i>	33
5.4.4. <i>Other financial assets</i>	33
5.4.5. <i>Movements in allowance for the impairment of banks, loans and advances to customers and other financial assets</i>	33
5.5. HELD-TO-MATURITY FINANCIAL ASSETS.....	34
5.6. OTHER ASSETS.....	34
5.7. DEFERRED TAX.....	35
5.8. FINANCIAL LIABILITIES MEASURED AT AMORTISED COST.....	36
5.8.1. <i>Debt securities in issue</i>	36
5.8.2. <i>Subordinated liabilities</i>	36
5.8.3. <i>Other financial liabilities</i>	37
5.9. PROVISIONS	37
5.10. INCOME TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME	37
5.11. OTHER LIABILITIES	38
5.12. BOOK VALUE PER SHARE	38
5.13. CAPITAL ADEQUACY RATIO	38
5.14. OFF-BALANCE SHEET LIABILITIES	39
5.15. FAIR VALUE HIERARCHY OF FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES	39
5.16. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES.....	44
6. EVENTS AFTER THE END OF THE REPORTING PERIOD.....	45
7. OTHER DISCLOSURES.....	46
7.1. RELATED-PARTY TRANSACTIONS	46
7.2. ANALYSIS BY SEGMENT	50
7.3. SUBSIDIARIES.....	52

.....

in EUR thousand

		NLB d.d.			NLB Group		
	Notes	three months ended March 2015	three months ended March 2014	% change	three months ended March 2015	three months ended March 2014	% change
Interest and similar income	4.1.	73,812	86,331	(15)	115,460	127,600	(10)
Interest and similar expenses	4.1.	(18,972)	(29,773)	(36)	(30,854)	(46,897)	(34)
Net interest income		54,840	56,558	(3)	84,606	80,703	5
		=====	=====		=====	=====	
Dividend income		1,416	358	296	6	18	(67)
Fee and commission income	4.2.	30,698	31,068	(1)	46,342	45,272	2
Fee and commission expenses	4.2.	(6,823)	(6,450)	6	(12,643)	(11,878)	6
Net fee and commission income		23,875	24,618	(3)	33,699	33,394	1
		=====	=====		=====	=====	
Gains less losses from financial assets and liabilities not classified as at fair value through profit or loss	4.3.	9,551	10,774	(11)	9,516	10,814	(12)
Gains less losses from financial assets and liabilities held for trading	4.4.	(29,473)	(2,274)	1,196	(27,941)	(911)	2,967
Gains less losses from financial assets and liabilities designated at fair value through profit or loss		-	-	-	76	17	347
Fair value adjustments in hedge accounting		425	49	767	425	49	767
Foreign exchange translation gains less losses		26,448	(138)	-	16,724	238	6,927
Gains less losses on derecognition of assets other than held for sale		71	11	545	(13)	(369)	(96)
Other operating income	4.5.	3,768	6,342	(41)	6,910	6,874	1
Other operating expenses	4.6.	(4,746)	(4,452)	7	(5,345)	(5,037)	6
Administrative expenses	4.7.	(39,680)	(41,293)	(4)	(62,909)	(63,754)	(1)
Depreciation and amortisation		(5,630)	(6,269)	(10)	(8,265)	(9,214)	(10)
Provisions for other liabilities and charges	4.8.	4,792	(9,581)	-	4,949	(6,507)	-
Impairment charge	4.9.	(31,779)	(11,825)	169	(26,105)	(17,139)	52
Share of profits/(losses) of associates and joint ventures accounted for using the equity method		-	-	-	1,151	(77)	-
Net loss from non-current assets held for sale		(1)	45	-	(2)	49	-
PROFIT BEFORE INCOME TAX		13,877	22,923	(39)	27,482	29,148	(6)
		=====	=====		=====	=====	
Income tax	4.10.	(313)	633	-	(1,689)	151	-
PROFIT FOR THE PERIOD		13,564	23,556	(42)	25,793	29,299	(12)
		=====	=====		=====	=====	
Attributable to owners of the parent		13,564	23,556	(42)	24,985	28,567	(13)
Attributable to Non-controlling interests		-	-	-	808	732	10
Earnings per share (in EUR per share)		0.68	1.18	(42)	1.25	1.43	(13)

Condensed Statement of comprehensive income

	Note	NLB d.d.		in EUR thousand NLB Group	
		three months ended		three months ended	
		March 2015	March 2014	March 2015	March 2014
Net profit for the period after tax		13,564	23,556	25,793	29,299
Other comprehensive income after tax		5,531	25,459	7,477	26,296
<i>Items that will not be reclassified to income statement</i>					
Actuarial gains on defined benefit pensions plans		-	-	(78)	-
<i>Items that may be reclassified subsequently to income statement</i>					
Foreign currency translation		-	-	(1,656)	(1,135)
Translation losses taken to equity		-	-	(1,656)	(1,135)
Cash flow hedges (effective portion)		(25)	(203)	(25)	(203)
Valuation losses taken to equity		(171)	(396)	(171)	(396)
Transferred to income statement		146	193	146	193
Available for sale financial assets		6,692	30,876	6,922	31,141
Valuation gains taken to equity		16,324	39,620	16,519	39,885
Transferred to income statement		(9,632)	(8,744)	(9,597)	(8,744)
Share of other comprehensive income of entities accounted for using the equity method		-	-	3,494	2,068
Income tax relating to components of other comprehensive loss	4.10.	(1,136)	(5,214)	(1,180)	(5,575)
Total comprehensive income for the period after tax		19,095	49,015	33,270	55,595
Attributable to owners of the parent		19,095	49,015	32,447	54,822
Attributable to non-controlling interests		-	-	823	773

Condensed Statement of financial position

in EUR thousand

	Notes	NLB d.d.			NLB Group		
		31.3.2015	31.12.2014	% change	31.3.2015	31.12.2014	% change
Cash, cash balances at central banks and other demand deposits at banks	5.1.	302,860	434,438	(30)	970,355	1,127,527	(14)
Trading assets	5.2.	165,289	138,808	19	164,679	138,218	19
Financial assets designated at fair value through profit or loss		5,295	4,702	13	6,978	6,510	7
Available for sale financial assets	5.3.	1,093,816	1,182,748	(8)	1,595,343	1,672,952	(5)
Derivatives - hedge accounting		3,008	2,966	1	3,008	2,966	1
Loans and advances							
- debt securities	5.4.1.	715,057	706,785	1	715,057	706,785	1
- loans and advances to banks	5.4.2.	104,302	159,300	(35)	216,442	271,340	(20)
- loans and advances to customers	5.4.3.	4,987,607	4,993,040	(0)	6,724,307	6,708,332	0
- other financial assets	5.4.4.	50,060	47,836	5	64,789	71,769	(10)
Held to maturity investments	5.5.	642,343	711,648	(10)	642,343	711,648	(10)
Fair value changes of the hedged items in portfolio hedge of interest rate risk		938	912	3	938	912	3
Non-current assets classified as held for sale		2,572	2,580	(0)	5,566	5,643	(1)
Property and equipment		94,652	97,330	(3)	211,790	215,175	(2)
Investment property		1,601	1,458	10	41,598	41,472	0
Intangible assets		30,858	33,743	(9)	39,978	42,751	(6)
Investments in subsidiaries		353,783	345,585	2	-	-	-
Investments in associates and joint ventures		7,127	7,127	0	42,121	37,525	12
Current income tax assets		-	-	-	1,858	1,898	(2)
Deferred income tax assets	5.7.	6,357	6,738	(6)	5,605	5,947	(6)
Other assets	5.6.	9,161	7,983	15	140,388	140,119	0
TOTAL ASSETS		8,576,686	8,885,727	(3)	11,593,143	11,909,489	(3)
		=====	=====		=====	=====	
Trading liabilities		54,462	43,764	24	54,461	43,758	24
Financial liabilities designated at fair value through profit or loss		5,293	4,701	13	5,293	4,701	13
Derivatives - hedge accounting		40,156	43,985	(9)	40,156	43,985	(9)
Financial liabilities measured at amortised cost							
- deposits from banks and central banks	5.8.	104,226	91,115	14	74,119	62,334	19
- borrowings from banks and central banks	5.8.	620,480	643,578	(4)	686,270	714,722	(4)
- due to customers	5.8.	5,996,842	6,294,925	(5)	8,630,430	8,943,832	(4)
- borrowings from other customers	5.8.	13,033	33,511	(61)	111,951	136,660	(18)
- debt securities in issue	5.8.1.	348,505	359,853	(3)	348,505	359,853	(3)
- subordinated liabilities	5.8.2.	-	-	-	17,261	17,328	(0)
- other financial liabilities	5.8.3.	56,638	46,223	23	85,559	71,886	19
Provisions	5.9.	107,583	114,565	(6)	119,832	126,974	(6)
Current income tax liabilities		1,356	324	319	3,627	1,780	104
Deferred income tax liabilities	5.7.	-	-	-	298	315	(5)
Other liabilities	5.11.	4,097	4,263	(4)	12,834	12,066	6
TOTAL LIABILITIES		7,352,671	7,680,807	(4)	10,190,596	10,540,194	(3)
		=====	=====		=====	=====	
EQUITY AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT							
Share capital		200,000	200,000	0	200,000	200,000	0
Share premium		871,378	871,378	0	871,378	871,378	0
Accumulated other comprehensive income		44,022	38,491	14	43,947	36,485	20
Profit reserves		13,522	13,522	0	13,522	13,522	0
Retained earnings		95,093	81,529	17	246,939	221,676	11
		1,224,015	1,204,920	2	1,375,786	1,343,061	2
Non-controlling interests		-	-	-	26,761	26,234	2
TOTAL EQUITY		1,224,015	1,204,920	2	1,402,547	1,369,295	2
		=====	=====		=====	=====	
TOTAL LIABILITIES AND EQUITY		8,576,686	8,885,727	(3)	11,593,143	11,909,489	(3)
		=====	=====		=====	=====	

Condensed Statement of changes in equity

NLB d.d.	in EUR thousand					
	Share capital	Share premium	Accumulated other comprehensive income	Profit reserves	Retained earnings	Total equity
Balance at 1 January 2015	200,000	871,378	38,491	13,522	81,529	1,204,920
- Net profit for the period	-	-	-	-	13,564	13,564
- Other comprehensive income	-	-	5,531	-	-	5,531
Total comprehensive income after tax	-	-	5,531	-	13,564	19,095
Balance at 31 March 2015	200,000	871,378	44,022	13,522	95,093	1,224,015

	in EUR thousand					
	Share capital	Share premium	Accumulated other comprehensive income	Profit reserves	Retained earnings	Total equity
Balance at 1 January 2014	200,000	871,378	8,568	13,522	-	1,093,468
- Net profit for the period	-	-	-	-	23,556	23,556
- Other comprehensive income	-	-	25,459	-	-	25,459
Total comprehensive loss after tax	-	-	25,459	-	23,556	49,015
Balance at 31 March 2014	200,000	871,378	34,027	13,522	23,556	1,142,483

NLB Group	in EUR thousand							
	Share capital	Share premium	Accumulated other comprehensive income	Profit reserves	Retained earnings	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
Balance at 1 January 2015	200,000	871,378	36,485	13,522	221,676	1,343,061	26,234	1,369,295
- Net profit for the period	-	-	-	-	24,985	24,985	808	25,793
- Other comprehensive income	-	-	7,462	-	-	7,462	15	7,477
Total comprehensive income after tax	-	-	7,462	-	24,985	32,447	823	33,270
Dividends paid	-	-	-	-	-	-	(45)	(45)
Other*	-	-	-	-	278	278	(251)	27
Balance at 31 March 2015	200,000	871,378	43,947	13,522	246,939	1,375,786	26,761	1,402,547

	in EUR thousand							
	Share capital	Share premium	Accumulated other comprehensive income	Profit reserves	Retained earnings	Equity attributable to owners of the parent	Equity attributable to non-controlling	Total equity
Balance at 1 January 2014	200,000	871,378	3,096	13,522	159,391	1,247,387	23,610	1,270,997
- Net profit for the period	-	-	-	-	28,567	28,567	732	29,299
- Other comprehensive income	-	-	26,255	-	-	26,255	41	26,296
Total comprehensive loss after tax	-	-	26,255	-	28,567	54,822	773	55,595
Dividends paid	-	-	-	-	-	-	(104)	(104)
Other*	-	-	-	-	(135)	(135)	19	(116)
Balance at 31 March 2014	200,000	871,378	29,351	13,522	187,823	1,302,074	24,298	1,326,372

*In 2015, the item Other relates to transactions with a non-controlling interest and in 2014 the item Other relates to the loss of control of a subsidiary and transactions with a non-controlling interest.

Condensed Statement of cash flows

in EUR thousand

	NLB d.d.		NLB Group	
	three months ended March 2015	three months ended March 2014	three months ended March 2015	three months ended March 2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	91,199	100,085	130,722	140,509
Interest paid	(19,363)	(35,756)	(33,324)	(56,206)
Dividends received	15	358	6	18
Fee and commission receipts	30,408	30,834	46,083	45,695
Fee and commission payments	(7,038)	(6,490)	(12,399)	(11,676)
Realised gains from financial assets and financial liabilities not at fair value through profit or loss	9,553	10,792	9,607	10,832
Realised losses from financial assets and financial liabilities not at fair value through profit or loss	(2)	-	(2)	-
Losses from financial assets and liabilities held for trading	(21,928)	(1,456)	(21,174)	(692)
Payments to employees and suppliers	(46,105)	(48,285)	(68,948)	(70,812)
Other income	4,632	7,631	10,341	11,708
Other expenses	(4,434)	(4,831)	(5,171)	(3,677)
Income tax paid	-	-	(449)	(602)
Cash flows from operating activities before changes in operating assets and liabilities	36,937	52,882	55,292	65,097
Decreases/(increases) in operating assets	55,426	25,963	71,581	(34,840)
Net increase in trading assets	(23,555)	(89,664)	(23,555)	(89,664)
Net decrease in financial assets and liabilities designated at fair value through profit or loss	-	-	125	1,464
Net decrease in available-for-sale financial assets	81,172	100,058	99,598	65,710
Net (increase)/decrease in loans and advances	(1,074)	15,599	(9,216)	(6,661)
Net (increase)/decrease in other assets	(1,117)	(30)	4,629	(5,689)
Decreases in operating liabilities	(353,289)	(228,620)	(390,231)	(197,879)
Net decrease in deposits and borrowings measured at amortised cost	(339,812)	(228,589)	(375,401)	(198,607)
Net decrease in securities measured at amortised cost	(13,500)	-	(13,500)	-
Net increase/(decrease) in other liabilities	23	(31)	(1,330)	728
Net cash used in operating activities	(260,926)	(149,775)	(263,358)	(167,622)
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts from investing activities	68,511	16,286	68,738	16,355
Proceeds from sale of property and equipment and investment property	4	10	163	79
Proceeds from sale of non-current assets held for sale	7	275	75	275
Proceeds from maturity and disposal of held to maturity investments	68,500	16,001	68,500	16,001
Payments from investing activities	(19,750)	(40,941)	(13,509)	(49,996)
Purchase of property and equipment and investment property	(671)	(1,312)	(2,217)	(7,863)
Purchase of intangible assets	(1,192)	(1,800)	(1,603)	(4,304)
Purchase of subsidiaries and increase in subsidiaries' equity	(8,198)	-	-	-
Purchase of held to maturity investments	(9,689)	(37,829)	(9,689)	(37,829)
Net cash used in investing activities	48,761	(24,655)	55,229	(33,641)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments from financing activities	-	-	-	(103)
Dividends paid	-	-	-	(103)
Net cash from financing activities	-	-	-	(103)
Effects of exchange rate changes on cash and cash equivalents	14,820	(253)	16,418	(894)
Net decrease in cash and cash equivalents	(212,165)	(174,430)	(208,129)	(201,366)
Cash and cash equivalents at beginning of period	519,223	613,092	1,292,984	1,430,905
Cash and cash equivalents at end of period	321,878	438,409	1,101,273	1,228,645

Statement of Management's Responsibility

The Management Board hereby confirms its responsibility for preparation of the financial statements of NLB d.d. and the consolidated financial statements of the NLB Group for the three months ended 31 March 2015 and for the accompanying accounting policies and notes to the financial statements.

The Management Board is responsible for the preparation and fair presentation of these interim financial statements in accordance with IAS 34 "Interim financial reporting" as adopted by the European Union, and with the requirements of the Slovenian Companies Act and the Banking Act so as to give a true and fair view of the financial position of NLB d.d. and the NLB Group as at 31 March 2015 and their financial results and cash flows for the year then ended.

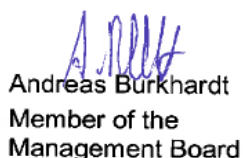
The Management Board confirms that the appropriate accounting policies were consistently applied, and that the accounting estimates were prepared according to the principles of prudence and good management. The Management Board further confirms that the interim financial statements of NLB d.d. and the NLB Group were prepared on a going-concern basis for NLB d.d. and the NLB Group and in line with valid legislation and IAS 34 "Interim financial reporting".

The Management Board is also responsible for appropriate accounting practices, the adoption of appropriate measures for the safeguarding of assets, and the prevention and identification of fraud and other irregularities or illegal acts.

Management Board



Archibald Kremser
Member of the
Management Board



Andreas Burkhardt
Member of the
Management Board



Blaž Brodnjak
Member of the
Management Board



Janko Medja
Chairman of the
Management Board

Notes to the condensed financial statements

1. GENERAL INFORMATION

Nova Ljubljanska banka d.d. Ljubljana (hereinafter: NLB d.d.) is a joint-stock entity providing universal banking services. The NLB Group operates in 12 countries.

NLB d.d. is incorporated and domiciled in Slovenia. The address of its registered office is Trg Republike 2, Ljubljana. NLB d.d.'s shares are not listed on the stock exchange.

The ultimate controlling party of NLB d.d. is the Republic of Slovenia which was the sole shareholder as at 31 March 2015 and 31 December 2014.

All amounts in the financial statements and in the notes to the financial statements are expressed in thousands of euros unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34 "Interim financial reporting" and should be read in conjunction with the annual financial statements of the NLB Group and NLB d.d. for the year ended 31 December 2014, which have been prepared in accordance with the International Financial Reporting Standards (hereinafter: IFRS) as adopted by the European Union.

2.2. Accounting policies

The same accounting policies and methods of computation were followed in the preparation of these consolidated condensed interim financial statements as for the year ended 31 December 2014, except for accounting standards and other amendments effective for annual periods beginning on 1 January 2015 that were endorsed by the EU.

Accounting standards and amendments to existing standards effective for annual periods beginning on 1 January 2015 that were endorsed by the EU and adopted by the NLB Group

- Annual Improvements to the IFRSs 2011–2013 Cycle. The improvements comprise a mixture of substantive changes and clarifications, and are effective for annual periods beginning on or after 1 January 2015.
- IFRIC 21 (new interpretation) – Levies (effective for annual periods beginning on or after 17 July 2014)

Accounting standards and amendments to existing standards that were endorsed by the EU but not adopted early by the NLB Group

- IAS 19 (amendment) – Employee Benefits (effective for annual periods beginning on or after 1 February 2015)
- Annual Improvements to IFRSs 2010–2012 Cycle. The improvements comprise a mixture of substantive changes and clarifications, and are effective for annual periods beginning on or after 1 February 2015.

Accounting standards and amendments to existing standards issued but not endorsed by the EU

- IFRS 9 (new standard) – Financial instruments (effective for annual periods beginning on or after 1 January 2018)
- IFRS 14 (new standard) – Regulatory Deferral Accounts (effective for annual periods beginning on or after 1 January 2016)
- IFRS 15 (new standard) – Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2017)
- IAS 16 and IAS 38 (amendment) – Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016)
- IFRS 11 (amendment) – Accounting for Acquisition of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016)
- IFRS 10 and IAS 28 (amendment) – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016)
- IAS 27 (amendment) – Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016)
- IAS 16 and IAS 41 (amendment) – Bearer Plants (effective for annual periods beginning on or after 1 January 2016)
- Annual Improvements to IFRSs 2012–2014 Cycle. The improvements comprise a mixture of substantive changes and clarifications, and are effective for annual periods beginning on or after 1 January 2016.
- IFRS 10, IFRS 12 and IAS 28 (amendment) – Investment Entities: (effective for annual periods beginning on or after 1 January 2016)
- IAS 1 (amendment) – Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016)

3. CHANGES IN SUBSIDIARY HOLDINGS

THREE MONTHS ENDED 31 MARCH 2015

Capital changes:

- An increase in share capital in the form of cash contributions in the amount of EUR 7,669 thousand was registered in NLB Banka, Tuzla, due to stricter regulatory requirements for capital adequacy.

Other changes:

- REAM d.o.o., Zagreb, REAM d.o.o., Beograd and REAM d.o.o., Podgorica were established. NLB d.d.'s ownership is 100%.

CHANGES IN 2014

Capital changes:

- Increases in share capital in the form of a loan conversion in the total amount of EUR 82,197 thousand were registered at NLB Leasing, Beograd, PRO-REM, Ljubljana, NLB Leasing, Ljubljana, NLB Srbija, Beograd, NLB Leasing, Sofia and NLB Crna Gora, Podgorica.
- Increases in share capital in the form of cash contributions in the total amount of EUR 35,326 thousand were registered in NLB Srbija, Beograd, NLB banka, Beograd, NLB Leasing, Podgorica, NLB Leasing, Sarajevo and CBS Invest, Sarajevo.
- NLB d.d. increased its ownership interest in NLB Montenegrobanka, Podgorica in the amount of EUR 15,000 thousand from 97.40% to 98.00%.
- A decrease in share capital in the amount of EUR 640 thousand was registered in Plan, Banja Luka.

Other changes:

- Relevant activities of entities ICJ – v stečaju, Domžale and Conet – v stečaju, Beograd are subject to the bankruptcy management and therefore NLB d.d. no longer has control over these entities and they are not included in the consolidated financial statements according to full consolidation.
- As at 5 June 2014 a simplified decrease with a simultaneous increase in share capital was registered in Adria Bank, Wien. Due to covering the loss from 2013, the share capital at first decreased to 0; NLB d.d. did not participate in the increase in share capital.
- PRO-REM d.o.o., Ljubljana was established. NLB d.d.'s ownership in PRO-REM d.o.o., Ljubljana is 100%.
- NLB d.d. and NLB Razvojna banka, Banja Luka sold their 88.14% ownership in Plan d.o.o., Banja Luka.
- Based on the decision of the Bank of Slovenia on extraordinary measures, all qualified liabilities of Banka Celje were terminated and therefore NLB d.d. no longer has a capital investment in the bank.

4. NOTES TO THE CONDENSED INCOME STATEMENT

4.1. Interest income and expenses

in EUR thousand

	NLB d.d.			NLB Group		
	three months ended			three months ended		
	March	March	%	March	March	%
	2015	2014	change	2015	2014	change
Interest and similar income						
Loans and advances to customers	57,721	65,099	(11)	96,270	102,125	(6)
Held-to-maturity investments	5,794	7,932	(27)	5,794	7,932	(27)
Available-for-sale financial assets	5,543	7,080	(22)	8,914	11,912	(25)
Financial assets held for trading	3,467	4,133	(16)	3,434	4,097	(16)
Loans and advances to banks and central banks	610	1,366	(55)	232	565	(59)
Derivatives - hedge accounting	505	529	(5)	505	529	(5)
Deposits with central banks and banks	172	192	(10)	311	440	(29)
TOTAL	73,812	86,331	(15)	115,460	127,600	(10)
	=====	=====		=====	=====	
Interest and similar expenses						
Due to customers	9,684	18,179	(47)	20,011	33,068	(39)
Debt securities in issue	2,798	638	339	2,798	638	339
Financial liabilities held for trading	2,743	3,371	(19)	2,743	3,369	(19)
Borrowings from banks and central banks	1,756	5,336	(67)	2,289	6,384	(64)
Derivatives - hedge accounting	1,591	1,922	(17)	1,591	1,922	(17)
Borrowings from other customers	77	140	(45)	661	958	(31)
Deposits from banks and central banks	9	28	(68)	55	65	(15)
Subordinated liabilities	-	-	-	287	277	4
Other financial liabilities	314	159	97	419	216	94
TOTAL	18,972	29,773	(36)	30,854	46,897	(34)
	=====	=====		=====	=====	
NET INTEREST INCOME	54,840	56,558	(3)	84,606	80,703	5
	=====	=====		=====	=====	

4.2. Net fee and commission income

	NLB d.d.			NLB Group		
	three months ended			three months ended		
	March	March	%	March	March	%
	2015	2014	change	2015	2014	change
Fee and commission income						
Credit cards and ATMs	10,177	10,070	1	13,498	13,054	3
Customer transaction accounts	7,899	8,391	(6)	9,882	10,144	(3)
Payments	6,751	7,058	(4)	12,559	12,819	(2)
Guarantees	2,276	2,433	(6)	3,839	3,646	5
Investment banking	1,338	1,462	(8)	2,459	1,980	24
Investment funds	1,158	494	134	2,465	1,902	30
Agency of insurance products	434	683	(36)	434	683	(36)
Other services	665	477	39	1,206	1,044	16
TOTAL	30,698	31,068	(1)	46,342	45,272	2
	=====	=====		=====	=====	
Fee and commission expenses						
Credit cards and ATMs	5,581	5,232	7	7,931	7,179	10
Deposit insurance	-	-	-	2,066	2,233	(7)
Investment banking	472	333	42	683	438	56
Payments	207	201	3	1,072	1,105	(3)
Guarantees	66	46	43	81	62	31
Other services	497	638	(22)	810	861	(6)
TOTAL	6,823	6,450	6	12,643	11,878	6
	=====	=====		=====	=====	
NET FEE AND COMMISSION INCOME	23,875	24,618	(3)	33,699	33,394	1
	=====	=====		=====	=====	

4.3. Gains less losses from financial assets and liabilities not classified as at fair value through profit or loss

	NLB d.d.		NLB Group	
	three months ended		three months ended	
	March	March	March	March
	2015	2014	2015	2014
Available-for-sale financial assets	9,553	10,774	9,518	10,774
Financial assets and liabilities measured at amortised cost	(2)	-	(2)	40
TOTAL	9,551	10,774	9,516	10,814
	=====	=====	=====	=====

4.4. Gains less losses from financial assets and liabilities held for trading

	NLB d.d.		in EUR thousand	
	three months ended		NLB Group	
	March 2015	March 2014	March 2015	March 2014
Derivatives	(30,258)	(3,001)	(30,386)	(3,078)
Foreign exchange trading	758	740	2,418	2,180
Equity instruments	-	5	-	5
Debt instruments	27	(18)	27	(18)
TOTAL	(29,473)	(2,274)	(27,941)	(911)
	=====	=====	=====	=====

The NLB Group uses currency derivatives to hedge its currency exposure. Therefore, their effects, which represent the majority of derivatives' valuation in the first quarter of 2015, need to be considered in relation to the foreign exchange difference in the income statements.

The NLB Group had an unintended economically open position in CHF related to the capital needs, initiated at the level of a Swiss-based non-core subsidiary. In January 2015, the FX rate unexpectedly significantly appreciated (by about 15%), which resulted in the recognition of approximately EUR 13 million in negative effects. Upon the identification the NLB Group immediately closed the open position.

4.5. Other operating income

	NLB d.d.			in EUR thousand		
	three months ended			NLB Group		
	March 2015	March 2014	% change	March 2015	March 2014	% change
Income from non-banking services	2,699	2,750	(2)	3,815	4,104	(7)
Rental income from investment property	20	20	0	1,440	1,202	20
Other operating income	1,049	3,572	(71)	1,655	1,568	6
TOTAL	3,768	6,342	(41)	6,910	6,874	1
	=====	=====		=====	=====	

4.6. Other operating expenses

	NLB d.d.			in EUR thousand		
	three months ended			NLB Group		
	March 2015	March 2014	% change	March 2015	March 2014	% change
Expenses related to issued service guarantees	2,607	2,293	14	2,607	2,293	14
Taxes and other duties	164	1,792	(91)	459	2,123	(78)
Membership fees	138	146	(5)	267	276	(3)
Other operating expenses	1,837	221	731	2,012	345	483
TOTAL	4,746	4,452	7	5,345	5,037	6
	=====	=====		=====	=====	

4.7. Administrative expenses

in EUR thousand

	NLB d.d.			NLB Group		
	three months ended			three months ended		
	March	March	%	March	March	%
	2015	2014	change	2015	2014	change
Employee costs	25,276	27,120	(7)	39,783	41,714	(5)
Other general and administrative expenses	14,404	14,173	2	23,126	22,040	5
TOTAL	39,680	41,293	(4)	62,909	63,754	(1)
	=====	=====		=====	=====	

4.8. Provisions for other liabilities and charges

in EUR thousand

	NLB d.d.		NLB Group	
	three months ended		three months ended	
	March	March	March	March
	2015	2014	2015	2014
Guarantees and commitments	(4,792)	8,950	(5,054)	5,876
Other provisions	-	631	105	631
TOTAL	(4,792)	9,581	(4,949)	6,507
	=====	=====	=====	=====

4.9. Impairment charge

in EUR thousand

	NLB d.d.		NLB Group	
	three months ended		three months ended	
	March	March	March	March
	2015	2014	2015	2014
Impairment of financial assets				
Available-for-sale financial assets	(79)	2,030	(79)	2,030
Loans and advances to banks (note 5.4.5.)	178	(37)	2,887	(82)
Loans and advances to customers (note 5.4.5.)	30,912	9,146	21,316	14,171
Other financial assets (note 5.4.5.)	430	(1,079)	502	(1,146)
Impairment of other assets				
Investments in subsidiaries, associates and joint ventures	-	1,765	-	-
Property and equipment	338	-	338	-
Repossessed assets	-	-	1,141	2,166
TOTAL	31,779	11,825	26,105	17,139
	=====	=====	=====	=====

4.10. Income tax

in EUR thousand

	NLB d.d.			NLB Group		
	three months ended			three months ended		
	March 2015	March 2014	% change	March 2015	March 2014	% change
Current tax on profit	(1,068)	-	-	(2,490)	(511)	387
Deferred tax	5.7. 755	633	19	801	662	21
TOTAL	(313)	633	-	(1,689)	151	-
	=====	=====		=====	=====	

5. NOTES TO THE CONDENSED STATEMENT OF FINANCIAL POSITION

5.1. Cash, cash balances at central banks and other demand deposits at banks

in EUR thousand

	NLB d.d.			NLB Group		
	31.3.2015	31.12.2014	% change	31.3.2015	31.12.2014	% change
Cash	102,612	106,146	(3)	195,455	196,835	(1)
Balances and obligatory reserves with central banks	62,160	117,696	(47)	442,581	508,630	(13)
Demand deposits at banks	138,088	210,596	(34)	332,319	422,062	(21)
TOTAL	302,860	434,438	(30)	970,355	1,127,527	(14)
	=====	=====		=====	=====	

5.2. Trading assets

in EUR thousand

	NLB d.d.			NLB Group		
	31.3.2015	31.12.2014	% change	31.3.2015	31.12.2014	% change
Derivatives, excluding hedge accounting						
Swap contracts	38,277	34,895	10	37,665	34,299	10
Forward contracts	5,389	5,632	(4)	5,391	5,638	(4)
Options	82	119	(31)	82	119	(31)
Total derivatives	43,748	40,646	8	43,138	40,056	8
Securities						
Shares	22	22	0	22	22	0
Bonds	61,241	57,876	6	61,241	57,876	6
Treasury bills	60,278	40,264	50	60,278	40,264	50
Total securities	121,541	98,162	24	121,541	98,162	24
TOTAL	165,289	138,808	19	164,679	138,218	19
	=====	=====		=====	=====	

5.3. Available-for-sale financial assets

	in EUR thousand					
	NLB d.d.			NLB Group		
	31.3.2015	31.12.2014	% change	31.3.2015	31.12.2014	% change
Bonds	891,473	999,148	(11)	1,234,526	1,317,574	(6)
Commercial papers	78,976	78,973	0	78,976	78,973	0
Treasury bills	49,880	74,812	(33)	139,943	208,023	(33)
Shares and ownership interest	28,950	29,815	(3)	32,223	32,861	(2)
National Resolution Fund	44,537	-	-	44,537	-	-
Cash certificates	-	-	-	65,138	35,521	83
TOTAL	1,093,816	1,182,748	(8)	1,595,343	1,672,952	(5)
	=====	=====		=====	=====	

In March 2015 NLB d.d. paid its financial obligation in the amount of EUR 44.5 million to the National Resolution Fund, funded and controlled by the Bank of Slovenia in accordance with the Bank Resolution Authority and Fund Act (ZOSRB).

5.4. Loans and advances

Analysis by type of loans and advances

	in EUR thousand					
	NLB d.d.			NLB Group		
	31.3.2015	31.12.2014	% change	31.3.2015	31.12.2014	% change
Debt securities	715,057	706,785	1	715,057	706,785	1
Loans to banks	104,302	159,300	(35)	216,442	271,340	(20)
Loans and advances to customers	4,987,607	4,993,040	(0)	6,724,307	6,708,332	0
Other financial assets	50,060	47,836	5	64,789	71,769	(10)
TOTAL	5,857,026	5,906,961	(1)	7,720,595	7,758,226	(0)
	=====	=====		=====	=====	

5.4.1. Debt securities

	in EUR thousand		
	NLB d.d. and NLB Group		
	31.3.2015	31.12.2014	% change
Government	625,403	619,118	1
Companies	89,654	87,667	2
TOTAL	715,057	706,785	1
	=====	=====	

5.4.2. Loans and advances to banks

	in EUR thousand					
	NLB d.d.			NLB Group		
	31.3.2015	31.12.2014	% change	31.3.2015	31.12.2014	% change
Time deposits	70,940	116,719	(39)	212,113	264,496	(20)
Loans	33,198	42,308	(22)	32,721	30,611	7
Purchased receivables	1,106	955	16	1,106	955	16
	105,244	159,982	(34)	245,940	296,062	(17)
Allowance for impairment (note 5.4.5.)	(942)	(682)	38	(29,498)	(24,722)	19
TOTAL	104,302	159,300	(35)	216,442	271,340	(20)
	=====	=====		=====	=====	

5.4.3. Loans and advances to customers

in EUR thousand

	NLB d.d.			NLB Group		
	31.3.2015	31.12.2014	% change	31.3.2015	31.12.2014	% change
Loans	5,750,735	5,724,194	0	7,595,046	7,557,867	0
Finance lease receivables	-	-	-	329,426	333,824	(1)
Overdrafts	200,991	195,739	3	336,494	322,243	4
Credit card business	57,265	60,152	(5)	109,038	111,847	(3)
Called guarantees	12,954	11,312	15	22,631	20,830	9
Reverse sale and repurchase agreement	25	25	0	25	25	0
	6,021,970	5,991,422	1	8,392,660	8,346,636	1
Allowance for impairment (note 5.4.5.)	(1,034,363)	(998,382)	4	(1,668,353)	(1,638,304)	2
TOTAL	4,987,607	4,993,040	(0)	6,724,307	6,708,332	0
	=====	=====		=====	=====	

5.4.4. Other financial assets

in EUR thousand

	NLB d.d.			NLB Group		
	31.3.2015	31.12.2014	% change	31.3.2015	31.12.2014	% change
Receivables in the course of collection	14,747	12,998	13	16,238	14,819	10
Receivables from purchase agreements for equity securities	29,550	29,554	(0)	29,550	29,554	(0)
Credit card receivables	7,463	8,823	(15)	10,095	12,269	(18)
Fees and commissions due	5,242	5,701	(8)	7,832	7,747	1
Accrued income	1,651	16	10,219	1,518	145	947
Debtors	769	1,582	(51)	20,303	20,825	(3)
Dividends	1,446	44	3,186	44	44	-
Prepayments	-	-	-	8,043	8,040	0
Other financial assets	7,116	6,639	7	14,300	21,006	(32)
	67,984	65,357	4	107,923	114,449	(6)
Allowance for impairment (note 5.4.5.)	(17,924)	(17,521)	2	(43,134)	(42,680)	1
TOTAL	50,060	47,836	5	64,789	71,769	(10)
	=====	=====		=====	=====	

5.4.5. Movements in allowance for the impairment of banks, loans and advances to customers and other financial assets

in EUR thousand

	NLB d.d.					
	Banks		Customers		Other financial assets	
	2015	2014	2015	2014	2015	2014
Balance at 1 January	682	10,550	998,382	1,074,301	17,521	37,644
Impairment (note 4.9.)	178	(37)	30,912	9,146	430	(1,079)
Write offs	-	-	(879)	(2,996)	(32)	(3,686)
Repayment of write offs	-	-	246	-	4	-
Exchange differences	82	1	5,702	(196)	1	(1)
Other	-	-	-	468	-	-
Balance at 31 March	942	10,514	1,034,363	1,080,723	17,924	32,878
	=====	=====	=====	=====	=====	=====

in EUR thousand

	NLB Group					
	Banks		Customers		Other financial assets	
	2015	2014	2015	2014	2015	2014
Balance at 1 January	24,722	28,617	1,638,304	1,764,268	42,680	66,084
Exchange differences on opening balance	3,494	116	25,439	(576)	26	(93)
Impairment (note 4.9.)	2,887	(82)	21,316	14,171	502	(1,146)
Write offs	-	-	(4,877)	(4,423)	(111)	(3,703)
Repayment of write offs	-	-	577	-	10	-
Exchange differences	(1,605)	(151)	(12,347)	(945)	34	22
Other	-	-	(59)	-	(7)	-
Balance at 31 March	29,498	28,500	1,668,353	1,772,495	43,134	61,164
	=====	=====	=====	=====	=====	=====

5.5. Held-to-maturity financial assets

in EUR thousand

	NLB d.d. and NLB Group		
	31.3.2015	31.12.2014	% change
Bonds	622,437	691,765	(10)
Treasury bills	19,906	19,883	0
TOTAL	642,343	711,648	(10)
	=====	=====	

5.6. Other assets

in EUR thousand

	NLB d.d.			NLB Group		
	31.3.2015	31.12.2014	% change	31.3.2015	31.12.2014	% change
Deferred expenses	4,331	2,686	61	7,788	4,790	63
Repossessioned assets	1,654	1,561	6	117,539	116,606	1
Claim for taxes and other dues	824	2,596	(68)	1,603	3,379	(53)
Prepayments	2,084	871	139	3,974	2,707	47
Inventories	268	269	(0)	9,484	12,637	(25)
TOTAL	9,161	7,983	15	140,388	140,119	0
	=====	=====		=====	=====	

5.7. Deferred tax

in EUR thousand

	NLB d.d.			NLB Group		
	31.3.2015	31.12.2014	% change	31.3.2015	31.12.2014	% change
Deferred income tax assets						
Valuation of financial instruments and capital investments	53,071	53,819	(1)	53,142	53,865	(1)
Tax losses	241,396	241,296	0	224,085	224,062	0
Impairment provisions	3,874	3,874	0	28,690	28,787	(0)
Employee benefit provisions	1,644	1,718	(4)	1,833	1,906	(4)
Depreciation and valuation of non-financial assets	242	295	(18)	1,313	1,364	(4)
Tax reliefs	-	-	-	28	28	0
Dividends	-	7	(100)	-	7	(100)
Reduction of deferred tax assets	(280,241)	(281,023)	(0)	(288,725)	(289,675)	(0)
Total deferred income tax assets	19,986	19,986	0	20,366	20,344	0
Deferred income tax liabilities						
Valuation of financial instruments	13,385	13,003	3	13,901	13,500	3
Depreciation and valuation of non-financial assets	244	245	(0)	1,056	1,109	(5)
Impairment provisions	-	-	-	63	64	(2)
Other	-	-	-	39	39	0
Total deferred income tax liabilities	13,629	13,248	3	15,059	14,712	2
Net deferred income tax assets	6,357	6,738	(6)	5,605	5,947	(6)
Net deferred income tax liabilities	-	-	-	(298)	(315)	(5)
	three months ended			three months ended		
	March 2015	March 2014		March 2015	March 2014	
Included in the income statement for the current year	755	633		801	662	
- tax losses	100	-		22	-	
- valuation of financial instruments and capital investments	6	388		6	388	
- employee benefit provisions	(74)	(96)		(74)	(82)	
- impairment provisions	-	-		(96)	(3,564)	
- depreciation and valuation of non-financial assets	(52)	(40)		-	(30)	
- dividends	(7)	-		(7)	-	
- adjustment of deferred income tax assets	782	381		950	3,950	
Included in other comprehensive income for the current year	(1,136)	(5,214)		(1,131)	(5,236)	
- valuation of available for sale financial assets	(1,140)	(5,248)		(1,135)	(5,270)	
- cash flow hedges	4	34		4	34	

5.8. Financial liabilities measured at amortised cost

Analysis by type of financial liabilities, measured at amortised cost

in EUR thousand

	NLB d.d.			NLB Group		
	31.3.2015	31.12.2014	% change	31.3.2015	31.12.2014	% change
Deposits from banks and central banks	104,226	91,115	14	74,119	62,334	19
- Deposits on demand	100,316	87,742	14	68,671	57,138	20
- Other deposits	3,910	3,373	16	5,448	5,196	5
Borrowings from banks and central banks	620,480	643,578	(4)	686,270	714,722	(4)
Due to customers	5,996,842	6,294,925	(5)	8,630,430	8,943,832	(4)
- Deposits on demand	3,474,383	3,253,716	7	4,711,217	4,471,316	5
- Other deposits	2,522,459	3,041,209	(17)	3,919,213	4,472,516	(12)
Borrowings from other customers	13,033	33,511	(61)	111,951	136,660	(18)
Debt securities in issue	348,505	359,853	(3)	348,505	359,853	(3)
Subordinated liabilities	-	-	-	17,261	17,328	(0)
Other financial liabilities	56,638	46,223	23	85,559	71,886	19
TOTAL	7,139,724	7,469,205	(4)	9,954,095	10,306,615	(3)
	=====	=====		=====	=====	

5.8.1. Debt securities in issue

in EUR thousand

	NLB d.d. and NLB Group		
	31.3.2015	31.12.2014	% change
Carrying amount of issued securities			
- traded on active markets	348,505	359,853	(3)
Bonds (in %)			
- fixed rated	100.00	100.00	
	100.00	100.00	
	=====	=====	

5.8.2. Subordinated liabilities

in EUR thousand

				NLB Group				
				31.3.2015		31.12.2014		% change
Subordinated loans	Currency	Due date	Interest rate	Carrying amount	Nominal value	Carrying amount	Nominal value	
	EUR	30.6.2018	6 months EURIBOR + 6.3% p.a.	12,017	12,000	12,174	12,000	(1)
	EUR	30.6.2020	6 months EURIBOR + 5.7% p.a. to 30.9.2015, thereafter 6 months EURIBOR + 7.7% p.a.	5,244	5,000	5,154	5,000	2
TOTAL				17,261	17,000	17,328	17,000	(0)
				=====	=====	=====	=====	

5.8.3. Other financial liabilities

	in EUR thousand					
	NLB d.d.			NLB Group		
	31.3.2015	31.12.2014	% change	31.3.2015	31.12.2014	% change
Items in the course of payment	22,495	6,941	224	35,052	18,178	93
Debit or credit card payables	10,134	14,024	(28)	10,942	15,322	(29)
Accrued expenses	7,870	5,733	37	14,977	11,643	29
Accrued salaries	6,905	7,110	(3)	9,143	8,430	8
Suppliers	2,556	8,065	(68)	4,673	10,787	(57)
Fees and commissions due	50	1,389	(96)	80	1,424	(94)
Other financial liabilities	6,628	2,961	124	10,692	6,102	75
TOTAL	56,638	46,223	23	85,559	71,886	19
	=====	=====		=====	=====	

5.9. Provisions

	in EUR thousand					
	NLB d.d.			NLB Group		
	31.3.2015	31.12.2014	% change	31.3.2015	31.12.2014	% change
Provisions for non-financial guarantees	30,838	31,568	(2)	32,036	32,876	(3)
Provisions for financial guarantees	45,593	46,023	(1)	48,417	48,733	(1)
Provisions for other credit commitments	7,655	11,212	(32)	7,313	11,190	(35)
Employee benefit provisions	15,818	15,741	0	19,167	18,995	1
Restructuring provisions	4,751	5,824	(18)	4,780	5,871	(19)
Provision for legal issues	1,665	1,666	(0)	6,852	6,774	1
Provisions for premiums from National Housing Saving Scheme	733	733	0	733	733	0
Other provisions	530	1,798	(71)	534	1,802	(70)
TOTAL	107,583	114,565	(6)	119,832	126,974	(6)
	=====	=====		=====	=====	

5.10. Income tax relating to components of other comprehensive income

	in EUR thousand					
	NLB d.d.					
	31.3.2015			31.3.2014		
	Before tax amount	Tax expense	Net of tax amount	Before tax amount	Tax expense	Net of tax amount
Available-for-sale financial assets	6,692	(1,140)	5,552	30,876	(5,248)	25,628
Cash flow hedge	(25)	4	(21)	(203)	34	(169)
TOTAL	6,667	(1,136)	5,531	30,673	(5,214)	25,459
	=====	=====	=====	=====	=====	=====

	in EUR thousand					
	NLB Group					
	31.3.2015			31.3.2014		
	Before tax amount	Tax expense	Net of tax amount	Before tax amount	Tax expense	Net of tax amount
Available-for-sale financial assets	6,922	(1,135)	5,787	31,141	(5,270)	25,871
Cash flow hedge	(25)	4	(21)	(203)	34	(169)
Share of associates and joint ventures	3,494	(49)	3,445	2,068	(339)	1,729
Actuarial gains on defined benefit pensions plans	(78)	-	(78)	-	-	-
TOTAL	10,313	(1,180)	9,133	33,006	(5,575)	27,431
	=====	=====	=====	=====	=====	=====

5.11. Other liabilities

	in EUR thousand					
	NLB d.d.			NLB Group		
	31.3.2015	31.12.2014	% change	31.3.2015	31.12.2014	% change
Taxes payable	3,321	3,397	(2)	4,431	4,300	3
Deferred income	714	832	(14)	5,886	3,772	56
Payments received in advance	62	34	82	2,517	3,994	(37)
TOTAL	4,097	4,263	(4)	12,834	12,066	6
	=====	=====		=====	=====	

5.12. Book value per share

The book value of a NLB d.d. share as at 31 March 2015 was EUR 61.2 (31 December 2014: EUR 60.2) and on a consolidated level it was EUR 68.8 (31 December 2014: EUR 67.2). It is calculated as the ratio of the net asset book value and the number of shares. NLB d.d. and the NLB Group do not have any other equity instruments issued or treasury shares.

5.13. Capital adequacy ratio

	in EUR thousand			
	NLB d.d.		NLB Group	
	31.3.2015	31.12.2014	31.3.2015	31.12.2014
Paid up capital instruments	200,000	200,000	200,000	200,000
Share premium	871,378	871,378	871,378	871,378
Retained earnings - from previous years	81,529	-	206,572	148,234
Profit or loss eligible - from current year	-	81,529	-	58,111
Accumulated other comprehensive income	3,079	(1,519)	(2,884)	(4,663)
Other reserves	13,522	13,522	13,522	13,522
Minority interest	-	-	-	-
Prudential filters: Cash flow hedge reserve	1,075	533	1,075	533
Prudential filters: Value adjustments due to the requirements for prudent valuation	(2,877)	(3,049)	(3,374)	(3,535)
(-) Goodwill	-	-	(3,529)	(3,529)
(-) Other intangible assets	(30,858)	(33,743)	(36,396)	(39,171)
(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	(2,070)	(1,094)	(1,487)	(802)
COMMON EQUITY TIER 1 CAPITAL (CET1)	1,134,778	1,127,557	1,244,877	1,240,078
Additional Tier 1 capital	-	-	-	-
TIER 1 CAPITAL	1,134,778	1,127,557	1,244,877	1,240,078
Tier 2 capital	-	-	-	-
TOTAL CAPITAL (OWN FUNDS)	1,134,778	1,127,557	1,244,877	1,240,078
RWA for credit risk	4,361,907	4,292,627	6,765,643	5,875,105
RWA for market risks	32,313	26,963	220,076	141,001
RWA for credit valuation adjustment risk	9,063	8,338	9,063	8,338
RWA for operational risk	596,127	634,290	930,688	1,013,538
TOTAL RISK EXPOSURE AMOUNT (RWA)	4,999,410	4,962,218	7,925,470	7,037,982
Common Equity Tier 1 Ratio	22.7%	22.7%	15.7%	17.6%
Tier 1 Ratio	22.7%	22.7%	15.7%	17.6%
Total Capital Ratio	22.7%	22.7%	15.7%	17.6%

5.14. Off-balance sheet liabilities

in EUR thousand

	NLB d.d.			NLB Group		
	31.3.2015	31.12.2014	% change	31.3.2015	31.12.2014	% change
Commitments to extend credit	982,408	1,012,334	(3)	1,049,499	1,101,684	(5)
Performance guarantees	410,764	447,122	(8)	464,850	504,109	(8)
Financial guarantees	210,216	246,464	(15)	344,518	395,694	(13)
Letters of credit	992	1,411	(30)	12,108	12,604	(4)
Other	787	832	(5)	8,609	6,040	43
	<u>1,605,167</u>	<u>1,708,163</u>	(6)	<u>1,879,584</u>	<u>2,020,131</u>	(7)
Provisions (note 5.9.)	(84,086)	(88,803)	(5)	(87,766)	(92,799)	(5)
TOTAL	<u>1,521,081</u>	<u>1,619,360</u>	(6)	<u>1,791,818</u>	<u>1,927,332</u>	(7)
	=====	=====		=====	=====	

5.15. Fair value hierarchy of financial and non-financial assets and liabilities

Fair value is the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The NLB Group uses various valuation techniques to determine fair value. IFRS 13 specifies a fair value hierarchy with respect to the inputs and assumptions used to measure financial and non-financial assets and liabilities at fair value. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the assumptions of NLB d.d. and the NLB Group. This hierarchy gives the highest priority to observable market data when available, and the lowest priority to unobservable market data. The NLB Group considers relevant and observable market prices in its valuations where possible. The fair value hierarchy comprises the following levels:

- Level 1 – Quoted prices (unadjusted) on active markets. This level includes listed equities, debt instruments, derivatives, units of investment funds and other unadjusted market prices of assets and liabilities. When an asset or liability may be exchanged on multiple active markets, the principal market for the asset or liability must be determined. In the absence of a principal market, the most advantageous market for the asset or liability must be determined.
- Level 2 – A valuation technique where inputs are observable, either directly (i.e. prices) or indirectly (i.e. derived from prices). Level 2 includes quoted prices for similar assets or liabilities on active markets and quoted prices for identical or similar assets and liabilities on markets that are not active. The sources of input parameters for financial instruments, such as yield curves, credit spreads, foreign exchange rates, and the volatility of interest rates and foreign exchange rates, are Reuters and Bloomberg.
- Level 3 – A valuation technique where inputs are not based on observable market data. Unobservable inputs are used to the extent that relevant observable inputs are not available. Unobservable inputs must reflect the assumptions that market participants would use when pricing an asset or liability. This level includes non-tradable shares and bonds and derivatives associated with these investments and other assets and liabilities, for which fair value cannot be determined with observable market inputs.

Where possible, fair value is determined as an observable market price on an active market for an identical asset or liability. An active market is a market on which transactions for an asset or liability are executed with sufficient frequency and volume to provide pricing information on an ongoing basis. Assets and liabilities measured at fair value on active markets are determined as the market price of a unit (e.g. a share) at the measurement date, multiplied by the quantity of units owned by the NLB Group. The fair value of assets and liabilities whose market is not active is determined using valuation techniques. Valuation techniques bear a different intensity level of estimates and assumptions, depending on the availability of observable market inputs associated with the asset or liability that is the subject of valuation. Unobservable inputs shall reflect the estimates and assumptions that other market participants would use when pricing the asset or liability.

For non-financial assets measured at fair value and not classified on Level 1, fair value is determined based on valuation reports provided by certified valuers. Valuations are prepared in accordance with the International Valuation Standards (IVS).

a) Significant transfers of financial instruments between levels of valuation

The NLB Group's policy of transfers of financial instruments between levels of valuation is illustrated in the table below.

Fair value hierarchy					Derivatives		
	Equities	Equity stake	Funds	Debt securities	Equities	Currency	Interest
1	market value from exchange market		regular valuation by fund management company	market value from exchange market			
2				valuation model	valuation model (underlying instrument in level 1)	valuation model	valuation model
3	valuation model	valuation model	valuation model	valuation model	valuation model (underlying instrument in level 3)		
Transfers	from 1 to 3 level equity excluded from exchange market		from 1 to 3 level fund management stops publishing regular valuation	from 1 to 2 level debt securities excluded from exchange market	from 2 to 3 level underlying instrument excluded from exchange market		
	from 1 to 3 level companies in insolvency proceedings		from 3 to 1 level fund management starts publishing regular valuation	from 1 to 2 level debt securities not liquid (no trading for 6 months)	from 3 to 2 level underlying instrument included into exchange market		
	from 1 to 2 level signing binding agreement to sale the equity			from 1 to 3 and from 2 to 3 level companies in insolvency proceedings			
	from 3 to 1 level equity included into exchange market			from 2 to 1 and from 3 to 1 level start trading with debt securities on exchange market from 3 to 2 level until valuation parameters are confirmed on ALCO (at least on quarterly basis)			

For the three months ended 31 March 2015, NLB d.d. and the NLB Group had no significant transfers of financial instruments between levels of valuation. For the three months ended 31 March 2014, significant transfers of financial instruments between levels of valuation are shown in the table below:

31.3.2014

	in EUR thousand					
	NLB d.d. and NLB Group					
	Level 1		Level 2		Level 3	
Financial assets	from	to	from	to	from	to
Financial instruments held for trading						
- debt instruments	-	1,248	(1,248)	-	-	-

b) Financial and non-financial assets and liabilities on the 2nd level regarding the fair value hierarchy

Financial instruments on Level 2 of the fair value hierarchy at NLB d.d. and the NLB Group include:

- debt securities: government bonds not quoted on active markets;
- equities: investment funds; and
- derivatives: derivatives except forward derivatives and options on equity instruments that are not quoted on active markets.

The majority of financial assets classified on Level 2 are available-for-sale debt instruments and derivatives.

When valuing bonds classified on Level 2, the NLB Group primarily uses the income approach based on an estimation of future cash flows discounted to the present value. The input parameters used in the income approach are the risk-free yield curve and the spread over the yield curve (credit, liquidity, country).

Fair values for derivatives are determined using a discounted cash flow model based on the risk-free yield curve. Fair values for options are determined using valuation models for options (Garman and Kohlhagen model, binomial model and Black-Scholes model).

At least three valuation methods are used for the valuation of investment property. The majority of investment property is valued using the income approach, where the present value of future expected returns is assessed. When valuing investment property, average rents at similar locations and capitalisation ratios, such as the risk-free yield, risk premium, liquidity premium, risk premium to account for the management of the investment and risk premium to account for capital preservation are used. Rents at similar locations are generated from various sources, such as data from lessors and lessees, web databases and own databases. The NLB Group has observable data for all investment property at its disposal. If observable data for similar locations are not available, the NLB Group uses data from wider locations and appropriately adjusts such data.

Non-current assets held for sale represent equity investments and property, plant and equipment that are measured at fair value less costs to sell, because it is lower than the previous carrying amount of those assets.

c) Financial and non-financial assets and liabilities on Level 3 of the fair value hierarchy

Financial instruments on Level 3 of the fair value hierarchy in NLB d.d. and the NLB Group include:

- debt securities: structured debt securities from inactive emerging markets;
- equities: mainly Slovenian corporate and financial equities that are not quoted on active markets; and
- derivative financial instruments: forward derivatives and options on equity instruments that are not quoted on an active organised market. Fair values for forward derivatives are determined using the discounted cash flow model. Fair values for equity options are determined using valuation models for options (Garman and Kohlhagen model, binomial model and Black-Scholes model). Unobservable inputs include the fair values of underlying instruments determined using valuation models. The source of observable market inputs is the Reuters information system.

The majority of financial assets classified on Level 3 are shares and ownership interests in companies and financial entities. The NLB Group uses three valuation methods for the valuation of equity financial assets: the income approach, market approach and cost approach.

The most commonly used valuation technique is the income approach. The income approach is based on an estimation of future cash flows discounted to the present value. Estimations of the cash flows that an entity will be able to generate in the future are crucial for future cash flows. The NLB Group makes projections of income statements and statements of financial position from which it derives cash flow projections for a longer period. The key variables that affect the amount of cash flows, and thus the estimated fair value of the financial asset, also include an assumption regarding the long-term EBITDA margin. A discount rate that is appropriate for the risks associated with the realisation of these benefits is used to discount cash flows. The discount rate is determined as the weighted average cost of capital. A forecast of future cash flows and a calculation of the weighted average cost of capital is prepared for an accurate forecasting period (usually 10 years from the date of the prediction value), and for a period following the period of accurate forecasting. Assumptions of long-term stable growth in the amount of 2.5% are used for the period following the period of accurate forecasting. The NLB Group can select values of unobservable input data within a reasonable possible range, but uses those input data that other market participants would use.

The following assumptions have been used when valuing available-for-sale financial assets classified on level 3:

NLB d.d. and NLB Group	31.3.2015	31.12.2014
Available-for-sale financial assets		
Long term weighted average cost of capital	8.8%-12.9%	8.8%-12.9%
EBITDA margin	8.5%-23%	8.5%-23%
Long term free cash flow growth	2.5%	2.5%
Financial assets held for trading		
Long term weighted average cost of capital	-	8.8%-13.2%
EBITDA margin	-	5%-23%
Long term free cash flow growth	-	2.5%

When valuing derivatives on Level 3, the value of underlying instruments and the risk-free yield curve have been used in the valuation approach.

Sensitivity to valuation

Sensitivity to the valuation assumptions disclosed in the table below is illustrated by how much the fair value of financial instruments on Level 3 would increase or decrease if management had used reasonably possible alternative valuation assumptions that were not based on observable market data. The presentation of the sensitivity to valuation based on the discounted cash flow model includes a range of estimated values of the extent of the increase or decrease of the assumptions used in the amount of 10% of the value applied.

Free cash flow method

NLB d.d. and NLB Group	in EUR thousand			
	31.3.2015		31.12.2014	
	10%	-10%	10%	-10%
Available-for-sale financial assets				
Long term weighted average cost of capital	(90)	117	(90)	117
EBITDA margin	139	(141)	139	(141)
Long term free cash flow growth	176	(358)	176	(358)

Movements of financial assets and liabilities on Level 3

NLB d.d.	in EUR thousand				
	Financial assets held for trading		Available-for-sale financial assets	Total financial assets	Financial liabilities held for trading
	Debt instruments	Derivatives	Equity instruments		Derivatives
Balance at 1 January 2015	892	120	5,925	6,937	4,171
Valuation:					
- through profit or loss	-	(38)	-	(38)	10
Exchange differences	108	-	-	108	-
Balance at 31 March 2015	1,000	82	5,925	7,007	4,181

NLB d.d.	in EUR thousand						
	Financial assets held for trading			Available-for-sale financial assets		Total financial assets	liabilities held for trading
	Debt instruments	Equity instruments	Derivatives	Debt instruments	Equity instruments		Derivatives
Balance at 1 January 2014	4,058	16,719	118	3,573	4,240	28,708	3,916
Valuation:							
- through profit or loss	1	-	25	-	-	26	63
Exchange differences	1	-	-	-	-	1	-
Increases (purchases)	46	-	-	47	-	93	-
Balance at 31 March 2014	4,106	16,719	143	3,620	4,240	28,828	3,979

in EUR thousand

NLB Group	Financial assets held for trading		Available-for-sale financial assets	Total financial assets	Financial liabilities held for trading
	Debt instruments	Derivatives	Equity instruments		Derivatives
Balance at 1 January 2015	892	120	6,742	7,754	4,171
Valuation:					
- through profit or loss	-	(38)	-	(38)	10
Exchange differences	108	-	-	108	-
Transfers into level 3	-	-	107	107	-
Balance at 31 March 2015	1,000	82	6,849	7,931	4,181

in EUR thousand

NLB Group	Financial assets held for trading			Available-for-sale financial assets		Total financial assets	Financial liabilities held for trading
	Debt instruments	Equity instruments	Derivatives	Debt instruments	Equity instruments		Derivatives
Balance at 1 January 2014	4,058	16,719	118	3,573	4,714	29,182	3,916
Valuation:							
- through profit or loss	1	-	25	-	-	26	63
- recognised in other comprehensive income	-	-	-	-	(1)	(1)	-
Exchange differences	1	-	-	-	(1)	-	-
Increases (purchases)	46	-	-	47	-	93	-
Sales, issues and settlements	-	-	-	-	(11)	(11)	-
Transfer out of level 3	-	-	-	-	(58)	(58)	-
Balance at 31 March 2014	4,106	16,719	143	3,620	4,643	29,231	3,979

NLB d.d. and the NLB Group recognise effects from the valuation of trading instruments in the income statement item Gains less losses from financial assets and liabilities not classified at fair value through profit or loss, and recognise exchange differences in the income statement item Foreign exchange translation gains less losses. Effects from the valuation of available-for-sale financial assets are recognised in the income statement item Impairment charge, and in the other comprehensive income item Available-for-sale financial assets.

In the first three months 2015 and 2014, NLB d.d. and the NLB Group recognised the following unrealised gains or losses for financial instruments that were on level 3 as at 31 March 2015 and 31 March 2014:

in EUR thousand

31.3.2015	NLB d.d.		NLB Group	
	Financial assets held for trading	Financial liabilities held for trading	Financial assets held for trading	Financial liabilities held for trading
Items of Income statement				
Gains less losses from financial assets and liabilities held for trading	(38)	10	(38)	10
Impairment charge	-	-	-	-
Foreign exchange translation gains less losses	108	-	108	-

31.3.2014	in EUR thousand				
	NLB d.d.		NLB Group		
	Financial assets held for trading	Financial liabilities held for trading	Financial assets held for trading	Available-for-sale financial assets	Financial liabilities held for trading
Items of Income statement					
Gains less losses from financial assets and liabilities held for trading	26	63	26	-	63
Impairment charge	-	-	-	(1)	-
Item of Other comprehensive income					
Available-for-sale financial assets	-	-	-	2	-

5.16. Offsetting financial assets and financial liabilities

The NLB Group entered into foreign exchange netting arrangements with certain banks and companies. Cash flows from all FX derivatives with counterparties that are due on the same day are settled on a net basis, i.e. a single cash flow for each currency. Assets and liabilities related to these FX netting arrangements are not presented in a net amount in the statement of financial position because netting rules apply to cash flows and not to an instrument as a whole.

In accordance with the European Market Infrastructure Regulation (EMIR), the NLB Group also novated certain standardised derivative financial instruments to a central counterparty in 2013. A system of daily margins assures the mitigation and collateralisation of exposures, as well as the daily settlement of cash flows for each currency.

31.3.2015	in EUR thousand						
	Gross amounts of recognised financial assets/liabilities	Gross amounts set off in the statement of financial position	Net amounts of financial assets/liabilities presented in the statement of financial position	Amounts not set off in the statement of financial position			Net amount
				Impact of master netting agreements	Financial instruments collateral		
FINANCIAL ASSETS/LIABILITIES							
Derivatives - assets	43,570	-	43,570	19,576	10,063		13,931
Derivatives - liabilities	70,539	-	70,539	19,576	30,089		20,874

31.12.2014	in EUR thousand						
	Gross amounts of recognised financial assets/liabilities	Gross amounts set off in the statement of financial position	Net amounts of financial assets/liabilities presented in the statement of financial position	Amounts not set off on the statement of financial position			Net amount
				Impact of master netting agreements	Financial instruments collateral		
FINANCIAL ASSETS/LIABILITIES							
Derivatives - assets	40,526	-	40,526	16,919	8,396		15,211
Derivatives - liabilities	63,086	-	63,086	16,919	23,972		22,195

in EUR thousand

31.3.2015

NLB Group

FINANCIAL ASSETS/LIABILITIES	Gross amounts of recognised financial assets/liabilities	Gross amounts set off in the statement of financial position	Net amounts of financial assets/liabilities presented in the statement of financial position	Amounts not set off on the statement of financial position		Net amount
				Impact of master netting agreements	Financial instruments collateral	
Derivatives - assets	43,570	-	43,570	19,576	10,063	13,931
Derivatives - liabilities	70,539	-	70,539	19,576	30,089	20,874

in EUR thousand

31.12.2014

NLB Group

FINANCIAL ASSETS/LIABILITIES	Gross amounts of recognised financial assets/liabilities	Gross amounts set off in the statement of financial position	Net amounts of financial assets/liabilities presented in the statement of financial position	Amounts not set off on the statement of financial position		Net amount
				Impact of master netting agreements	Financial instruments collateral	
Derivatives - assets	39,931	-	39,931	16,919	8,396	14,616
Derivatives - liabilities	63,086	-	63,086	16,919	23,972	22,195

6. EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no events after 31 March 2015 that could materially significant influence the presented financial statements.

7. OTHER DISCLOSURES

7.1. Related-party transactions

The volumes of related party transactions and the outstanding balances:

		in EUR thousand							
NLB d.d. and NLB Group		Management Board and other Key management personnel		Family members of the Management Board and other Key management personnel		Companies in which members of Management board, Key management personnel or their family members have the control, joint control or significant influence		Supervisory Board	
		31.3.2015	31.12.2014	31.3.2015	31.12.2014	31.3.2015	31.12.2014	31.3.2015	31.12.2014
Loans and deposits issued		2,073	2,102	321	347	470	451	18	18
Loans and deposits received		1,740	1,958	805	1,136	268	199	118	115
Other financial assets		-	-	-	1	-	-	-	-
Guarantees issued and commitments to extend credit		250	276	94	114	4	4	20	20
		three months ended March 2015		three months ended March 2015		three months ended March 2015		three months ended March 2015	
Interest income		11	15	2	5	3	3	-	1
Interest expenses		(6)	(14)	(3)	(5)	-	-	-	-
Fee income		3	4	-	2	2	1	-	-
		in EUR thousand							
		NLB d.d.		NLB Group					
		Ultimate parent		Ultimate parent					
		31.3.2015	31.12.2014	31.3.2015	31.12.2014				
Loans and deposits issued		226,009	225,971	233,750	233,895				
Loans and deposits received		60,004	375,102	60,004	375,102				
Investments in securities		851,296	1,015,263	914,207	1,094,826				
Other financial assets		1	1	305	305				
Other financial liabilities		38	34	38	34				
Guarantees issued and commitments to extend credit		855	884	855	884				
		three months ended March 2015		three months ended March 2015					
Interest and dividend income		9,468	13,741	9,591	14,369				
Interest expenses		(34)	(73)	(34)	(73)				
Fee income		2	22	2	22				
Fee expenses		(11)	-	(11)	-				
Other income		1	2	1	2				
Other expenses		(1)	(1)	(1)	(1)				

NLB d.d. discloses all transactions with the ultimate controlling party. For transactions with other government-related entities, the NLB Group discloses individually significant transactions.

in EUR thousand

NLB d.d.	Total amount of significant transactions		Number of significant transactions	
	1.1.-31.3.2015	1.1.-31.12.2014	1.1.-31.3.2015	1.1.-31.12.2014
Loans	456,115	443,752	4	4
Debt securities classified as loans and advances	715,057	706,785	2	2
Debt securities	52,429	51,998	1	1
Deposits and business accounts	-	89,810	-	2
Borrowings	134,679	267,078	2	5
Commitments to extend credit	28,000	40,000	1	1
	three months ended			
	March 2015	March 2014		
Interest income from loans	846	1,065		
Effects from net interest income and net valuation from debt securities classified as loans and receivables	8,272	9,359		
Interest income from debt securities	413	429		
Interest expense from borrowings	(152)	(1,121)		
Interest income from commitments to extend credit	52	45		

in EUR thousand

	NLB d.d.					
	Subsidiaries		Associates		Joint ventures	
	31.3.2015	31.12.2014	31.3.2015	31.12.2014	31.3.2015	31.12.2014
Loans and deposits issued	625,327	621,076	1,929	1,942	28,388	30,422
Loans and deposits received	49,398	48,380	1,938	1,642	374	770
Debt securities in issue	-	-	575	569	-	-
Derivatives						
Fair value	613	589	-	-	-	-
Contractual amount	4,386	4,313	-	-	-	-
Other financial assets	292	625	-	25	149	11
Other financial liabilities	319	4,086	58	1,078	89	134
Guarantees issued and commitments to extend credit	94,213	76,332	43	42	8,727	20,446
Received loan commitments and financial guarantees	750	1,386	-	-	-	-
	three months ended		three months ended		three months ended	
	March	March	March	March	March	March
	2015	2014	2015	2014	2015	2014
Interest and dividend income	3,209	6,512	21	116	282	677
Interest expenses	(6)	(53)	(6)	(37)	(1)	(18)
Fee income	1,310	575	23	42	344	681
Fee expenses	(20)	(24)	(1,600)	(1,507)	(262)	(295)
Other income	109	2,378	196	627	16	15
Other expenses	(753)	(1,134)	(157)	(168)	-	(60)

in EUR thousand

	NLB Group			
	Associates		Joint ventures	
	31.3.2015	31.12.2014	31.3.2015	31.12.2014
Loans and deposits issued	1,929	1,942	99,278	104,590
Loans and deposits received	1,938	1,642	3,550	4,116
Debt securities in issue	575	569	-	-
Other financial assets	-	25	150	11
Other financial liabilities	58	1,078	89	134
Guarantees issued and commitments to extend credit	43	42	12,831	42,831

in EUR thousand

	three months ended		three months ended	
	March	March	March	March
	2015	2014	2015	2014
Interest and dividend income	21	143	1,071	1,937
Interest expenses	(6)	(37)	(79)	(39)
Fee income	23	42	350	710
Fee expenses	(1,600)	(1,507)	(262)	(295)
Other income	196	627	16	15
Other expenses	(157)	(168)	-	(60)

Key management compensation

NLB d.d. and NLB Group	in EUR thousand			
	Management Board		Other Key management personnel	
	three months ended March 2015	March 2014	three months ended March 2015	March 2014
Short-term benefits	147	186	1,084	1,331
Costs refunds	2	2	29	40
Long-term bonuses:				
- post employment benefits	-	-	-	2
- jubilee bonuses	-	-	1	1
TOTAL	149	188	1,114	1,374
	=====	=====	=====	=====

Short-term benefits include:

- monetary benefits (gross salaries, supplementary insurance, holiday bonus, other bonus); and
- non-monetary benefits (company cars, health care, apartments, etc.).

The reimbursement of costs comprises food allowances and travel expenses.

Post-employment benefits include additional pension insurance and annuity savings.

7.2. Analysis by segment

a) Segments

three months ended 31 March 2015

NLB Group	in EUR thousand							Total
	Corporate banking in Slovenia	Retail banking in Slovenia	Financial markets in Slovenia	Foreign strategic markets	Non-strategic markets and activities	Other activities	Unallocated	
Total net income	27,705	29,674	27,497	39,284	(4,946)	537	-	119,751
Net income from external customers	30,451	26,154	25,812	40,264	(3,141)	(879)	-	118,661
Intersegment net income	(2,746)	3,520	1,685	(980)	(1,805)	1,416	-	1,090
<i>Net interest income</i>	15,642	16,920	16,562	29,182	6,300	-	-	84,606
<i>Net interest income from external customers</i>	18,759	12,148	14,713	30,310	8,676	-	-	84,606
<i>Intersegment net interest income</i>	(3,117)	4,772	1,849	(1,128)	(2,376)	-	-	-
Administrative expenses	(14,519)	(18,144)	(4,359)	(19,506)	(6,660)	(811)	-	(63,999)
Depreciation and amortization	(1,858)	(2,882)	(499)	(1,962)	(897)	(167)	-	(8,265)
Reportable segment profit/(loss) before impairment and provision charge	11,328	8,648	22,639	17,816	(12,503)	(441)	-	47,487
Share of profits of associates and joint ventures	-	1,151	-	-	-	-	-	1,151
Impairment and provisions charge	(2,971)	(5,082)	(107)	(5,616)	(7,384)	4	-	(21,156)
Profit/(loss) before income tax	8,357	4,717	22,532	12,200	(19,887)	(437)	-	27,482
<i>Owners of the parent</i>	8,357	4,717	22,532	11,393	(19,888)	(437)	-	26,674
<i>Non-controlling interests</i>	-	-	-	808	-	-	-	808
Income tax	-	-	-	-	-	-	(1,689)	(1,689)
Profit for the period								25,793
31.3.2015								
Reportable segment assets	2,148,562	2,003,956	3,118,952	3,329,147	892,100	58,305	-	11,551,022
Investments in associates and joint ventures	-	42,121	-	-	-	-	-	42,121
Reportable segment liabilities	1,339,037	4,527,818	1,314,743	2,862,129	113,620	33,249	-	10,190,596

three months ended 31 March 2014

in EUR thousand

NLB Group	Corporate banking in Slovenia	Retail banking in Slovenia	Financial markets in Slovenia	Foreign strategic markets	Non-strategic markets and activities	Other activities	Unallocated	Total
Total net income	27,309	31,490	28,088	33,668	7,935	(657)	-	127,833
Net income from external customers	31,550	20,941	21,848	35,537	16,620	(657)	-	125,839
Intersegment net income	(4,241)	10,549	6,240	(1,869)	(8,685)	-	-	1,994
<i>Net interest income</i>	<i>14,994</i>	<i>21,063</i>	<i>15,404</i>	<i>24,629</i>	<i>4,613</i>	-	-	<i>80,703</i>
<i>Net interest income from external customers</i>	<i>19,485</i>	<i>8,314</i>	<i>16,681</i>	<i>26,814</i>	<i>9,409</i>	-	-	<i>80,703</i>
<i>Intersegment net interest income</i>	<i>(4,491)</i>	<i>12,749</i>	<i>(1,277)</i>	<i>(2,185)</i>	<i>(4,796)</i>	-	-	-
Administrative expenses	(14,633)	(18,456)	(4,943)	(18,896)	(7,535)	(1,285)	-	(65,748)
Depreciation and amortization	(1,192)	(4,172)	(430)	(2,071)	(1,199)	(150)	-	(9,214)
Reportable segment profit/(loss) before impairment and provision charge	11,484	8,862	22,715	12,701	(799)	(2,092)	-	52,871
Share of losses of associates and joint ventures	-	(77)	-	-	-	-	-	(77)
Impairment and provisions charge	(12,086)	(1,391)	(9)	(7,080)	(2,170)	(910)	-	(23,646)
(Loss)/profit before income tax	(602)	7,394	22,706	5,621	(2,969)	(3,002)	-	29,148
<i>Owners of the parent</i>	<i>(602)</i>	<i>7,394</i>	<i>22,706</i>	<i>4,889</i>	<i>(2,969)</i>	<i>(3,002)</i>	-	<i>28,416</i>
<i>Non-controlling interests</i>	-	-	-	732	-	-	-	732
Income tax	-	-	-	-	-	-	151	151
Profit for the period								29,299
31.12.2014								
Reportable segment assets	2,141,427	2,012,245	3,416,236	3,337,451	912,275	52,330	-	11,871,964
Investments in associates and joint ventures	-	37,525	-	-	-	-	-	37,525
Reportable segment liabilities	1,307,244	4,517,289	1,677,059	2,883,458	123,954	31,190	-	10,540,194
Additions to non-current assets	1,317	4,185	265	7,189	9,067	-	-	22,023

b) Geographical information

in EUR thousand

NLB Group	Revenues		Net income		Non-current assets		Total assets	
	three months ended		three months ended					
	March 2015	March 2014	March 2015	March 2014	31.3.2015	31.12.2014	31.3.2015	31.12.2014
Slovenia	105,323	115,035	89,851	88,276	218,818	219,691	8,082,258	8,375,571
South East Europe	56,396	57,623	40,679	36,840	116,372	116,922	3,422,109	3,432,197
Macedonia	19,232	18,977	13,079	12,415	35,022	35,113	1,035,947	1,044,617
Serbia	5,384	6,257	4,697	3,947	25,143	25,392	297,912	304,384
Montenegro	7,858	8,257	4,949	4,577	10,838	11,005	501,476	512,631
Croatia	124	430	656	522	4,189	4,495	38,804	41,446
Bosnia and Herzegovina	16,160	16,101	11,364	10,910	26,996	26,682	1,083,415	1,064,185
Bulgaria	-	-	-	(1)	1	1	325	351
Kosovo	7,638	7,601	5,934	4,470	14,183	14,234	464,230	464,583
Western Europe	89	228	(11,869)	681	297	310	84,244	96,972
Germany	1	9	212	11	258	275	3,375	3,326
Switzerland	88	219	(12,081)	670	39	35	80,869	93,646
Czech Republic	-	4	-	42	-	-	4,532	4,749
TOTAL	161,808	172,890	118,661	125,839	335,487	336,923	11,593,143	11,909,489
	=====	=====	=====	=====	=====	=====	=====	=====

The geographical analysis includes a breakdown by geographical segments with respect to the country in which individual NLB Group entities are located.

7.3. Subsidiaries

The NLB Group's subsidiaries as at 31 March 2015 were:

	Nature of Business	Country of Incorporation	NLB's shareholding %	NLB Group's shareholding %
LHB AG, Frankfurt	Finance	Republic of Germany	100	100
LHB Trade d.o.o. - v likvidaciji, Zagreb	Trade	Republic of Croatia	-	100
NLB Tutunska Banka a.d., Skopje	Banking	Republic of Macedonia	86.97	86.97
NLB Montenegrobanka a.d., Podgorica	Banking	Republic of Montenegro	98.00	98.00
NLB banka a.d., Beograd	Banking	Republic of Serbia	99.997	99.997
Convst a.d., Novi Sad	Finance	Republic of Serbia	-	100
NLB Banka d.d., Tuzla	Banking	Republic of Bosnia and Herzegovina	97.34	97.34
NLB Razvojna banka a.d., Banja Luka	Banking	Republic of Bosnia and Herzegovina	99.85	99.85
NLB Prishtina sh.a., Priština	Banking	Republic of Kosovo	81.21	81.21
NLB Leasing d.o.o., Ljubljana	Finance	Republic of Slovenia	100	100
NLB Leasing Sofija E.o.o.d., Sofija	Finance	Republic of Bulgaria	-	100
Optima Leasing d.o.o., Zagreb	Finance	Republic of Croatia	-	99.97
PRO-REM d.o.o., Ljubljana	Real estate	Republic of Slovenia	100	100
OL Nekretnine d.o.o., Zagreb	Real estate	Republic of Croatia	-	100
REAM d.o.o. Beograd	Real estate	Republic of Serbia	100	100
REAM d.o.o., Zagreb	Real estate	Republic of Croatia	100	100
REAM d.o.o. Podgorica	Real estate	Republic of Montenegro	100	100
NLB Leasing Podgorica d.o.o., Podgorica	Finance	Republic of Montenegro	100	100
NLB Leasing d.o.o., Beograd	Finance	Republic of Serbia	100	100
NLB Leasing d.o.o., Sarajevo	Finance	Republic of Bosnia and Herzegovina	100	100
NLB Lizing d.o.o.e.l., Skopje	Finance	Republic of Macedonia	100	100
NLB InterFinanz AG, Zürich	Finance	Switzerland	100	100
NLB InterFinanz Praha s.r.o., Praga	Finance	Czech Republic	-	100
NLB InterFinanz d.o.o., Beograd	Finance	Republic of Serbia	-	100
NLB Factoring a.s. - "v likvidaci", Ostrava	Finance	Czech Republic	100	100
NLB Skladi d.o.o., Ljubljana	Finance	Republic of Slovenia	100	100
NLB Nov penziski fond a.d., Skopje	Insurance	Republic of Macedonia	51	100
NLB Crna gora d.o.o., Podgorica	Real estate	Republic of Montenegro	100	100
FIN-DO d.o.o., Domžale	Real estate	Republic of Slovenia	100	100
NLB Propria d.o.o., Ljubljana	Real estate	Republic of Slovenia	100	100
NLB Srbija d.o.o., Beograd	Real estate	Republic of Serbia	100	100
CBS Invest d.o.o., Sarajevo	Real estate	Republic of Bosnia and Herzegovina	100	100
Prospera plus d.o.o., Ljubljana	Tourist and catering trade	Republic of Slovenia	100	100

The NLB Group's subsidiaries as at 31 December 2014 were:

	Nature of Business	Country of Incorporation	NLB's shareholding %	NLB Group's shareholding %
LHB AG, Frankfurt	Finance	Republic of Germany	100	100
LHB Trade d.o.o. - v likvidaciji, Zagreb	Trade	Republic of Croatia	-	100
NLB Tutunska Banka a.d., Skopje	Banking	Republic of Macedonia	86.97	86.97
NLB Montenegrobanka a.d., Podgorica	Banking	Republic of Montenegro	98.00	98.00
NLB banka a.d., Beograd	Banking	Republic of Serbia	99.997	99.997
Convest d.o.o., Novi Sad	Finance	Republic of Serbia	-	100
NLB Banka d.d., Tuzla	Banking	Republic of Bosnia and Herzegovina	96.30	96.30
NLB Razvojna banka a.d., Banja Luka	Banking	Republic of Bosnia and Herzegovina	99.85	99.85
NLB Prishtina sh.a., Priština	Banking	Republic of Kosovo	81.21	81.21
NLB Leasing d.o.o., Ljubljana	Finance	Republic of Slovenia	100	100
NLB Leasing Sofija E.o.o.d., Sofija	Finance	Republic of Bulgaria	-	100
Optima Leasing d.o.o., Zagreb	Finance	Republic of Croatia	-	99.97
PRO-REM d.o.o., Ljubljana	Real estate	Republic of Slovenia	100	100
OL Nekretnine d.o.o., Zagreb	Real estate	Republic of Croatia	-	100
NLB Leasing Podgorica d.o.o., Podgorica	Finance	Republic of Montenegro	100	100
NLB Leasing d.o.o., Beograd	Finance	Republic of Serbia	100	100
NLB Leasing d.o.o., Sarajevo	Finance	Republic of Bosnia and Herzegovina	100	100
NLB Lizing d.o.o.e.l., Skopje	Finance	Republic of Macedonia	100	100
NLB InterFinanz AG, Zürich	Finance	Switzerland	100	100
NLB InterFinanz Praha s.r.o., Praga	Finance	Czech Republic	-	100
NLB InterFinanz d.o.o., Beograd	Finance	Republic of Serbia	-	100
NLB Factoring a.s. - "v likvidaci", Ostrava	Finance	Czech Republic	100	100
NLB Skladi d.o.o., Ljubljana	Finance	Republic of Slovenia	100	100
NLB Nov penziski fond a.d., Skopje	Insurance	Republic of Macedonia	51	100
NLB Crna gora d.o.o., Podgorica	Real estate	Republic of Montenegro	100	100
FIN-DO d.o.o., Domžale	Real estate	Republic of Slovenia	100	100
NLB Propria d.o.o., Ljubljana	Real estate	Republic of Slovenia	100	100
NLB Srbija d.o.o., Beograd	Real estate	Republic of Serbia	100	100
CBS Invest d.o.o., Sarajevo	Real estate	Republic of Bosnia and Herzegovina	100	100
Prospera plus d.o.o., Ljubljana	Tourist and catering trade	Republic of Slovenia	100	100

*Ownership interest is calculated after the deduction of treasury shares