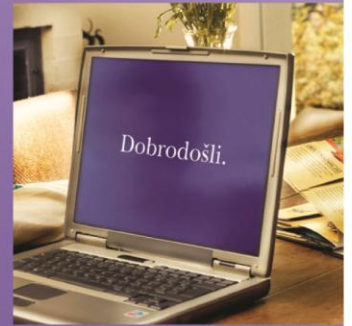
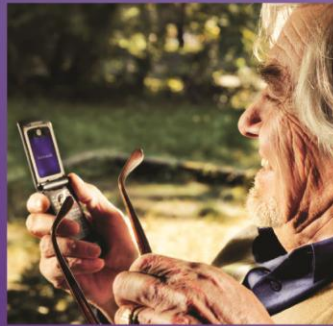


# Interim Report

September 2011



## Key financial data

	NLB			NLB Group		
	2010	1.1.-30.9.2010	1.1.-30.9.2011	2010	1.1.-30.9.2010	1.1.-30.9.2011
<b>Key indicators</b>						
Return on equity after tax (ROE a.t.)	-16,2%	-3,8%	-13,7%	-17,5% *	-5,5% *	-11,6% *
Return on assets after tax (ROA a.t.)	-1,2%	-0,3%	-1,1%	-1,1% *	-0,3% *	-0,7% *
Cost/income ratio (CIR)	59,3%	57,4%	58,3%	61,5%	60,3%	60,4%
Capital adequacy ratio (CAR)	10,0%	10,7%	12,0%	10,2%	10,9%	12,0%
Tier 1 ratio	6,5%	7,7%	8,5%	6,0%	6,8%	7,7%
Loan/deposit ratio (LTD)	129,8%	125,2%	124,6%	125,7%	124,7%	122,0%
Market share in terms of total assets	27,5%	29,0%	27,5%	-	-	-
<b>Profit and loss account indicators (in million EUR)</b>						
Net interest income	267,0	208,4	206,1	436,1	337,3	322,7
Net non-interest income	151,9	111,0	96,9	203,1	145,3	141,7
Costs	248,4	183,3	176,5	393,1	291,1	280,7
Impairments and provisions	376,8	177,7	264,2	477,0	251,4	306,9
Result before tax	-206,3	-41,6	-137,7	-227,0	-55,9	-119,4
Result of minority shareholders	-	-	-	-3,6	-1,5	-0,4
Result after tax	-183,4	-32,9	-113,9	-202,3	-49,5	-96,3
<b>Financial position statement indicators (in million EUR)</b>						
Total assets	13.830	14.930	13.566	17.888	19.008	17.287
Loans to non-banking sector	9.200	9.330	8.719	11.880	12.163	11.212
Deposits from non-bankig sector	7.664	7.951	7.749	10.387	10.606	10.481
Equity	986	1.137	1.103	1.011	1.163	1.145
Equity of minority shareholders	-	-	-	21	23	22
<b>International credit ratings</b>						
	2010		1Q 2010		1Q 2011	
Moody's	A3		A3		Baa3	
Fitch	A-		A-		BBB	

\* Without taking into account the profits of minority shareholders.

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# 1 Business Report

## Introduction

NLB Group is the largest Slovene banking and financial group which as at 30 September 2011 consisted of 49 banks and companies, while it also operates one subsidiary and representative offices on foreign markets. The most important activity of NLB Group is banking, which is complemented by other financial activities such as leasing, factoring, forfeiting, insurance and asset management.



### NLB Group comprises the following in 14 countries or 15 markets:

- 11 members and 1 subsidiary abroad in the banking sector;
- 9 members in the leasing sector;
- 10 members in the area of factoring and forfeiting;
- 4 members in the insurance sector;
- 1 member in asset management;
- 14 members in other activities.

Illustration 1:  
Ownership structure of NLB as at 30 September 2011

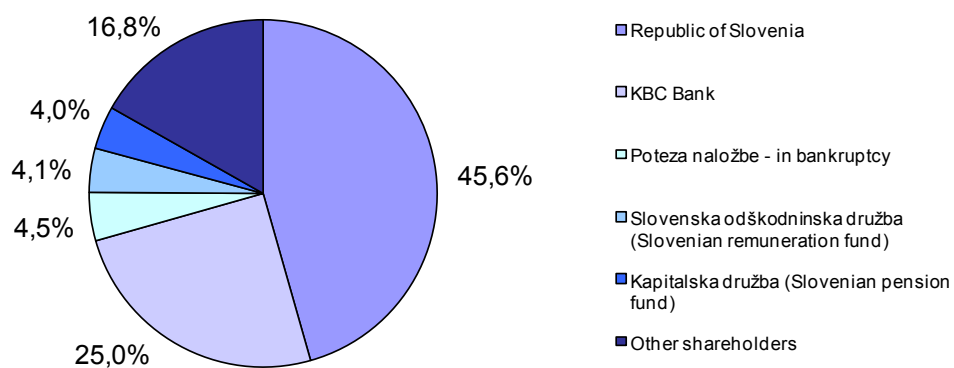


Table 1:  
**Matrix of activities of NLB Group members by country**  
as at 30 September 2011

		Banking	Leasing	Factoring and forfeiting	Insurance	Asset management	Other activities
Western and Central Europe	Slovenia	NLB, Ljubljana; Banka Celje, Celje*; SIB (in liquidation), Ljubljana	NLB Leasing, Ljubljana; NLB Leasing, Koper; NLB Leasing, Maribor	Prvi faktor, Ljubljana**	NLB Vita, Ljubljana**; Skupna pokojninska družba, Ljubljana*	NLB Skladi, Ljubljana	Prospera Plus, Ljubljana; NLB Propria, Ljubljana; Bankart, Ljubljana*; FIN-DO, Domžale; ICJ, Domžale**
	Austria	Adria Bank, Vienna*					
	Czech Republic			NLB InterFinanz, Prague; NLB Factoring, Ostrava			
	Germany	LHB Internationale Handelsbank, Frankfurt/Main					LHB Immobilien, Frankfurt/Main
	Italy	Trieste Branch, Trieste					
	Slovakia			NLB Factor (in liquidation), Bratislava			
	Switzerland			NLB InterFinanz, Zürich			
Southeastern Europe	Bosnia and Herzegovina	NLB Razvojna banka, Banja Luka; NLB Tuzlanska banka, Tuzla	NLB Leasing, Sarajevo	Prvi faktor, Sarajevo**			Plan, Banja Luka; CBS Invest, Sarajevo
	Bulgaria		NLB Leasing, Sofia				
	Croatia		Optima Leasing, Zagreb	Prvi faktor, Zagreb**			LHB Trade, Zagreb; OL Nekretnine, Zagreb
	Kosovo	NLB Prishtina, Pristina					
	Macedonia	NLB Tutunska banka, Skopje	NLB Lizing, Skopje	Prvi faktor, Skopje**	NLB Nov penziski fond, Skopje		NLB Tutunska broker (in liquidation), Skopje
	Montenegro	NLB Montenegrobanka, Podgorica	NLB Leasing, Podgorica		NLB Penzija, Podgorica****		
	Serbia	NLB banka, Belgrade	NLB Leasing, Belgrade	NLB InterFinanz, Belgrade; Prvi faktor, Belgrade**			Conet (in liquidation), Novi Sad; Convest, Novi Sad; NLB Srbija, Belgrade

\* Associated companies.

\*\* Joint ventures.

\*\*\* The company was liquidated in October 2011.

\*\*\*\* The company has already acquired an operating licence and is currently acquiring an operating licence for the pension fund.

## Key events

### 1st quarter:

- Capital increase of NLB by EUR 250 million.
- Capital increase of NLB Srbija by EUR 5.6 million.
- Capital increase of NLB Factoring by EUR 4.7 million.
- Capital increase of Optima Leasing by EUR 7.4 million.
- Capital increase of NLB Leasing Sarajevo by EUR 4 million.
- Completed procedure of voluntary liquidation of the company NLB Nova penzija.
- Transfer of ownership of the company NLB Leasing Sarajevo from NLB Leasing Ljubljana to NLB.
- NLB as one of the main organisers participated in the successful issue of a new bond of the RS.

### 2nd quarter:

- In 2011 NLB received the award of the Global Finance magazine for the best bank in Slovenia for the fourteenth consecutive time and the best bank in currency trading in Slovenia for the eighth consecutive time.
- Guy Snoeks is appointed new member of the Management Board of NLB.
- Moody's changed the NLB Group's credit rating.
- Partial early redemption of NLB bonds with the guarantee of the Republic of Slovenia in the amount of EUR 296,097,000.
- Capital increase of NLB Nov penziski fond by EUR 0.1 million.
- The purchase of 228,165 NLB Tutunska banka shares, representing 26.7% in the bank's capital, by the NLB from NLB InterFinanz, whereby the NLB increased its direct stake in the bank to 87.0%.

### 3rd quarter:

- The sale of NLB Banka Sofia.
- NLB managed to obtain a new long-term loan in the amount of EUR 350 million.
- NLB passed the pan-European stress test.
- Moody's changed the credit rating of the NLB bond with the guarantee of the Republic of Slovenia.
- Fitch changed the NLB Group's credit rating.
- Capital increase of NLB Leasing Maribor by EUR 2.0 million.
- Capital increase of NLB Factor by EUR 3.6 million.

## Financial review of operations

In the first nine months of 2011 NLB Group recorded a profit before provisions totalling EUR 187.6 million and NLB in the amount of EUR 126.5 million. The result after tax, which totalled EUR -96.3 million in NLB Group and EUR -113.9 million in NLB, was influenced by high established credit impairments and provisions in the amount of EUR 282.0 million at the level of the Group or EUR 229.5 million at the level of the Bank.

Comprehensive result, which also takes into account evaluations of securities and cash flows, otherwise recognised through equity, amounted to EUR -113.1 million at the level of the Group and EUR -132.9 million at the level of the Bank.

There are several positive factors that need to be pointed out, namely:

- several steps have been taken which resulted in reduced costs and consequently improved cost efficiency;
- the Group had no problems meeting the liquidity requirements;
- credit granting is selective, following stricter rules and consistent implementation of collateral policy.

## Profit and loss account

In the first nine months of 2011, net interest income of NLB Group totalled EUR 322.7 million, which is a decrease of 4% compared to the same period of the previous year. The similar trend can be noticed also at the level of the Bank which generated net interest income in the amount of EUR 206.1 million or 1% less than in the same period of the previous year.

The largest share in the structure of net non-interest income is commissions which, at the level of the Group, amount to EUR 114.8 million and EUR 86.8 million at the Bank level. Net non-interest income of the Group total EUR 141.7 million and that of the Bank EUR 96.9 million.

The costs at the level of NLB Group and the Bank are by 4% lower, reaching EUR 280.7 million and EUR 176.5 million, respectively. Employee costs which account for more than one half of all costs decreased by 3% and 4% at the Group and Bank level, respectively, compared to last year. Operating costs also decreased compared to the last year, namely by 5% and 4% at the Group and Bank level, respectively, and the costs of depreciation and amortisation by 3% and 1% at the Group and Bank level, respectively.

The cost/income ratio (CIR) stood at 60.4 % for NLB Group, i.e. 0.1 p.p. less favourable compared to the same period last year, while the same indicator for NLB worsened by 0.9 p.p. to 58.3%.

In spite of economic recovery, credit risk still had a considerable impact. Consequently, NLB Group established EUR 306.9 million of additional impairments and provisions in the first nine months of 2011, which is 22% more than in the same period of the previous year, while additional impairments and provisions in NLB totalled EUR 264.2 million, which is 49% more than in the same period of the previous year.

Table 2:  
Key profit and loss account items

	NLB			NLB Group		
	1.1.-30.9.2010 in million EUR	1.1.-30.9.2011 in million EUR	Growth	1.1.-30.9.2010 in million EUR	1.1.-30.9.2011 in million EUR	Growth
<b>Net interest income</b>	<b>208,4</b>	<b>206,1</b>	<b>-1%</b>	<b>337,3</b>	<b>322,7</b>	<b>-4%</b>
<b>Net non-interest income</b>	<b>111,0</b>	<b>96,9</b>	<b>-13%</b>	<b>145,3</b>	<b>141,7</b>	<b>-2%</b>
Net fees and commissions	89,4	86,8	-3%	117,7	114,8	-2%
Dividend revenues	18,3	11,5	-37%	5,0	5,1	2%
Net income from financial transactions	-7,4	-6,5	12%	-2,6	-0,7	74%
Net other revenues	10,6	5,1	-52%	25,1	22,5	-10%
<b>Total net income</b>	<b>319,4</b>	<b>303,0</b>	<b>-5%</b>	<b>482,5</b>	<b>464,4</b>	<b>-4%</b>
<b>Costs</b>	<b>183,3</b>	<b>176,5</b>	<b>-4%</b>	<b>291,100</b>	<b>280,7</b>	<b>-4%</b>
Employee costs	99,7	95,5	-4%	153,7	149,1	-3%
Operating costs	59,6	57,2	-4%	94,3	89,7	-5%
Depreciation and amortisation	24,1	23,8	-1%	43,1	41,9	-3%
Result from equity investments in associates and joint ventures (equity method)	-	-	-	4,0	3,8	-5%
<b>Result before provisions</b>	<b>136,1</b>	<b>126,5</b>	<b>-7%</b>	<b>195,4</b>	<b>187,6</b>	<b>-4%</b>
<b>Impairments and provisions</b>	<b>177,7</b>	<b>264,2</b>	<b>49%</b>	<b>251,4</b>	<b>306,9</b>	<b>22%</b>
Impairments of financial assets available for sale through equity	44,0	22,1	-50%	43,9	23,2	-47%
Credit impairments and provisions	133,5	229,5	72%	207,3	282,0	36%
Other impairments and provisions	0,2	12,6	6200%	0,2	1,7	684%
<b>Result before tax</b>	<b>-41,6</b>	<b>-137,7</b>	<b>-231%</b>	<b>-55,9</b>	<b>-119,4</b>	<b>-113%</b>
Income tax expense	-8,7	-23,8	-	-4,9	-22,7	-
Result of minority shareholders	-	-	-	-1,5	-0,4	74%
<b>Result after tax</b>	<b>-32,9</b>	<b>-113,9</b>	<b>-247%</b>	<b>-49,5</b>	<b>-96,3</b>	<b>-95%</b>
<b>Effects recognised through equity</b>	<b>-0,2</b>	<b>-19,0</b>	<b>-</b>	<b>-3,7</b>	<b>-16,8</b>	<b>-</b>
- from cash-flow hedges	-0,2	-0,2	-	-0,2	0,5	-
- from financial assets available for sale	0,0	-18,8	-	0,5	-22,8	-
- other	0,0	0,0	-	-4,1	5,5	-
<b>Comprehensive result</b>	<b>-33,0</b>	<b>-132,9</b>	<b>-302%</b>	<b>-53,2</b>	<b>-113,1</b>	<b>-113%</b>



## Statement of financial position

At the end of the third quarter of 2011, the total assets of NLB Group amounted to EUR 17,286.6 million, which is 3% less than at the end of last year, while the total assets of NLB decreased by 2%, reaching EUR 13,566.3 million.

The operations of NLB Group are still marked by the stagnation of credit growth. The results of the recession in the real sector were seen in deterioration of the Group's asset portfolio and the resulting need for reprogramming the loans in the segments most affected by the recession. NLB Group increased the requirements for collaterals and made the criteria on project feasibility stricter, and at the same time accelerated the process of establishing impairments and provisions, since the quality of collaterals deteriorated in the uncertain economic situation.

Loans to non-banking sector thus totalled EUR 11,211.9 million at the end of the third quarter of 2011 for the Group and EUR 8,719.1 million for the Bank, which means that they dropped by 6% and 5% at the Group and Bank level, respectively.

On the other hand, deposits from non-banking sector at the level of NLB Group and the Bank are by 1% higher, reaching EUR 10,480.6 million and EUR 7,748.6 million, respectively. The main reason for the slight increase in deposits from non-banking sector in both the Group and the Bank are deposits from state, which grew by 12% in the first nine months of 2011 at the Group level and by 18% at the Bank level, while corporate and retail deposits remained at the level recorded at the end of 2010, or were slightly lower.

The coverage of loans to non-banking sector by deposits from non-banking sector (LTD) dropped by 3.7 p.p at the Group level in the first nine months of 2011, reaching 122.0%, while at the Bank level it dropped by 5.2 p.p., standing at 124.6% at the end of September.

Table 3:  
Key financial position statement items

	NLB			NLB Group		
	31. 12. 2010 in million EUR	30. 9. 2011 in million EUR	Grow th	31. 12. 2010 in million EUR	30. 9. 2011 in million EUR	Grow th
<b>ASSETS</b>						
Cash	204,4	324,2	59%	764,9	838,5	10%
Loans to banks	570,2	865,6	52%	850,2	1.178,1	39%
Loans to non-banking sector	9.199,8	8.719,1	-5%	11.879,7	11.211,9	-6%
Gross loans to non-banking sector	9.945,2	9.652,1	-3%	13.054,4	12.615,0	-3%
- corporate	7.609,0	7.381,1	-3%	9.693,2	9.311,4	-4%
- state	214,2	204,9	-4%	365,8	299,5	-18%
- retail	2.122,1	2.066,0	-3%	2.995,4	3.004,1	0%
Impairments	745,4	933,0	25%	1.174,7	1.403,1	19%
Financial assets	2.944,7	2.704,1	-8%	3.397,3	3.118,6	-8%
- held for trading	155,2	235,0	51%	157,7	235,3	49%
- available for sale and held to maturity	2.789,4	2.469,1	-11%	3.239,6	2.883,3	-11%
Investments in subsidiaries, associates and joint ventures	533,1	564,0	6%	111,8	110,4	-1%
Property and equipment	157,1	149,1	-5%	347,0	335,5	-3%
Intangible assets	73,5	63,9	-13%	146,5	133,2	-9%
Other assets	147,4	176,2	20%	390,6	360,4	-8%
<b>Total assets</b>	<b>13.830,2</b>	<b>13.566,3</b>	<b>-2%</b>	<b>17.888,0</b>	<b>17.286,6</b>	<b>-3%</b>
<b>LIABILITIES</b>						
Deposits from non-banking sector	7.663,7	7.748,6	1%	10.387,0	10.480,6	1%
- corporate	1.504,6	1.495,8	-1%	2.556,4	2.486,5	-3%
- state	865,7	1.022,9	18%	1.121,5	1.255,3	12%
- retail	5.293,4	5.229,9	-1%	6.709,1	6.738,8	0%
Deposits from banks	179,4	161,7	-10%	227,0	146,1	-36%
Debt securities in issue	1.793,5	1.365,3	-24%	1.804,0	1.373,4	-24%
Borrowings	2.086,5	2.070,0	-1%	3.142,2	2.890,1	-8%
Other liabilities	272,5	277,8	2%	394,8	354,0	-10%
Subordinated debt	848,4	839,5	-1%	901,5	874,7	-3%
Equity	986,2	1.103,3	12%	1.011,1	1.145,4	13%
Equity of minority shareholders	-	-	-	20,5	22,3	9%
<b>Total liabilities</b>	<b>13.830,2</b>	<b>13.566,3</b>	<b>-2%</b>	<b>17.888,0</b>	<b>17.286,6</b>	<b>-3%</b>

## Capital and capital adequacy

Regulatory capital of NLB Group as at 30 September 2011 was estimated at EUR 1,729.6 million and was EUR 134.3 million higher than at the end of 2010. The estimated capital adequacy ratio (CAR) on the same date was 12.0%, which is 1.8 p.p. higher than at the end of the previous year, while the Tier 1 ratio was assessed at 7.7%, thus increasing by 1.7 p.p. compared to the end of 2010.

As at 30 September 2011 the regulatory capital of NLB was EUR 1,247.8 million, which is EUR 100.5 million more than at the end of 2010. On the same date, the capital adequacy ratio (CAR) was 12.0% or 2.0 p.p. more than at the end of last year, while the Tier 1 ratio was 8.5%, thus increasing by 2.0 p.p. compared to the end of 2010.

# 2 Financial Statements

# Condensed Interim Financial Statements of NLB d.d. and NLB Group

prepared in accordance with IAS 34 "Interim financial reporting"



## **Report on review of interim financial information**

**To the Shareholders of Nova Ljubljanska Banka, d.d.**

### **Introduction**

We have reviewed the accompanying consolidated condensed interim statement of financial position of Nova Ljubljanska Banka, d.d. and its subsidiaries ("the Group") and separate condensed interim statement of financial position of Nova Ljubljanska Banka, d.d. ("NLB" or "the Bank") as of 30 September 2011 and the related condensed interim statements of income, comprehensive income, changes in equity and cash flows for the nine-month period then ended (collectively "the condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Ljubljana, 28 October 2011

PricewaterhouseCoopers d.o.o.

Leon Živec

Certified Auditor

Paul Facer

Partner

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3

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The company is registered by District court in Ljubljana under the number 12156800 as well in to the register of the Auditing companies by Slovene Audit Institute under the number RD-A-014. The amount of the registered share capital is EUR 34.802. The list of employed auditors is available at the registered office of the company.

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## Condensed Income statement

	Notes	NLB		NLB Group	
		September 2011	September 2010	September 2011	September 2010
Interest and similar income	5.1.	498,000	482,944	705,437	703,550
Interest and similar expenses	5.1.	(291,945)	(274,556)	(382,745)	(366,296)
<b>Net interest income</b>		<b>206,055</b>	<b>208,388</b>	<b>322,692</b>	<b>337,254</b>
Dividend income		11,483	18,336	5,133	5,021
Fee and commission income	5.2.	106,658	108,823	149,900	149,877
Fee and commission expenses	5.2.	(19,858)	(19,430)	(35,092)	(32,141)
<b>Net fee and commission income</b>		<b>86,800</b>	<b>89,393</b>	<b>114,808</b>	<b>117,736</b>
Gains less losses from financial assets and liabilities not classified as at fair value through profit or loss	5.3.	(4,753)	(1,322)	(3,291)	672
Gains less losses from financial assets and liabilities held for trading	5.4.	(6,386)	(29,569)	(882)	(23,842)
Gains less losses from financial assets and liabilities designated at fair value through profit or loss		(1,186)	(6,973)	(1,327)	(6,957)
Fair value adjustments in hedge accounting		506	969	484	1,097
Foreign exchange translation gains less losses		5,339	29,466	4,346	26,436
Gains less losses on derecognition of assets other than held for sale		29	(26)	(43)	(1,127)
Other operating income	5.5.	10,705	12,154	27,737	31,070
Other operating expenses	5.6.	(3,305)	(1,496)	(6,828)	(4,203)
Administrative expenses	5.7.	(152,700)	(159,223)	(238,748)	(247,970)
Depreciation and amortization		(23,843)	(24,052)	(41,921)	(43,115)
Provisions for other liabilities and charges	5.8.	(22,979)	(8,478)	(23,397)	536
Impairment charge	5.9.	(241,196)	(169,192)	(283,538)	(251,910)
Share of profits of associates and joint ventures accounted for using the equity method		-	-	3,784	3,970
Net (loss)/gain from non-current assets held for sale		(2,292)	37	1,612	(608)
<b>LOSS BEFORE INCOME TAX</b>		<b>(137,723)</b>	<b>(41,588)</b>	<b>(119,379)</b>	<b>(55,940)</b>
Income tax		23,807	8,722	22,665	4,930
<b>LOSS FOR THE PERIOD</b>		<b>(113,916)</b>	<b>(32,866)</b>	<b>(96,714)</b>	<b>(51,010)</b>
Attributable to:					
Owners of the parent		(113,916)	(32,866)	(96,325)	(49,485)
Non-controlling interests		-	-	(389)	(1,525)
Basic and diluted loss per share (in euros per share)	5.10.	(11.28)	(3.70)	(9.54)	(5.58)

## Condensed Statement of comprehensive income

	NLB		NLB Group	
	nine months ended		nine months ended	
	September 2011	September 2010	September 2011	September 2010
<b>Net loss for the period after tax</b>	<b>(113,916)</b>	<b>(32,866)</b>	<b>(96,714)</b>	<b>(51,010)</b>
<b>Other comprehensive loss after tax</b>	<b>(18,987)</b>	<b>(158)</b>	<b>(16,812)</b>	<b>(4,444)</b>
<b>Foreign currency translation</b>	-	-	<b>5,533</b>	<b>(4,803)</b>
Translation gains/(losses) taken to other comprehensive income	-	-	5,533	(4,803)
<b>Cash flow hedges (effective portion)</b>	<b>(259)</b>	<b>(205)</b>	<b>637</b>	<b>(205)</b>
Valuation losses taken to other comprehensive income	(2,441)	(3,687)	(1,545)	(3,687)
Transferred to income statement	2,182	3,482	2,182	3,482
<b>Available for sale financial assets</b>	<b>(23,468)</b>	<b>7</b>	<b>(22,905)</b>	<b>1,911</b>
Valuation losses taken to other comprehensive income	(41,644)	(45,199)	(39,619)	(42,761)
Transferred to income statement	18,176	45,206	16,714	44,672
<b>Share of other comprehensive income of entities accounted for using the equity method</b>	-	-	<b>(5,243)</b>	<b>(1,156)</b>
<b>Income tax relating to components of other comprehensive income</b>	<b>6.8. 4,740</b>	<b>40</b>	<b>5,166</b>	<b>(191)</b>
<b>Total comprehensive loss for the period after tax</b>	<b>(132,903)</b>	<b>(33,024)</b>	<b>(113,526)</b>	<b>(55,454)</b>
Attributable to owners of the parent	(132,903)	(33,024)	(113,098)	(53,982)
Attributable to non-controlling interests	-	-	(428)	(1,472)



## Condensed Statement of financial position

	Notes	NLB		NLB Group	
		30.9.2011	31.12.2010	30.9.2011	31.12.2010
Cash and balances with central banks		324,237	204,429	838,511	764,895
Trading assets		234,992	155,239	235,284	157,691
Financial assets designated at fair value through profit or loss		1,501	23,781	3,006	25,674
Available for sale financial assets		1,643,958	1,985,181	2,056,619	2,433,414
Derivatives - hedge accounting		30,095	35,584	30,095	35,584
Loans and advances to banks	6.1.1.	865,626	570,228	1,178,103	850,228
Loans and advances to customers	6.1.2.	8,719,142	9,199,809	11,211,876	11,879,659
Held to maturity investments		795,340	759,869	795,340	759,954
Fair value changes of the hedged items in portfolio hedge of interest rate risk		559	301	559	301
Non-current assets and disposal group classified as held for sale	6.3.	6,781	22,965	43,423	123,908
Pledged assets		28,346	20,593	28,346	20,593
Property and equipment		149,128	157,093	335,537	346,995
Investment property		1,687	1,637	48,274	51,705
Intangible assets		63,867	73,494	133,171	146,489
Investments in subsidiaries		497,966	467,094	-	-
Investments in associates and joint ventures		65,995	65,995	110,417	111,760
Current income tax assets		1,016	675	5,173	4,112
Deferred income tax assets		73,223	43,841	89,866	60,745
Other assets		62,861	42,411	143,011	114,245
<b>TOTAL ASSETS</b>		<b>13,566,320</b>	<b>13,830,219</b>	<b>17,286,611</b>	<b>17,887,952</b>
Trading liabilities	6.4.	90,127	90,873	90,273	91,789
Financial liabilities designated at fair value through profit or loss		1,501	-	1,501	-
Derivatives - hedge accounting		40,043	28,107	40,043	28,107
Deposits from banks	6.5.a)	161,719	179,396	146,138	227,011
Borrowings from banks	6.5.b)	2,010,127	2,051,757	2,645,794	2,924,873
Due to customers	6.5.a)	7,747,081	7,663,670	10,479,094	10,386,968
Borrowings from other customers	6.5.b)	33,171	14,086	217,618	196,630
Debt securities in issue	6.5.c)	1,365,312	1,793,520	1,373,436	1,803,962
Subordinated liabilities	6.6.	839,545	848,413	874,677	901,461
Financial liabilities associated to transferred assets		26,689	20,669	26,689	20,669
Fair value changes of the hedged items in portfolio hedge of interest rate risk		504	1,134	504	1,134
Liabilities of disposal group classified as held for sale		-	-	-	43,264
Provisions	6.7.	92,105	71,049	124,231	102,869
Current income tax liabilities		1,096	880	1,571	1,697
Deferred income tax liabilities		-	-	1,380	1,894
Other liabilities		53,961	80,417	96,025	124,001
<b>TOTAL LIABILITIES</b>		<b>12,462,981</b>	<b>12,843,971</b>	<b>16,118,974</b>	<b>16,856,329</b>
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT</b>					
Share capital	6.9.a)	92,314	74,328	92,314	74,328
Share premium		727,603	495,595	727,603	495,595
Revaluation reserve		(14,062)	4,925	(26,497)	(9,724)
Profit reserves		413,448	413,448	413,448	413,448
Retained earnings		(113,916)	-	(59,450)	39,502
Treasury shares	6.9.c)	(2,048)	(2,048)	(2,048)	(2,048)
		<b>1,103,339</b>	<b>986,248</b>	<b>1,145,370</b>	<b>1,011,101</b>
Non-controlling interests		-	-	22,267	20,522
<b>TOTAL EQUITY</b>		<b>1,103,339</b>	<b>986,248</b>	<b>1,167,637</b>	<b>1,031,623</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>13,566,320</b>	<b>13,830,219</b>	<b>17,286,611</b>	<b>17,887,952</b>

## Condensed Statement of changes in equity

NLB	Share capital	Share premium	Revaluation reserves	Profit reserves	Retained earnings	Treasury shares	Total equity
Balance at January 1, 2011	74,328	495,595	4,925	413,448	-	(2,048)	<b>986,248</b>
- Net loss for the period	-	-	-	-	(113,916)	-	<b>(113,916)</b>
- Other comprehensive loss	-	-	(18,987)	-	-	-	<b>(18,987)</b>
Total comprehensive loss after tax	-	-	(18,987)	-	(113,916)	-	<b>(132,903)</b>
New share capital subscribed (and paid in)	17,986	232,008	-	-	-	-	<b>249,994</b>
<b>Balance at September 30, 2011</b>	<b>92,314</b>	<b>727,603</b>	<b>(14,062)</b>	<b>413,448</b>	<b>(113,916)</b>	<b>(2,048)</b>	<b>1,103,339</b>

NLB	Share capital	Share premium	Revaluation reserves	Profit reserves	Retained earnings	Treasury shares	Total equity
Balance at January 1, 2010	74,328	495,595	5,599	604,148	-	(2,048)	<b>1,177,622</b>
Merger of subsidiary	-	-	-	(7,278)	-	-	<b>(7,278)</b>
- Net loss for the period	-	-	-	-	(32,866)	-	<b>(32,866)</b>
- Other comprehensive loss	-	-	(158)	-	-	-	<b>(158)</b>
Total comprehensive loss after tax	-	-	(158)	-	(32,866)	-	<b>(33,024)</b>
<b>Balance at September 30, 2010</b>	<b>74,328</b>	<b>495,595</b>	<b>5,441</b>	<b>596,870</b>	<b>(32,866)</b>	<b>(2,048)</b>	<b>1,137,320</b>

NLB Group	Share capital	Share premium	Revaluation reserves	Profit reserves	Retained earnings	Treasury shares	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
Balance at January 1, 2011	74,328	495,595	(9,724)	413,448	39,502	(2,048)	1,011,101	20,522	<b>1,031,623</b>
- Net loss for the period	-	-	-	-	(96,325)	-	(96,325)	(389)	<b>(96,714)</b>
- Other comprehensive loss	-	-	(16,773)	-	-	-	(16,773)	(39)	<b>(16,812)</b>
Total comprehensive loss after tax	-	-	(16,773)	-	(96,325)	-	(113,098)	(428)	<b>(113,526)</b>
New share capital subscribed (and paid in)	17,986	232,008	-	-	-	-	249,994	-	<b>249,994</b>
Dividends paid	-	-	-	-	-	-	-	(3)	<b>(3)</b>
Other*	-	-	-	-	(2,627)	-	(2,627)	2,176	<b>(451)</b>
<b>Balance at September 30, 2011</b>	<b>92,314</b>	<b>727,603</b>	<b>(26,497)</b>	<b>413,448</b>	<b>(59,450)</b>	<b>(2,048)</b>	<b>1,145,370</b>	<b>22,267</b>	<b>1,167,637</b>

NLB Group	Share capital	Share premium	Revaluation reserves	Profit reserves	Retained earnings	Treasury shares	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
Balance at January 1, 2010	74,328	495,595	(5,898)	604,148	52,302	(2,048)	1,218,427	25,769	<b>1,244,196</b>
- Net loss for the period	-	-	-	-	(49,485)	-	(49,485)	(1,525)	<b>(51,010)</b>
- Other comprehensive loss	-	-	(4,497)	-	-	-	(4,497)	53	<b>(4,444)</b>
Total comprehensive loss after tax	-	-	(4,497)	-	(49,485)	-	(53,982)	(1,472)	<b>(55,454)</b>
Dividends paid	-	-	-	-	-	-	-	(1,319)	<b>(1,319)</b>
Other*	-	-	-	(7,278)	6,122	-	(1,156)	(441)	<b>(1,597)</b>
<b>Balance at September 30, 2010</b>	<b>74,328</b>	<b>495,595</b>	<b>(10,395)</b>	<b>596,870</b>	<b>8,939</b>	<b>(2,048)</b>	<b>1,163,289</b>	<b>22,537</b>	<b>1,185,826</b>

\*Transactions with non-controlling interests.

## Condensed Statement of cash flows

	NLB		NLB Group	
	September 2011	September 2010	September 2011	September 2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Interest received	447,329	451,845	622,964	651,344
Interest paid	(297,889)	(295,333)	(368,699)	(386,456)
Dividends received	9,610	20,180	5,905	9,205
Fee and commission receipts	106,507	109,509	150,035	150,673
Fee and commission payments	(34,199)	(30,798)	(50,062)	(44,385)
Realized gains from financial assets and financial liabilities not at fair value through profit or loss	5,302	1,935	6,766	3,930
Realized losses from financial assets and financial liabilities not at fair value through profit or loss	(10,055)	(3,257)	(10,057)	(3,258)
Gains less losses from financial assets and liabilities held for trading	(3,347)	(13,163)	1,389	(6,707)
Payments to employees and suppliers	(161,282)	(163,780)	(244,340)	(252,148)
Other income	10,285	13,045	36,441	27,810
Other expenses	(2,710)	(1,762)	(5,007)	(7,125)
Income tax received/(paid)	615	17,927	(2,010)	15,736
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>70,166</b>	<b>106,348</b>	<b>143,325</b>	<b>158,619</b>
<b>Decrease in operating assets</b>	<b>651,923</b>	<b>361,716</b>	<b>986,985</b>	<b>356,248</b>
Net increase in trading assets	(82,712)	(32,220)	(81,264)	(35,404)
Net decrease/(increase) in financial assets designated at fair value through profit or loss	20,989	(861)	20,989	(861)
Net decrease in available for sale financial assets	298,257	176,414	390,905	135,069
Net decrease in loans and advances	424,410	249,090	671,268	301,695
Net decrease in non-current assets held for sale	761	-	5,592	3,616
Net increase in other assets	(9,782)	(30,707)	(20,505)	(47,867)
<b>Decrease in operating liabilities</b>	<b>(380,641)</b>	<b>(636,314)</b>	<b>(716,578)</b>	<b>(671,639)</b>
Net decrease in deposits from central banks	-	(400,225)	-	(400,225)
Net increase/(decrease) in deposits and loans measured at amortized cost	46,518	(244,145)	(288,126)	(272,702)
Net (decrease)/increase in securities measured at amortized cost	(424,301)	6,330	(426,857)	4,319
Net (decrease)/increase in other liabilities	(2,858)	1,726	(1,595)	(3,031)
<b>Net cash from operating activities</b>	<b>341,448</b>	<b>(168,250)</b>	<b>413,732</b>	<b>(156,772)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts from investing activities</b>	<b>105,033</b>	<b>72,174</b>	<b>102,669</b>	<b>79,908</b>
Proceeds from sale of property and equipment and investment property	36	98	1,894	7,832
Proceeds from sale and liquidation of subsidiaries, net of cash disposed of	14,804	-	10,582	-
Redemption of held to maturity investments	89,774	72,076	89,774	72,076
Other receipts	419	-	419	-
<b>Payments from investing activities</b>	<b>(192,822)</b>	<b>(237,211)</b>	<b>(179,647)</b>	<b>(267,286)</b>
Purchase of property and equipment and investment property	(7,271)	(6,318)	(27,407)	(48,948)
Purchase of intangible assets	(5,745)	(5,569)	(7,065)	(7,493)
Purchase of subsidiaries and increase in subsidiaries' equity	(34,631)	(14,479)	-	-
Purchase of held to maturity investments	(145,175)	(210,845)	(145,175)	(210,845)
<b>Net cash used in investing activities</b>	<b>(87,789)</b>	<b>(165,037)</b>	<b>(76,978)</b>	<b>(187,378)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Proceeds from financing activities</b>	<b>250,000</b>	<b>61,557</b>	<b>252,482</b>	<b>66,557</b>
Issue of subordinated debt	-	61,557	2,482	66,357
Issue of ordinary shares	250,000	-	250,000	-
Other proceeds related to financing activities	-	-	-	200
<b>Payments from financing activities</b>	<b>(5,006)</b>	<b>-</b>	<b>(24,009)</b>	<b>(1,405)</b>
Dividends paid	-	-	(3)	(1,405)
Repayments of subordinated debt	(5,000)	-	(24,000)	-
Other payments related to financing activities	(6)	-	(6)	-
<b>Net cash from financing activities</b>	<b>244,994</b>	<b>61,557</b>	<b>228,473</b>	<b>65,152</b>
Effects of exchange rate changes on cash and cash equivalents	(298)	10,504	5,400	25,947
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>498,653</b>	<b>(271,730)</b>	<b>565,227</b>	<b>(278,998)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>441,078</b>	<b>953,804</b>	<b>1,447,245</b>	<b>1,948,916</b>
<b>Cash and cash equivalents at end of period</b>	<b>939,433</b>	<b>692,578</b>	<b>2,017,872</b>	<b>1,695,865</b>

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The Management Board hereby confirms its responsibility for the preparation of the separate financial statements of the Bank and the consolidated financial statements of the Group for the nine months ended September 30, 2011.

The Management Board is responsible for the preparation and presentation of these interim financial statements in accordance with the IAS 34 "Interim financial reporting".

The Management Board also 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 the Bank and Group have been prepared on a going-concern basis for the Bank and Group and in line with valid legislation and the IAS 34 "Interim financial reporting".

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

### Management Board



Guy Snoeks  
Member of the  
Management Board



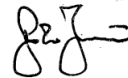
Robert Kleindienst  
Member of the  
Management Board



Marko Jazbec  
Member of the  
Management Board



David Benedek  
Member of the  
Management Board



Božo Jašovič  
Member of the  
Management Board  
&CEO

## Notes to the condensed financial statements

### 1. GENERAL INFORMATION

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

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

The Bank's largest shareholders as at September 30, 2011 are the Republic of Slovenia, owning 45.62% of shares (December 31, 2010: 33.10%), and KBC Bank N.V. Brussels (hereinafter: KBC), owning 25.00% of shares (December 31, 2010: 30.57%). By increasing the capital of the Bank, Republic of Slovenia and its related companies exceeded 50% ownership in NLB. Republic of Slovenia together with its related companies presents an ultimate controlling party of the Bank as at September 30, 2011 (December 31, 2010: no ultimate controlling party of the Bank).

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

The Bank and the Group do not prepare quarterly interim financial statements. Therefore the income statements for the three months ended 30 September 2011 and 30 September 2010 are not presented in these interim financial statements.

### 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 NLB Group and NLB d.d. for the year ended December 31, 2010, which have been prepared in accordance with International Financial Reporting Standards (hereinafter: IFRS) as adopted by the European Union.

#### 2.2. Accounting policies

Except as described below for income taxes, the same accounting policies and methods of computation were followed in the preparation of this consolidated condensed interim financial statements as for the year ended December 31, 2010.

#### ***Interim period tax measurement***

Interim period income tax expenses is accrued using the effective tax rate that would be applicable to expected total annual earnings, that is, the estimated weighted average annual effective income tax rate applied to the pre-tax income of the interim period.

#### **Accounting standards and amendments to existing standards effective on or after January 1, 2011:**

- IAS 32 (amendment) - Classification of Rights Issues (effective for annual periods beginning on or after February 1, 2010).
- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after July 1, 2010).
- IFRIC 14 (amendment) - Prepayments of a Minimum Funding Requirement (effective for annual periods beginning on or after January 1, 2011).

- IFRS 1 (amendment) - Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters (effective for annual periods beginning on or after July 1, 2010).
- Annual improvements to IFRS 2010. The improvements consist of a mixture of substantive changes and clarifications and are effective for annual periods beginning on or after January 1, 2011, with earlier application permitted.

The amendments did not have material impact on these condensed interim financial statements.

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

Since the last annual financial statements of the Bank were published, certain new standards and interpretations have been issued that are mandatory for the annual accounting periods beginning on or after January 1, 2012 or later and which the Group has not early adopted:

- IFRS 10 (new standard) - Consolidated Financial Statements (effective for annual periods beginning on or after January 1, 2013). New standard contains guidance for the preparation of the consolidated financial statements. IFRS 10 changes the definition of the control. The control comprises power over investee, exposure or rights to variable returns and ability to use power to affect the reporting entity's returns.
- IFRS 11 (new standard) - Joint Arrangements (effective for annual periods beginning on or after January 1, 2013). Standard replaces IAS 31. Standard defines joint operations that are consolidated using the proportionate consolidation approach and joint ventures, where interests are consolidated using the equity method. The type of joint arrangements depends on the nature of the rights and obligations arising from the arrangement.
- IFRS 12 (new standard) – Disclosure of Interests in Other Entities (effective for annual periods beginning on or after January 1, 2013). Standard provides disclosure requirements for investments in subsidiaries, associates and joint ventures, consolidated in accordance with IFRS 10 and IFRS 11 and interests in unconsolidated structured entities that the parent entity does not control but is exposed to its risks and benefits.
- IFRS 13 (new standard) – Fair Value Measurements (effective for annual periods beginning on or after January 1, 2013). Standard defines fair value, provides guidance on its determination especially when the market for an asset or liability becomes less active and introduces consistent requirement for disclosures on fair value measurements.
- IAS 19 (revised standard) - Employee Benefits (effective for annual periods beginning on or after January 1, 2013). Standard changes the requirements for recognition of gains and losses from defined benefit plans and sets out disclosure requirements for employee benefits.
- IAS 27 (revised standard) - Separate Financial Statements (effective for annual periods beginning on or after January 1, 2013). Standard has been amended for the issuance of IFRS 10 but retains the current guidance for separate financial statements.
- IAS 28 (revised standard) - Investment in Associates and Joint Ventures (effective for annual periods beginning on or after January 1, 2013). Standard was amended for conforming changes based on the issuance of IFRS 10 and IFRS 11.
- IAS 1 (amendment) – Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after July 1, 2012). The revised standard requires to group together within other comprehensive income items that may be reclassified to profit or loss in subsequent periods separately from items that may not be. The amendments also reaffirm existing requirements that items in other comprehensive income and profit or loss should be presented as either a single statement or two consecutive statements.

The Bank is assessing the impacts of the new pronouncements on its financial statements.

### 3. CHANGES IN SUBSIDIARY HOLDINGS

#### NINE MONTHS ENDED SEPTEMBER 30, 2011

##### Capital increase:

- The increase of share capital was registered in NLB Srbija, Beograd in amount of Euro 5,616 thousand, Optima Leasing, Zagreb in amount of Euro 7,354 thousand, NLB Factoring Ostrava in amount of Euro 4,729 thousand, NLB Factor, Bratislava in amount of Euro 3,600 thousand, NLB Leasing, Sarajevo in amount of Euro 4,005 thousand, NLB Leasing, Maribor in amount of Euro 2,006 thousand, NLB Nov penziski fond, Skopje in amount of Euro 61 thousand and LHB Trade, Zagreb in amount of Euro 41 thousand.

##### Other changes:

- NLB Leasing, Ljubljana sold its 100% ownership interest in NLB Leasing, Sarajevo to NLB.
- NLB Interfinanz, Zurich sold its 26.72% ownership interest in NLB Tutunska Banka, Skopje to NLB.
- NLB Nova Penzija, Beograd was liquidated.
- NLB sold its 97.10% ownership interest in NLB Bank Sofia (see note 6.3).
- NLB Group includes in its consolidated financial statements Sofia Portfolio B.V., Amsterdam, based on the evaluation of the substance of its relationship with the Group and exposure of the Group to the majority of the risks and rewards and related to the company's activities. This changed the structure of the Group but does not have material impact on these interim financial statements.

#### CHANGES IN THE YEAR 2010

##### Acquisitions of additional interests in existing subsidiaries:

- NLB increased its ownership interest in Plan, Banja Luka from 32.31% to 39.14%. Consideration given was Euro 90 thousand.

##### Capital increase:

- The increase of share capital was registered in FIN-DO, Domžale in amount of Euro 900 thousand, LHB Internationale Handelsbank, Frankfurt, in amount of Euro 11,159 thousand, NLB Montenegrobanka, Podgorica in amount of Euro 3,401 thousand, NLB Bank Sofia, Sofija, in amount of Euro 6,700 thousand, NLB Srbija, Beograd in amount of Euro 2,700 thousand, NLB banka, Beograd in amount of Euro 10,619 thousand and NLB Leasing, Ljubljana in amount of Euro 7,500 thousand.

##### Other changes:

- NLB Leasing, Ljubljana sold its 100% ownership interest in NLB Leasing, Beograd to NLB.
- NLB Tuzlanska banka, Tuzla sold its 40% ownership interest in CBS Invest, Sarajevo to NLB.
- LHB Immobilien, Frankfurt sold its 60% ownership interest in CBS Invest, Sarajevo to NLB.
- In May 2010 LHB Finance, Ljubljana merged with NLB.
- NLB Leasing, Ljubljana sold its 100% ownership interest in NLB Real Estate, Beograd to NLB Srbija, Beograd. In June 2010 NLB Real Estate, Beograd merged with NLB Srbija, Beograd.
- NLB banka, Beograd sold its 24.61% ownership interest in Tekig Invest, Beograd.

#### 4. EVENTS AFTER THE END OF THE REPORTING PERIOD

After September 30, 2011 there were no significant events.

## 5. NOTES TO THE CONDENSED INCOME STATEMENT

### 5.1. Interest income and expenses

	NLB		NLB Group	
	September 2011	September 2010	September 2011	September 2010
<b>Interest and similar income</b>				
Loans and advances to customers	350,095	340,076	544,412	548,497
Derivatives - hedge accounting	50,797	54,618	50,797	54,618
Financial assets held for trading	34,528	28,528	34,248	27,800
Available for sale financial assets	26,952	26,971	37,696	37,781
Held to maturity investments	21,316	17,642	21,319	17,648
Loans and advances to banks	11,969	13,766	12,056	14,054
Deposits with central banks	1,488	1,275	3,931	3,082
Other assets	855	68	978	70
<b>TOTAL</b>	<b>498,000</b>	<b>482,944</b>	<b>705,437</b>	<b>703,550</b>
	=====	=====	=====	=====
<b>Interest and similar expenses</b>				
Due to customers	110,478	103,640	174,688	168,124
Derivatives - hedge accounting	49,178	43,927	49,178	43,927
Debt securities in issue	50,626	54,225	50,987	54,557
Financial liabilities held for trading	29,564	25,250	29,667	25,377
Borrowings from banks	33,677	30,929	51,755	49,739
Subordinated liabilities	15,922	14,208	17,954	16,038
Deposits from banks	1,144	988	2,491	3,500
Borrowings from other customers	578	91	5,170	3,585
Other liabilities	778	1,298	855	1,449
<b>TOTAL</b>	<b>291,945</b>	<b>274,556</b>	<b>382,745</b>	<b>366,296</b>
	=====	=====	=====	=====
<b>NET INTEREST INCOME</b>	<b>206,055</b>	<b>208,388</b>	<b>322,692</b>	<b>337,254</b>
	=====	=====	=====	=====



## 5.2. Net fee and commission income

	NLB		NLB Group	
	nine months ended		nine months ended	
	September	September	September	September
	2011	2010	2011	2010
<b>Fee and commission income</b>				
Credit cards and ATMs	33,139	34,970	41,385	41,599
Payments	27,291	29,150	48,198	50,848
Customer current accounts	26,172	23,980	29,497	25,742
Guarantees	11,777	12,694	15,267	15,618
Investment banking	4,108	3,649	3,603	4,231
Banking insurance	1,245	1,343	1,245	1,343
Investment funds	889	991	6,742	6,970
Other services	2,037	2,046	3,963	3,526
<b>TOTAL</b>	<b>106,658</b>	<b>108,823</b>	<b>149,900</b>	<b>149,877</b>
	=====	=====	=====	=====
<b>Fee and commission expenses</b>				
Credit cards and ATMs	15,958	16,986	21,344	21,372
Payments	1,392	603	4,518	3,796
Investment banking	1,257	1,115	1,373	1,208
Guarantees	1	-	137	275
Other services	1,250	726	7,720	5,490
<b>TOTAL</b>	<b>19,858</b>	<b>19,430</b>	<b>35,092</b>	<b>32,141</b>
	=====	=====	=====	=====
<b>NET FEE AND COMMISSION INCOME</b>	<b>86,800</b>	<b>89,393</b>	<b>114,808</b>	<b>117,736</b>
	=====	=====	=====	=====

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

	NLB		NLB Group	
	nine months ended		nine months ended	
	September	September	September	September
	2011	2010	2011	2010
Available for sale financial assets	3,894	(1,248)	5,356	747
Loans and receivables and other financial assets	(8,647)	(74)	(8,647)	(75)
<b>TOTAL</b>	<b>(4,753)</b>	<b>(1,322)</b>	<b>(3,291)</b>	<b>672</b>
	=====	=====	=====	=====

In nine months ended September 2010 gains less losses from available for sale of financial assets of NLB Group include gain on sale of previously impaired debt instruments in amount of Euro 1,525 thousand.

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

	NLB		NLB Group	
	September 2011	September 2010	September 2011	September 2010
Foreign exchange trading	3,768	2,864	10,505	9,272
Debt instruments	(3)	(953)	(359)	(698)
Equity instruments	(10,537)	(4,981)	(10,554)	(4,961)
Derivatives	386	(26,499)	(474)	(27,455)
<b>TOTAL</b>	<b>(6,386)</b>	<b>(29,569)</b>	<b>(882)</b>	<b>(23,842)</b>

#### 5.5. Other operating income

	NLB		NLB Group	
	September 2011	September 2010	September 2011	September 2010
Income from non-banking services	9,174	10,527	18,749	22,315
Rental income from investment property	77	81	2,652	1,285
Other operating income	1,454	1,546	6,336	7,470
<b>TOTAL</b>	<b>10,705</b>	<b>12,154</b>	<b>27,737</b>	<b>31,070</b>

#### 5.6. Other operating expenses

	NLB		NLB Group	
	September 2011	September 2010	September 2011	September 2010
Membership fees	1,156	1,080	2,191	1,834
Taxes and other duties	1,413	38	3,095	1,164
Other operating expenses	736	378	1,542	1,205
<b>TOTAL</b>	<b>3,305</b>	<b>1,496</b>	<b>6,828</b>	<b>4,203</b>

## 5.7. Administrative expenses

	NLB		NLB Group	
	September 2011	September 2010	September 2011	September 2010
Employee costs	95,458	99,656	149,097	153,713
Other general and administrative expenses	57,242	59,567	89,651	94,257
<b>TOTAL</b>	<b>152,700</b>	<b>159,223</b>	<b>238,748</b>	<b>247,970</b>

## 5.8. Provisions for other liabilities and charges

	NLB		NLB Group	
	September 2011	September 2010	September 2011	September 2010
Guarantees and commitments	22,927	8,302	23,278	(258)
Other provisions	52	176	119	(278)
<b>TOTAL</b>	<b>22,979</b>	<b>8,478</b>	<b>23,397</b>	<b>(536)</b>

## 5.9. Impairment charge

	NLB		NLB Group	
	September 2011	September 2010	September 2011	September 2010
<b>Impairment of financial assets</b>				
Available for sale financial assets	22,070	43,958	22,070	43,894
Loans and advances to banks (note 6.1.3.)	(101)	(83)	(813)	(5,730)
Loans and advances to customers (note 6.1.3.)	199,419	125,081	246,573	206,739
Held to maturity investments	1,147	-	1,145	-
Other financial assets	7,298	236	12,962	6,509
Investments in subsidiaries, associates and joint ventures	11,363	-	-	-
Other	-	-	1,601	498
<b>TOTAL</b>	<b>241,196</b>	<b>169,192</b>	<b>283,538</b>	<b>251,910</b>

In nine months ended September 2011 the Bank recorded impairment of investments in subsidiaries in NLB Leasing, Sarajevo, NLB Factoring, Ostrava and NLB Factor, Bratislava.

## 5.10. Earnings per share

Basic earnings per share is calculated by dividing the net result by the weighted average number of ordinary shares in issue, less treasury shares.

	NLB		NLB Group	
	September 2011	September 2010	September 2011	September 2010
Net loss (in thousand of euros)	(113,916)	(32,866)	(96,325)	(49,485)
Weighted average number of ordinary shares (in thousand)	10,095	8,871	10,095	8,871
Basic and diluted loss per share (in euros per share)	(11.28)	(3.70)	(9.54)	(5.58)

Subordinated loans and debt securities in issue have no future conversion options and consequently there are no potential dilutive ordinary shares.

## 6. NOTES TO THE CONDENSED STATEMENT OF FINANCIAL POSITION

### 6.1. Loans and advances

#### 6.1.1. Loans and advances to banks

	NLB		NLB Group	
	30.9.2011	31.12.2010	30.9.2011	31.12.2010
Loans	208,331	249,103	198,292	210,243
Demand deposits	167,530	86,331	194,957	160,596
Time deposits	480,316	228,412	790,574	488,709
Securities purchased under agreements to resell	11,562	9,269	11,562	9,269
Called guarantees	92	92	310	105
Finance lease receivables	-	-	25	73
	<u>867,831</u>	<u>573,207</u>	<u>1,195,720</u>	<u>868,995</u>
Allowance for impairment (note 6.1.3.)	(2,205)	(2,979)	(17,617)	(18,767)
<b>TOTAL</b>	<b>865,626</b>	<b>570,228</b>	<b>1,178,103</b>	<b>850,228</b>

#### 6.1.2. Loans and advances to customers

	NLB		NLB Group	
	30.9.2011	31.12.2010	30.9.2011	31.12.2010
Loans	9,275,207	9,590,767	11,566,660	11,931,540
Finance lease receivables	-	-	518,885	568,452
Overdrafts	256,626	264,143	347,089	406,032
Called guarantees	61,900	16,305	72,787	24,753
Credit card business	56,585	64,572	107,802	114,229
Reverse sale and repurchase agreement	1,785	9,387	1,785	9,387
	<u>9,652,103</u>	<u>9,945,174</u>	<u>12,615,008</u>	<u>13,054,393</u>
Allowance for impairment (note 6.1.3.)	(932,961)	(745,365)	(1,403,132)	(1,174,734)
<b>TOTAL</b>	<b>8,719,142</b>	<b>9,199,809</b>	<b>11,211,876</b>	<b>11,879,659</b>

#### 6.1.3. Movements in allowance for impairment of loans and advances to banks and customers

	NLB				NLB Group			
	Banks		Customers		Banks		Customers	
	2011	2010	2011	2010	2011	2010	2011	2010
Balance at January 1	2,979	4,821	745,365	495,107	18,767	26,606	1,174,734	879,452
Exchange difference on opening balance	-	-	-	-	336	1,725	3,569	2,076
Merger of subsidiary	-	-	-	9,073	-	-	-	-
Impairment (note 5.9.)	(101)	(83)	199,419	125,081	(813)	(5,730)	246,573	206,739
Write offs	(673)	(1,069)	(11,823)	(5,592)	(673)	(1,250)	(21,744)	(25,499)
<b>Balance at September 30</b>	<b>2,205</b>	<b>3,669</b>	<b>932,961</b>	<b>623,669</b>	<b>17,617</b>	<b>21,351</b>	<b>1,403,132</b>	<b>1,062,768</b>

## 6.2. Fair value hierarchy of financial instruments

IFRS 7 specifies a fair value hierarchy with a respect to the inputs and assumptions used to measure financial instruments at fair value. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the assumption of the Bank and the Group. The fair value hierarchy comprises the following levels:

- Level 1 – Quoted prices (unadjusted) on active markets. This level includes listed equity securities, debt instruments, financial derivatives and points of investment funds.
- Level 2 – Inputs other than the quoted prices included in Level 1 that are observable for an instrument, either directly (i.e. prices) or indirectly (i.e. derived from prices). The source of input parameters, such as yield curves and counterparty credit ratings, is Reuters.
- Level 3 – Inputs for an instrument that are not based on observable market data. This level includes non-tradable shares and bonds and derivatives associated with these investments.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

### Transfer of financial instruments between levels of valuation

30.9.2011	NLB and NLB Group					
	Level 1		Level 2		Level 3	
	from	to	from	to	from	to
<b>Financial assets</b>						
Financial instruments held for trading						
- equity instruments	-	2,457	-	-	(6,137)	-
Financial assets available for sale						
- debt instruments	(31,931)	-	-	32,777	-	-

According to the fair value hierarchy, the Group reclassified financial assets from Level 1 to Level 2, due to no turnover with these securities on active market for the past 9 months. Instead of unadjusted market prices, fair value of these securities is measured according to the swap curves. The Group reclassified financial assets from Level 3 to Level 1 because they were listed on stock exchange market. The amounts reclassified present carrying values as at December 31, 2010 (“from”) and September 30, 2011 (“to”).

30.9.2010	NLB and NLB Group					
	Level 1		Level 2		Level 3	
	from	to	from	to	from	to
<b>Financial assets</b>						
Financial instruments held for trading						
- debt instruments	(5,916)	-	-	7,131	-	-
- equity instruments	-	15	-	-	(40)	-
Financial assets available for sale						
- debt instruments	(174,412)	-	-	195,781	-	-

The amounts reclassified present carrying values as at December 31, 2009 (“from”) and September 30, 2010 (“to”).

### 6.3. Non-current assets and disposal group classified as held for sale

#### a) Analysis by type of non-current assets and disposal group classified as held for sale

	NLB		NLB Group	
	30.9.2011	31.12.2010	30.9.2011	31.12.2010
Non-current assets held for sale	6,781	22,965	43,423	35,661
Assets of disposal group classified as held for sale	-	-	-	88,247
<b>Total non-current assets and disposal group held for sale</b>	<b>6,781</b>	<b>22,965</b>	<b>43,423</b>	<b>123,908</b>
	=====	=====	=====	=====
<b>Liabilities of disposal group classified as held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43,264</b>
	=====	=====	=====	=====

#### b) Disposal of subsidiary

In July 2011 the Group completed the sale of 97.01% interest in NLB Bank Sofia to a third party. The details of the assets and liabilities disposed of and disposal consideration is as follows:

Cash and balances with central bank	2,813
Loans and advances to banks	1,157
Loans and advances to customers	51,001
Available for sale financial assets	301
Property and equipment	285
Intangible assets	266
Non current assets held for sale	1,062
Other assets	214
Tax assets	31
Due to other banks	28,269
Due to customers	17,489
Other liabilities	463
<b>Net assets of subsidiary</b>	<b>10,909</b>
Non-controlling interest	(323)
<b>Carrying amount of net assets disposed of</b>	<b>10,586</b>
<b>Total disposal consideration</b>	<b>14,551</b>
Cash and cash equivalents in subsidiary sold	(3,969)
<b>Cash inflow on disposal</b>	<b>10,582</b>
The gain on disposal of the subsidiary comprises:	
Consideration for disposal of the subsidiary	14,551
Carrying amount of net assets disposed of, net of non-controlling interest	10,586
Cumulative currency translation reserve on foreign operation recycled from other comprehensive income to profit or loss	32
<b>Gains from disposal of subsidiary</b>	<b>3,997</b>

Prior to disposal NLB Bank Sofia was included in segment "Banking abroad" (note 7.2.).

## 6.4. Trading liabilities

	NLB		NLB Group	
	30.9.2011	31.12.2010	30.9.2011	31.12.2010
<b>Derivatives, excluding hedges</b>				
Swap contracts	75,800	75,093	75,931	76,004
Options	12,228	15,026	12,228	15,026
Forward contracts	2,099	754	2,114	759
<b>TOTAL</b>	<b>90,127</b>	<b>90,873</b>	<b>90,273</b>	<b>91,789</b>

## 6.5. Deposits, borrowings and debt securities in issue

### a) Deposits from banks and amounts due to customers

	NLB		NLB Group	
	30.9.2011	31.12.2010	30.9.2011	31.12.2010
Deposits on demand				
- banks	112,829	93,141	76,184	96,382
- other customers	3,277,854	3,236,063	4,274,455	4,183,341
Other deposits				
- banks	48,890	86,255	69,954	130,629
- other customers	4,469,227	4,427,607	6,204,639	6,203,627
<b>TOTAL</b>	<b>7,908,800</b>	<b>7,843,066</b>	<b>10,625,232</b>	<b>10,613,979</b>

### b) Borrowings from banks and other customers

	NLB		NLB Group	
	30.9.2011	31.12.2010	30.9.2011	31.12.2010
Loans				
- banks	2,010,127	2,051,757	2,645,794	2,924,873
- other customers	33,171	14,086	217,618	196,630
<b>TOTAL</b>	<b>2,043,298</b>	<b>2,065,843</b>	<b>2,863,412</b>	<b>3,121,503</b>



**c) Debt securities in issue**

	NLB		NLB Group	
	30.9.2011	31.12.2010	30.9.2011	31.12.2010
Carrying amount of issued securities				
- traded on active markets	1,365,312	1,793,520	1,363,280	1,791,329
- not traded on active markets	-	-	10,156	12,633
<b>TOTAL</b>	<b>1,365,312</b>	<b>1,793,520</b>	<b>1,373,436</b>	<b>1,803,962</b>
in %				
Bonds				
- fixed rated	92.23	94.09	91.53	93.56
- floating rated	7.77	5.91	8.47	6.44
	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

The Bank performed early redemption of the bond in nominal value of Euro 296 million. Effects are shown in income statement in position gains less losses from financial assets and liabilities not classified as at fair value through profit or loss.

## 6.6. Subordinated liabilities

	Currency	Due date	Interest rate	NLB				NLB Group			
				30.9.2011		31.12.2010		30.9.2011		31.12.2010	
				Carrying amount	Nominal value	Carrying amount	Nominal value	Carrying amount	Nominal value	Carrying amount	Nominal value
<b>Subordinated loans</b>											
	EUR	30.12.2014	6 months EURIBOR + 5.1% p.a. to 22.03.2014, thereafter 6 months EURIBOR + 8.5% p.a.	-	-	-	-	4,508	4,500	4,579	4,500
	EUR	14.6.2016	EURIBOR + 0.45% p.a. to 14.6.2011, thereafter EURIBOR + 1.1% p.a.	75,086	75,000	75,048	75,000	75,086	75,000	75,048	75,000
	EUR	1.10.2016	6 months EURIBOR + 4% p.a.	-	-	-	-	2,508	2,482	-	-
	EUR	2.6.2017	3 months EURIBOR + 0.48% p.a. to 27.6.2012, thereafter 3 months EURIBOR + 1.98% p.a.	189,960	190,000	189,840	190,000	189,960	190,000	189,840	190,000
	EUR	30.6.2018	6 months EURIBOR + 4.2% p.a. to 22.09.2013, thereafter 6 months EURIBOR + 6.3% p.a.	-	-	-	-	12,070	12,000	12,284	12,000
	EUR	30.6.2020	6 months EURIBOR + 5.7% p.a. for first 5 years, thereafter 6 months EURIBOR + 7.7% p.a.	-	-	-	-	5,054	5,000	4,954	5,000
	EUR	-	3 months EURIBOR + 1.5% p.a. to 7.9.2011, thereafter 3 months EURIBOR + 2.25% p.a.	100,264	100,000	100,182	100,000	100,264	100,000	100,182	100,000
	EUR	-	3 months EURIBOR + 0.95% p.a. to 24.7.2012, thereafter 3 months EURIBOR + 1.7% p.a.	120,073	120,000	119,872	120,000	120,073	120,000	119,872	120,000
<b>Subordinated securities</b>											
	EUR	10.2.2011	4.5%	-	-	5,200	5,000	-	-	5,200	5,000
	EUR	24.3.2011	EURIBOR + 1.85% p.a.	-	-	-	-	-	-	20,147	19,000
	EUR	10.4.2012	EURIBOR + 1.5% p.a.	-	-	-	-	10,992	11,000	11,084	11,000
	EUR	25.2.2013	6 months EURIBOR + 1.4% p.a.	12,540	12,500	12,613	12,500	12,540	12,500	12,613	12,500
	EUR	9.6.2013	7.0%	49,862	48,963	50,667	48,963	49,862	48,963	50,667	48,963
	EUR	24.5.2017	6.25%	62,988	61,419	63,183	61,419	62,988	61,419	63,183	61,419
	EUR	-	3 months EURIBOR + 1.6% p.a. to 17.12.2014, thereafter 3 months EURIBOR + 3.1% p.a.	100,104	100,000	100,109	100,000	100,104	100,000	100,109	100,000
	EUR	-	6 months EURIBOR + 1.68% p.a. to 15.7.2015, thereafter 6 months EURIBOR + 2.68% p.a.	128,668	130,000	131,699	130,000	128,668	130,000	131,699	130,000
<b>TOTAL</b>				<b>839,545</b>	<b>837,882</b>	<b>848,413</b>	<b>842,882</b>	<b>874,677</b>	<b>872,864</b>	<b>901,461</b>	<b>894,382</b>

## 6.7. Provisions

	NLB		NLB Group	
	30.9.2011	31.12.2010	30.9.2011	31.12.2010
Provisions for guarantees and commitments (note 6.11.)	68,822	45,895	80,388	56,997
Employee benefit provisions	13,377	14,124	31,718	32,532
Restructuring provisions	4,880	6,000	4,880	6,000
Provisions for premiums from National Saving Scheme	2,019	1,967	2,019	1,967
Other provisions	3,007	3,063	5,226	5,373
<b>TOTAL</b>	<b>92,105</b>	<b>71,049</b>	<b>124,231</b>	<b>102,869</b>

## 6.8. Tax effects relating to each component of other comprehensive income

	NLB					
	30.9.2011			30.9.2010		
	Before tax amount	Tax (expense)/ benefit	Net of tax amount	Before tax amount	Tax (expense)/ benefit	Net of tax amount
Available for sale financial assets	(23,468)	4,688	(18,780)	7	-	7
Cash flow hedge	(259)	52	(207)	(205)	40	(165)
<b>TOTAL</b>	<b>(23,727)</b>	<b>4,740</b>	<b>(18,987)</b>	<b>(198)</b>	<b>40</b>	<b>(158)</b>
	=====	=====	=====	=====	=====	=====

	NLB Group					
	30.9.2011			30.9.2010		
	Before tax amount	Tax (expense)/ benefit	Net of tax amount	Before tax amount	Tax (expense)/ benefit	Net of tax amount
Available for sale financial assets	(22,905)	4,265	(18,640)	1,911	(462)	1,449
Cash flow hedge	637	(127)	510	(205)	40	(165)
Exchange differences on translating foreign operations	5,533	-	5,533	(4,803)	-	(4,803)
Share of associates and joint ventures	(5,243)	1,028	(4,215)	(1,156)	231	(925)
<b>TOTAL</b>	<b>(21,978)</b>	<b>5,166</b>	<b>(16,812)</b>	<b>(4,253)</b>	<b>(191)</b>	<b>(4,444)</b>
	=====	=====	=====	=====	=====	=====

## 6.9. Share capital

### a) Ownership structure

The most important change in the year 2011 was the increase of total equity in amount of Euro 250,000 thousand with the issue of 2,155,173 new ordinary shares. The subscribed capital was increased by Euro 17,986 thousand, which represents a 24.20% increase. Prior to the issue of new shares, subscribed capital amounted to Euro 74,328 thousand and was divided into 8,905,952 shares. Increased subscribed capital amounts to Euro 92,314 thousand and is divided into 11,061,125 shares. The increase was entered into the Court Register on April 28, 2011. Paid-up premium in amount of Euro 232,008 thousand was recognized in share premium.

As at September 30, 2011 there were 1,995 shareholders. The Bank's shareholders include 275 legal entities, 1,698 individuals and 22 non – residents. All shares are registered at the Central Securities Clearing Corporation. All shares are ordinary, the same class and subscribed.

### b) Book value per share

Book value of the Bank's share as at September 30, 2011 was Euro 100.07 and on consolidated level it was Euro 103.88. It is calculated as relation between equity book value and the number of shares without treasury shares.

### c) Treasury shares

As at September 30, 2011 the Bank has 34,924 treasury shares for which it has set aside reserves in the amount of Euro 2,048 thousand.

## 6.10. Capital ratios

	NLB		NLB Group	
	30.9.2011	31.12.2010	30.9.2011*	31.12.2010
<b>REGULATORY CAPITAL</b>	<b>1,247,827</b>	<b>1,147,331</b>	<b>1,729,639</b>	<b>1,595,342</b>
<b>TIER I CAPITAL</b>	<b>1,168,329</b>	<b>1,031,203</b>	<b>1,157,021</b>	<b>994,904</b>
Paid up share capital	92,314	74,328	92,314	74,328
Treasury shares	(4,635)	(4,635)	(4,635)	(4,635)
Capital reserves (share premium)	727,603	495,595	727,603	495,595
Reserves and retained profit or loss	412,971	412,971	440,832	430,525
Non-controlling interest	-	-	22,156	20,299
Interim result	(113,916)	-	(97,707)	-
Revaluation reserves - prudential filters	(8,188)	(532)	(10,402)	(1,687)
Hybrid instruments in Tier I	129,995	129,999	129,995	129,999
Other deductions	(67,815)	(76,523)	(143,134)	(149,520)
<i>Intangible assets</i>	<i>(63,867)</i>	<i>(73,494)</i>	<i>(133,159)</i>	<i>(146,491)</i>
<i>Other</i>	<i>(3,948)</i>	<i>(3,029)</i>	<i>(9,975)</i>	<i>(3,029)</i>
<b>TIER II CAPITAL</b>	<b>651,530</b>	<b>678,752</b>	<b>672,854</b>	<b>704,543</b>
<b>DEDUCTION FROM TIER I AND TIER II CAPITAL</b> (equity investments in banks and financial institutions)	<b>(572,032)</b>	<b>(562,624)</b>	<b>(100,236)</b>	<b>(104,105)</b>
<b>CAPITAL REQUIREMENTS</b>	<b>833,494</b>	<b>921,513</b>	<b>1,151,039</b>	<b>1,250,658</b>
Total capital requirements for credit risk (standardised approach)	758,869	825,539	1,024,700	1,101,382
Total capital requirements for market risks	15,859	35,538	28,032	48,243
Capital requirements for operating risk	58,766	60,436	98,307	101,033
<b>CAPITAL ADEQUACY RATIO</b> (in %)	<b>11.98</b>	<b>9.96</b>	<b>12.02</b>	<b>10.20</b>

\* 30.9.2011 figures are estimation on a basis of last available data.

Capital adequacy and capital are monitored in conformity with the guidelines developed by the Basel Committee and European Community Directives, as implemented by the Bank of Slovenia. The Bank of Slovenia requires each bank and banking group to maintain capital adequacy ratio at or above 8%. During the nine months ended September 30, 2011 and during 2010, the Bank and the Group complied with all of the requirements of capital adequacy regulation.

In the year 2011, NLB d.d. issued additional capital in the amount of Euro 250 million.

## 6.11. Off-balance sheet obligations

	NLB		NLB Group	
	30.9.2011	31.12.2010	30.9.2011	31.12.2010
Commitments to extend credit	1,007,202	1,228,500	1,175,044	1,389,448
Financial guarantees	916,936	1,325,597	610,183	875,517
Performance guarantees	625,022	555,065	684,930	606,953
Guaranteed and accepted bills	47,789	55,419	51,635	58,917
Letters of credit	4,374	5,014	23,614	29,114
Other	96,944	26,073	102,694	26,637
	<u>2,698,267</u>	<u>3,195,668</u>	<u>2,648,100</u>	<u>2,986,586</u>
Provisions	(68,822)	(45,895)	(80,388)	(56,997)
<b>TOTAL</b>	<b><u>2,629,445</u></b>	<b><u>3,149,773</u></b>	<b><u>2,567,712</u></b>	<b><u>2,929,589</u></b>
	=====	=====	=====	=====

## 7. OTHER DISCLOSURES

### 7.1. Related-party transactions

The volumes of related party transactions and the outstanding balances are as follows:

	NLB					
	Management Board and other Key Management personnel		Shareholders		Supervisory Board	
	30.9.2011	31.12.2010	30.9.2011	31.12.2010	30.9.2011	31.12.2010
Loans and deposits issued	2,857	2,800	99,019	150,251	173	129
Loans and deposits received	3,984	5,795	852,415	771,637	1,206	1,443
Investments in securities	-	-	880,213	867,164	-	-
Debt securities in issue	24	82	5,001	19,583	54	54
Guarantees issued, commitments to extended credit	439	520	1,319	8,515	23	23
Derivatives:						
Fair value	-	-	2,767	5,139	-	-
Contractual amount	-	-	389,479	493,220	-	-
	nine months ended		nine months ended		nine months ended	
	September 2011	September 2010	September 2011	September 2010	September 2011	September 2010
Interest income	69	69	22,476	20,623	3	3
Interest expenses	(88)	(129)	(21,473)	(22,484)	(31)	(24)
Fee income	10	13	8	68	-	-

	NLB Group					
	Management Board and other Key Management personnel		Shareholders		Supervisory Board	
	30.9.2011	31.12.2010	30.9.2011	31.12.2010	30.9.2011	31.12.2010
Loans and deposits issued	7,487	7,640	111,737	155,724	173	129
Loans and deposits received	8,607	10,628	855,261	771,637	1,206	1,443
Investments in securities	-	-	880,213	867,164	-	-
Debt securities in issue	24	82	5,001	19,583	54	54
Guarantees issued, commitments to extended credit	584	677	1,319	8,515	23	23
Derivatives:						
Fair value	-	-	2,767	5,139	-	-
Contractual amount	-	-	389,479	493,220	-	-
	nine months ended		nine months ended		nine months ended	
	September 2011	September 2010	September 2011	September 2010	September 2011	September 2010
Interest income	234	187	23,033	20,827	3	3
Interest expenses	(244)	(269)	(21,538)	(22,484)	(31)	(24)
Fee income	16	20	8	68	-	-

Shareholders with significant influence include the bank's biggest shareholders Republic of Slovenia and KBC Bank N.V. Brussels. Significant transactions with other government related entities are disclosed in the text below.

During the nine months ended September 30, 2011 and 2010 the Bank entered into transactions with government related entities under usual terms and market prices. Individually significant transactions with government related entities present long-term loans and borrowings and interest rate swaps. As at September 30, 2011 the total amount of individually significant transactions for long-term loans (7 transactions) in the amount of Euro 668,745 thousand (September 30, 2010: 9 transactions in amount of Euro 789,409 thousand), long-term borrowings (8 transactions) in the amount of Euro 448,185 thousand (September 30, 2010: 7 transactions in amount of Euro 407,421 thousand) and interest rate swaps (11 transactions) in the amount of Euro 400,097 thousand (September 30, 2010: 3 transactions in amount of Euro 186,185 thousand). During the nine months ended the Bank recognized for long-term loans interest income in the amount of Euro 17,814 thousand (2010: Euro 15,521 thousand), for long-term borrowings interest expense in the amount of Euro 9,278 thousand (2010: Euro 6,566 thousand) and for interest rate swaps net interest expense and valuation in the amount of Euro 3,362 thousand (2010: income Euro 709 thousand).

	NLB					
	Subsidiaries		Associates		Joint ventures	
	30.9.2011	31.12.2010	30.9.2011	31.12.2010	30.9.2011	31.12.2010
Loans and deposits issued	1,002,793	1,076,229	34,089	31,305	49,327	40,559
Loans and deposits received	108,947	77,210	12,719	10,364	10,217	958
Investment in securities	-	-	1,124	1,145	-	-
Debt securities in issue	-	-	18,808	28,695	302	311
Guarantees issued, commitments to extended credit	565,520	745,887	952	1,524	7,875	16,675
Derivatives:						
Fair value	961	855	-	-	-	-
Contractual amount	16,396	16,084	-	-	-	-
	nine months ended		nine months ended		nine months ended	
	September	September	September	September	September	September
	2011	2010	2011	2010	2011	2010
Interest income	29,718	29,348	813	724	1,488	1,100
Interest expenses	(795)	(547)	(964)	(675)	(240)	(14)
Fee income	2,630	3,673	167	233	1,316	1,462
Fee expenses	(245)	(215)	(6,564)	(7,705)	-	-

	NLB Group			
	Associates		Joint ventures	
	30.9.2011	31.12.2010	30.9.2011	31.12.2010
Loans and deposits issued	52,661	56,552	161,399	152,743
Loans and deposits received	23,437	20,852	10,907	3,512
Investment in securities	1,124	1,145	-	-
Debt securities in issue	18,808	28,695	302	311
Guarantees issued, commitments to extended credit	952	1,524	23,375	28,925
	nine months ended		nine months ended	
	September 2011	September 2010	September 2011	September 2010
Interest income	1,337	877	7,162	6,655
Interest expenses	(1,395)	(1,163)	(259)	(68)
Fee income	167	233	1,424	1,546
Fee expenses	(6,564)	(7,705)	-	-

### Key management compensation

	NLB				NLB Group			
	Management Board		Other key management		Management Board		Other key management	
	nine months ended		nine months ended		nine months ended		nine months ended	
	September 2011	September 2010	September 2011	September 2010	September 2011	September 2010	September 2011	September 2010
Short-term benefits	531	615	5,569	6,041	531	631	12,721	13,161
Costs refund	4	4	127	134	4	4	261	217
Long-term bonuses								
- severance pay	-	-	157	237	-	-	172	258
- post employment benefits	25	29	403	447	25	29	410	447
- jubilee bonuses	-	1	5	3	-	1	8	12
Bonuses	-	-	-	-	-	-	341	275
<b>Total</b>	<b>560</b>	<b>649</b>	<b>6,261</b>	<b>6,862</b>	<b>560</b>	<b>665</b>	<b>13,913</b>	<b>14,370</b>

Short-term benefits include:

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

The reimbursement of cost comprises food allowances and travel expenses.

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



## 7.2. Analysis by segment

### a) Segments

nine months ended,  
September 2011

NLB Group	Banking Slovenia	Banking abroad	Leasing	Factoring and forfeiting	Asset management	Other activities	Total
Total net revenues	296,479	132,617	16,039	14,669	2,935	9,550	472,289
Net revenues from external customers	263,546	139,776	29,084	21,914	4,022	6,099	464,441
Intersegment net revenues	32,933	(7,159)	(13,045)	(7,245)	(1,087)	3,451	7,848
Net interest revenues	206,055	96,751	7,496	13,410	(15)	(1,005)	322,692
Net interest revenues from external customers	176,423	104,124	22,600	19,724	9	(188)	322,692
Intersegment net interest revenues	29,632	(7,373)	(15,104)	(6,314)	(24)	(817)	-
Administrative expenses	(149,803)	(65,385)	(9,712)	(5,763)	(1,915)	(6,170)	(238,748)
Depreciation and amortization	(23,843)	(11,451)	(5,685)	(132)	(67)	(743)	(41,921)
Reportable segment profit before impairment charge	121,560	49,611	2,781	6,288	1,071	2,461	183,772
Share of profits of associates and joint ventures	1,511	70	-	551	-	1,652	3,784
Impairment and provisions charge	(223,725)	(40,740)	(30,596)	(9,706)	-	(2,168)	(306,935)
(Loss)/Profit for the year	(79,519)	7,555	(24,302)	(2,964)	857	1,659	(96,714)

30.9.2011

Reportable segment assets	12,027,782	3,841,369	738,844	479,670	3,365	85,164	17,176,194
Investments in associates and joint ventures	77,556	10,470	-	3,676	-	18,715	110,417
Reportable segment liabilities	12,343,370	3,301,446	229,326	224,064	253	20,515	16,118,974

nine months ended,  
September 2010

NLB Group	Banking Slovenia	Banking abroad	Leasing	Factoring and forfeiting	Asset management	Other activities	Total
Total net revenues	328,223	140,128	17,887	16,765	3,111	4,737	510,851
Net revenues from external customers	271,416	148,859	34,053	23,326	4,306	589	482,549
Intersegment net revenues	56,807	(8,731)	(16,166)	(6,561)	(1,195)	4,148	28,302
Net interest revenues	208,388	99,936	12,790	17,301	13	(1,174)	337,254
Net interest revenues from external customers	178,880	108,941	26,091	23,485	23	(166)	337,254
Intersegment net interest revenues	29,508	(9,005)	(13,301)	(6,184)	(10)	(1,008)	-
Administrative expenses	(155,982)	(68,203)	(9,371)	(5,703)	(1,819)	(6,892)	(247,970)
Depreciation and amortization	(24,027)	(11,826)	(6,024)	(173)	(72)	(993)	(43,115)
Reportable segment profit before impairment charge	122,364	53,303	7,919	9,851	1,362	(3,335)	191,464
Share of profits of associates and joint ventures	3,116	931	-	(2,193)	-	2,116	3,970
Impairment and provisions charge	(170,572)	(50,733)	(23,619)	(6,419)	-	(31)	(251,374)
(Loss)/profit for the year	(36,352)	833	(15,834)	569	1,089	(1,315)	(51,010)

31.12.2010

Reportable segment assets	12,209,854	4,110,676	816,386	566,333	2,804	70,139	17,776,192
Investments in associates and joint ventures	79,924	11,059	-	3,075	-	17,702	111,760
Reportable segment liabilities	12,756,698	3,422,402	290,594	364,130	493	22,012	16,856,329

## b) Geographical information

NLB Group	Net revenues		Total assets	
	nine months ended		30.9.2011	31.12.2010
	September 2011	September 2010		
Slovenia	285,165	260,006	12,584,131	12,805,403
South East Europe*	146,491	187,459	3,661,290	3,849,198
Western Europe**	32,785	35,084	1,041,190	1,233,351
<b>TOTAL</b>	<b>464,441</b>	<b>482,549</b>	<b>17,286,611</b>	<b>17,887,952</b>
	=====	=====	=====	=====

\* Macedonia, Serbia, Montenegro, Croatia, Bosnia and Herzegovina, Bulgaria, Kosovo

\*\* Germany, Switzerland, Austria, Czech Republic, Slovak Republic, Netherland

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

## 7.3. Subsidiaries

The Group's subsidiaries as at September 30, 2011 are:

	Nature of Business	Country of Incorporation	Bank's shareholding %*	Group's shareholding %*
<b>LHB Internationale Handelsbank AG, Frankfurt/Main</b>	Banking	Republic of Germany	100	100
LHB Immobilien GmbH, Frankfurt/Main	Property	Republic of Germany	-	100
LHB Trade d.o.o., Zagreb	Trading	Republic of Croatia	-	100
<b>NLB Tutunska Banka a.d., Skopje</b>	Banking	Republic of Macedonia	86.98	86.98
NLB Tutunska broker a.d., Skopje	Finance	Republic of Macedonia	-	100
<b>NLB Montenegrobanka a.d., Podgorica</b>	Banking	Republic of Montenegro	89.95	89.95
<b>NLB banka a.d., Beograd</b>	Banking	Republic of Serbia	99.98	99.98
Conet a.d., Novi Sad	Trading	Republic of Serbia	-	94.85
Convest a.d., Novi Sad	Finance	Republic of Serbia	-	100
<b>NLB Tuzlanska banka d.d., Tuzla</b>	Banking	Republic of Bosnia and Herzegovina	96.30	96.30
<b>NLB Razvojna banka a.d., Banja Luka</b>	Banking	Republic of Bosnia and Herzegovina	99.85	99.85
<b>NLB Prishtina sh.a., Priština</b>	Banking	Republic of Kosovo	81.21	81.21
<b>NLB Leasing d.o.o., Ljubljana</b>	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	-	99.15
NLB Leasing Podgorica d.o.o., Podgorica	Finance	Republic of Montenegro	-	100
<b>NLB Leasing Maribor d.o.o., Maribor</b>	Finance	Republic of Slovenia	100	100
<b>NLB Leasing Koper d.o.o., Koper</b>	Finance	Republic of Slovenia	100	100
OL Nekretnine d.o.o., Zagreb	Property	Republic of Croatia	-	75.1
<b>NLB Leasing d.o.o., Beograd</b>	Finance	Republic of Serbia	100	100
<b>NLB Leasing d.o.o., Sarajevo</b>	Finance	Republic of Bosnia and Herzegovina	100	100
<b>NLB Lizing d.o.o.e.l., Skopje</b>	Finance	Republic of Macedonia	100	100
<b>NLB InterFinanz AG, Zürich</b>	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
<b>NLB Factoring a.s., Ostrava</b>	Finance	Czech Republic	100	100
<b>NLB Factor a.s., Bratislava "in liquidation"</b>	Finance	Slovak Republic	100	100
<b>NLB Skladi d.o.o., Ljubljana</b>	Finance	Republic of Slovenia	100	100
<b>Plan a.d., Banja Luka</b>	Architecture services	Republic of Bosnia and Herzegovina	39.14	88.14
<b>NLB Nov penziski fond a.d., Skopje</b>	Insurance	Republic of Macedonia	51	100
<b>FIN-DO d.o.o., Domžale</b>	Property	Republic of Slovenia	100	100
<b>NLB Propria d.o.o., Ljubljana</b>	Property	Republic of Slovenia	100	100
<b>NLB Srbija d.o.o., Beograd</b>	Property	Republic of Serbia	100	100
<b>CBS Invest d.o.o., Sarajevo</b>	Property	Republic of Bosnia and Herzegovina	100	100
<b>Prospera plus d.o.o., Ljubljana</b>	Tourist and catering trade	Republic of Slovenia	100	100
<b>Sofia Portfolio BV, Amsterdam</b>	Finance	Netherlands	-	-

The Group's subsidiaries as at December 31, 2010 are:

	Nature of Business	Country of Incorporation	Bank's shareholding %*	Group's shareholding %*
<b>LHB Internationale Handelsbank AG, Frankfurt/Main</b>	Banking	Republic of Germany	100	100
LHB Immobilien GmbH, Frankfurt/Main	Property	Republic of Germany	-	100
LHB Trade d.o.o., Zagreb	Trading	Republic of Croatia	-	100
<b>NLB Tutunska Banka a.d., Skopje</b>	Banking	Republic of Macedonia	60.26	86.97
NLB Tutunska broker a.d., Skopje	Finance	Republic of Macedonia	-	100
<b>NLB Montenegrobanka a.d., Podgorica</b>	Banking	Republic of Montenegro	89.95	89.95
<b>NLB banka a.d., Beograd</b>	Banking	Republic of Serbia	99.98	99.98
Conet a.d., Novi Sad	Trading	Republic of Serbia	-	94.85
Convest a.d., Novi Sad	Finance	Republic of Serbia	-	100
<b>NLB Tuzlanska banka d.d., Tuzla</b>	Banking	Republic of Bosnia and Herzegovina	96.30	96.30
<b>NLB Razvojna banka a.d., Banja Luka</b>	Banking	Republic of Bosnia and Herzegovina	99.85	99.85
<b>NLB Prishtina sh.a., Priština</b>	Banking	Republic of Kosovo	81.21	81.21
<b>NLB Banka Sofia a.d., Sofija</b>	Banking	Republic of Bulgaria	97.01	97.01
<b>NLB Leasing d.o.o., Ljubljana</b>	Finance	Republic of Slovenia	100	100
NLB Leasing d.o.o., Sarajevo	Finance	Republic of Bosnia and Herzegovina	-	100
NLB Leasing Sofija E.o.o.d., Sofija	Finance	Republic of Bulgaria	-	100
Optima Leasing d.o.o., Zagreb	Finance	Republic of Croatia	-	75.1
NLB Leasing Podgorica d.o.o., Podgorica	Finance	Republic of Montenegro	-	100
<b>NLB Leasing Maribor d.o.o., Maribor</b>	Finance	Republic of Slovenia	100	100
<b>NLB Leasing Koper d.o.o., Koper</b>	Finance	Republic of Slovenia	100	100
OL Nekretnine d.o.o., Zagreb	Property	Republic of Croatia	-	75.1
<b>NLB Leasing d.o.o., Beograd</b>	Finance	Republic of Serbia	100	100
<b>NLB Lizing d.o.o.e.l., Skopje</b>	Finance	Republic of Macedonia	100	100
<b>NLB InterFinanz AG, Zürich</b>	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
<b>NLB Factoring a.s., Ostrava</b>	Finance	Czech Republic	100	100
<b>NLB Factor a.s., Bratislava</b>	Finance	Slovak Republic	100	100
<b>NLB Skladi d.o.o., Ljubljana</b>	Finance	Republic of Slovenia	100	100
<b>Plan a.d., Banja Luka</b>	Architecture services	Republic of Bosnia and Herzegovina	39.14	88.14
<b>NLB Nov penziski fond a.d., Skopje</b>	Insurance	Republic of Macedonia	51.00	100
<b>NLB Nova penzija a.d., Beograd</b>	Insurance	Republic of Serbia	62.71	85.71
<b>FIN-DO d.o.o., Domžale</b>	Property	Republic of Slovenia	100	100
<b>NLB Propria d.o.o., Ljubljana</b>	Property	Republic of Slovenia	100	100
<b>NLB Srbija d.o.o., Beograd</b>	Property	Republic of Serbia	100	100
<b>CBS Invest d.o.o., Sarajevo</b>	Property	Republic of Bosnia and Herzegovina	100	100
<b>Prospera plus d.o.o., Ljubljana</b>	Tourist and catering trade	Republic of Slovenia	100	100