



BAMC UNAUDITED HALF-YEAR REPORT 2015

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Highlights of the first half of 2015

FIGURE 1: OVERVIEW OF THE LAST FOUR QUARTERS FOR THE BAMC

	2014		2015	
	Q3	Q4	Q1	Q2
Loan acquisitions	Probanka ◆ Probanka & Factor banka	Abanka ◆ Banka Celje ◆	Signing the sale of the stake in Pivovarna Laško ◆	Sale of a package of claims to BAMLI ◆
Staff	75	81	86	90
Governance	Torbjörn Månsson in office as CEO ◆	Business plan 2014-2017 ◆	Changes among non-executive directors effective ◆	Preparation of Business plan 2015-2022 ◆
Committee decisions	443	554	423	477
Cash generated	€18,7 million	€52,8 million	€40,4 million	€133,7 million

In the first half of 2015 the BAMC focused on managing the assets, transferred from four Slovenian banks at the end of 2013 and in the second half of 2014. Cash generated amounted to €173,2 million representing 10,8% of asset transfer value and thus already attaining the legal requirement of yearly liquidation of at least 10% of assets. The largest inflows were generated by the sale of the package of claims towards four companies in April 2015.

The BAMC recorded a net loss of €42,6 million in the first half of 2015. Equity has declined by €40,5 million to €134,6 million. Hence, the BAMC has not achieved the requirement of 8% return on equity as required by the Guidelines on the operations of the Bank Assets Management Company (hereinafter: the Guidelines). The reasons for a net loss and decline in equity were the following:

- Fair value estimate of assets under management has not increased enough to cover all costs of debt financing and operating costs in the first half of 2015, amounting to €34,6 million and €6,3 million respectively, also taking into account €4,0 million of interest income received from government bonds¹.
- Fair value estimates of the loan, real estate and equity ownership portfolios together with cash generated from the management of these assets have remained relatively unchanged (declined by 0,2%) at mid-year 2015 compared to year-end 2014. Estimates of expected

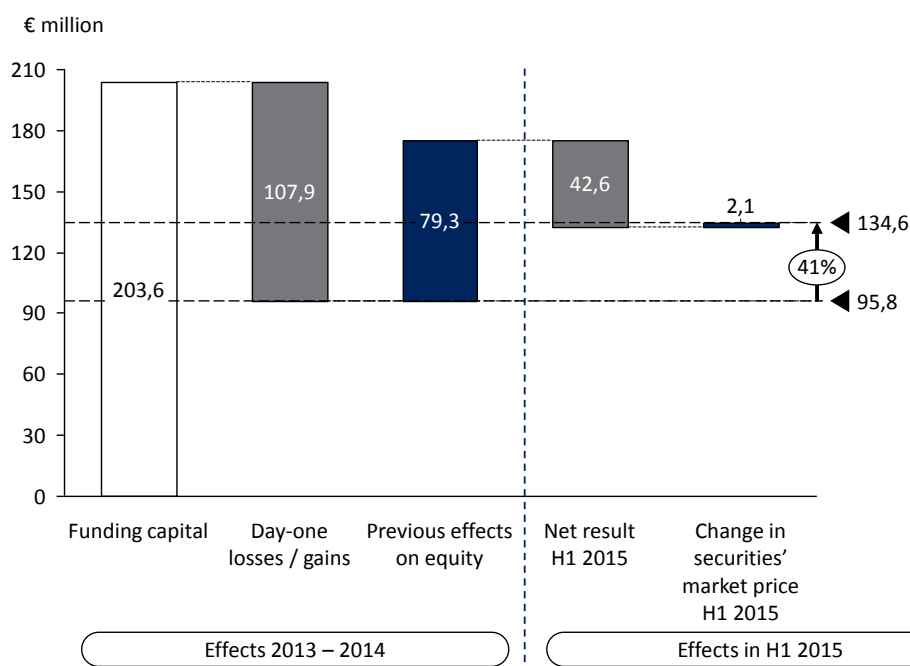
¹ The BAMC generated €4,0 million of interest income from RS38 bonds which have been invested in the BAMC by the Republic of Slovenia as in-kind capital contribution.

inflows in several restructuring cases have been reduced or shifted more in the future compared to previous estimations, which resulted in lower fair value estimates in these cases.

For the goal of 8% return on equity to be reached, fair value estimates, together with cash generated, would have to increase by 2,4% compared to December 2014 valuations.

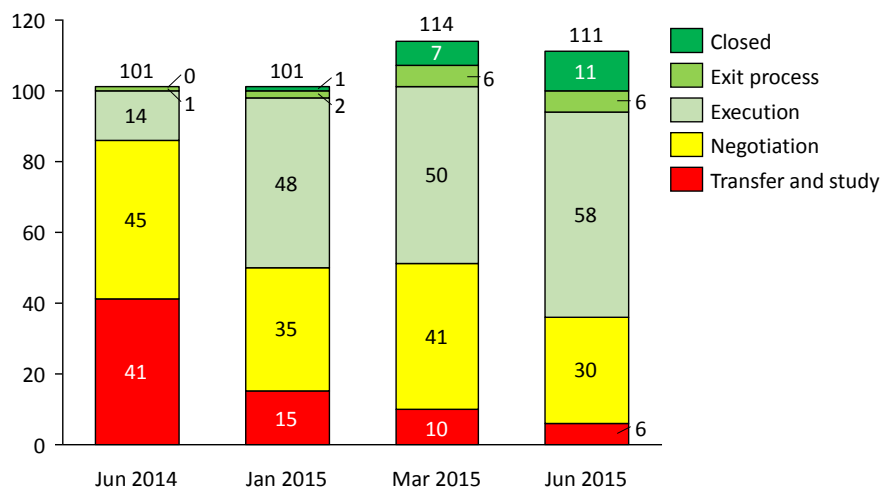
Regardless of the net loss and equity decline in the first half of 2015 the BAMC has, since its inception, increased the equity value for 41% compared to equity fair value after the takeover of assets from the four state-owned banks.

FIGURE 2: EQUITY EFFECTS



At the end of the first half of 2015 the BAMC performed restructuring processes in 111 cases. Almost 70% of these have had restructuring in the execution or exit phase, or have already been completed from the standpoint of the BAMC. This share amounted to 50% at the end of last year.

FIGURE 3: PROGRESS IN RESTRUCTURINGS



NOTE: Case progress is estimated monthly by case managers. Number of cases in restructuring or recovery may vary due to changed circumstances in case management or a change in the BAMC strategy pursued towards a specific debtor. Quarterly data for 2014 are not available, hence the reported past estimates.

A recovery strategy is pursued in the remaining 465 debtors.

In 2015 the BAMC continued to focus on increasing the procedural and cost effectiveness of its operations. The main activity in this area was the centralization of information systems for managing claims. At the end of 2014 information on BAMC's claims was dispersed over four different information systems for claims management at banks subject to transfer of assets. In the first half of 2015 the BAMC performed a migration of claims data to a central system managed for the BAMC by Probanka.

Additionally to the two performance indicators specified by legislation and guidelines, the BAMC developed a broader system of key performance indicators. These were approved by the Board, which can also expand them if necessary. The indicators were also included in the response report to the Court of Audit.

TABLE 1: KEY PERFORMANCE INDICATORS

KPI	Definition	Cumulative	H1 2015	H1 2014
Cash generated (goal: 10%)	Cash generated / NPAs transfer value	19,3%	10,8%	5,7%
Profitability				
ROE (goal: 8%)	Net income / average equity		-27,5%	-0,3%
CROE	Comprehensive income / average equity		-26,2%	8,1%
EROE	Equity / (initial equity - cumulative D1L)	40,5%	40,5%	4,6%
Cost efficiency	Operating costs / average assets under management		0,38%	0,55%
Funds returned				
Funds returned to RS	Payback / assets invested	6,6%	0,0%	0,1%
Gross funds returned to RS	Gross payback / assets invested	10,6%	1,0%	0,8%
Debt outstanding	Debt / initial debt		101,3%	102,4%
Guaranteed debt outstanding	Guaranteed debt / initial guaranteed debt		101,3%	102,4%
Basic data (in € million)				
Cash generated		311	173	58
Assets under management			1.727	1.203
Assets invested by RS	Initial equity + state-guaranteed bonds	1.767	1.767	1.215
Debt	Balance sheet debt value		1.583	1.036
Equity			135	171
Initial equity - cumulative D1L		96	96	164

NOTE: Reported are half-year, non-annualised data.

The following abbreviations are used in the table: KPI = key performance indicator, NPAs = non-performing assets, ROE = return on equity, CROE = comprehensive return on equity, EROE = economic return on equity, D1L = day-one losses, RS = Republic of Slovenia.

Payback includes day-one losses, guaranteed debt redeemed, dividends and other extraordinary returns (e.g., guarantee scheme return in 2014). Gross payback includes payback, total taxes (income tax, net VAT, tax on financial services, compensation for use of building sites [Slo. *nadomestilo za uporabo stavbnega zemljišča*] and real property transaction tax [Slo. *davek na promet nepremičnin*]), state guarantee fees paid and guaranteed-bonds' interest paid.

Presentation of the BAMC

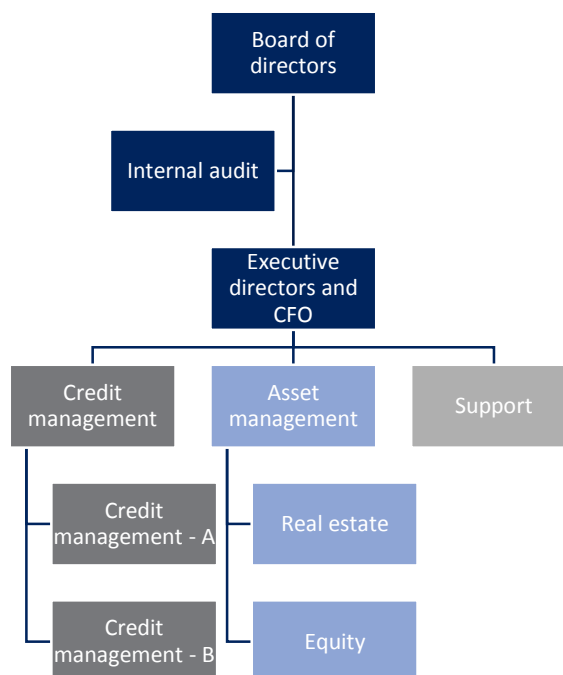
TABLE 2: BASIC COMPANY DATA

Full company name	Družba za upravljanje terjatev, d.d. Bank Assets Management Company
Short company name	DUTB, d.d. BAMC
Registered office	Davčna ulica 1, 1000 Ljubljana
Telephone	+386 820 542 35
Fax	+386 1 429 38 59
E-mail	info@dutb.eu
Website	www.dutb.eu
Core business	Activities of collection agencies and credit bureaus
Registration entry	2013/11708, District Court of Ljubljana
Company ID number	6339620000
Tax number	41251482
VAT number	SI41251482
Initial share capital	€203.625.000,00
Number of shares	101.812.500 ordinary no-par value shares
Non-executive directors as at 31 August 2015	Lars Nyberg, Chairman of the Board of Directors Janez Širovnik, Deputy Chairman of the Board of Directors* Marko Simoneti* Imre Balogh*
Executive directors as at 31 August 2015	Torbjörn Månsson, CEO Janez Škrubej Aleš Koršič

NOTE: On 5 March 2015 the Government in the capacity of the General Meeting of the BAMC terminated Carl-Johan Lindgren, Arne Berggren and Mitja Mavko, MSc from their office of non-executive director of BAMC, effective from 31 March 2015. The Government appointed Imre Balogh, PhD, Marko Simoneti, PhD and Janez Širovnik as the new non-executive directors.

The BAMC is a company with a flat hierarchical structure, having only one level between executive directors and core working processes. These are performed in the credit management unit and the asset management unit. The latter consists of a real estate management unit and an equity management unit. Credit and asset managers receive support in managing the assets both within their organisational units as well as from support functions, e.g. in the form of outside legal experts' opinions, IT support or finance and accounting.

FIGURE 4: ORGANISATIONAL STRUCTURE OF THE BAMC



The number of employees rose by 11% in the first half of 2015 in line with increased work scope (especially in real estate management) and accepted business plan.

TABLE 3: HEADCOUNT BY ORGANISATIONAL UNIT

Organisational unit	30 June 2015	31 December 2014
Credit management and workout	50	47
Asset management	16	10
Support	19	19
Governance	5	5
Total	90	81

Decisions relating to loan, real estate or equity portfolio management are made by Credit and Investment Committees at three levels. The most important credit and investment decisions taken at the executive level are then confirmed at the board level, while credit and investment decisions with lower importance are discussed and accepted at the operational level by Operational Credit and Investment Committees.

Significant events in the first half of 2015

Corporate Governance and reporting

On February 20, the Board reviewed the revised BAMC annual report 2013 and concluded that the financial statements and documents on which the financial statements for the year are based, and the pertaining annual report, were again reviewed by a certified auditor, who on 20 February 2015 issued a new unqualified opinion. The Government as the sole shareholder of the BAMC endorsed the 2013 Annual report on 5 March 2015.

On 3 March 2015, the Court of Audit issued its audit report "Establishment of the conditions for the functioning and operations of DUTB, d.d. in 2013", no. 3262-1/2013/191. The Court of Audit found that the BAMC performed without the requisite effectiveness and uneconomically, and the Court of Audit expressed an adverse opinion on the compliance of BAMC operations in 2013. The Court of Audit also instructed that, within 90 days of receiving the audit report, the BAMC submits a response report outlining the corrective measures taken to adopt bylaws, to put in place internal controls, and to set out targets and criteria for assessing the performance of executive directors and conditions for determining the variable portion of their remuneration. As of 4 March 2015, the Audit Report is accessible to the public on the official website of the Court of Audit. Confidential information and data classified as a trade secret have been redacted in the published report. Within the deadline provided, the BAMC has submitted to the Court of Audit the response report on the 20 May 2015, demonstrating the corrective measures taken, as it was obligated to do to comply with the Court of Audit's instructions. The BAMC engaged in a series of activities to address the deficiencies identified by the Court of Audit.

On 5 March 2015, the Government of Slovenia decided to adopt the annual report 2013, to approve the Business plan of the BAMC for 2014-2017, to adopt a new Remuneration policy and to note the Goals for BAMC for 2015.

On 5 March 2015 the Government in the capacity of the General Meeting of the BAMC terminated Carl-Johan Lindgren, Arne Berggren and Mitja Mavko, MSc from their office of non-executive director of BAMC, effective from 31 March 2015. The Government appointed Imre Balogh, PhD, Marko Simoneti, PhD and Janez Širovnik as the new non-executive directors, for a term of office ending 31 December 2017.

Asset management

On 13 April 2015, the BAMC signed an agreement to sell its 2,1 million shares in Pivovarna Laško d.d. for a consideration of €25,56 per share

On 17 April 2015, the BAMC closed a major transaction selling a portfolio of claims towards ACH, Adria Airways, Elan, and its claims and equity in Polzela.

With the aim of hospitality industry concentration in and its better management, the BAMC on 29 May 2015 discharged the collaterals of its matured claims against Sava d.d. and thus acquired directly or indirectly - through its newly established company - 99,05% ownership share of Sava Turizem d.d. Based on temporary injunction issued by the District Court of Ljubljana the BAMC transferred back to the Sava d.d. all enforced shares of Sava Turizem d.d. on 8 June 2015. The BAMC will prove the correctness of the enforcement of the pledged asset in the judicial proceedings.

Organisation and processes

In January 2015 the BAMC performed the migration of loan portfolio data to a central system managed for the BAMC by Probanka. Previous to this, up to the end of 2014, NLB and NKBM performed information and accounting services on their IT systems for the BAMC concerning loan portfolios that were transferred to the BAMC at the end of 2013 which was suboptimal in terms of data consolidation costs and operational efficiency.

The process of transition to the uniform information system to support the management of claims was completed by the end of May 2015, when the migration to the BAMC system at Probanka was completed for data on the loan portfolio for which Abanka performed information and accounting services for the BAMC from October 2014. By transferring to a single loan management system the BAMC has improved process efficiency, cost effectiveness and analytical support.

BUSINESS REPORT

Valuation of assets

VALUATION OF ASSETS – CHANGES IN FAIR VALUE

Following internal methodology the BAMC performed valuation of fair value of loan and equity portfolios as at 30 June 2015. In line with the methodology fair value for most units of real estate has not been estimated at mid-year. The estimation of the fair value of assets managed by the BAMC is a key judgement in the compilation of the financial statements. The BAMC discloses changes in the fair value of loans and other claims, real estate and equity investments not quoted on a regulated market via the income statement as financial income (revaluation) or financial expense (impairments), depending on whether the estimated fair value is greater than or lower than the book value of the asset before valuation.

TABLE 4: FAIR VALUE OF ASSETS

Asset class	Fair value as at	Fair value as at
in € million	31. 12. 2014	30. 6. 2015
Loans	1.406,9	1.229,3
Real estate ¹	54,7	62,9
Equity	57,0	61,8
Non-performing bonds	2,1	2,3
Total	1520,7	1.356,2

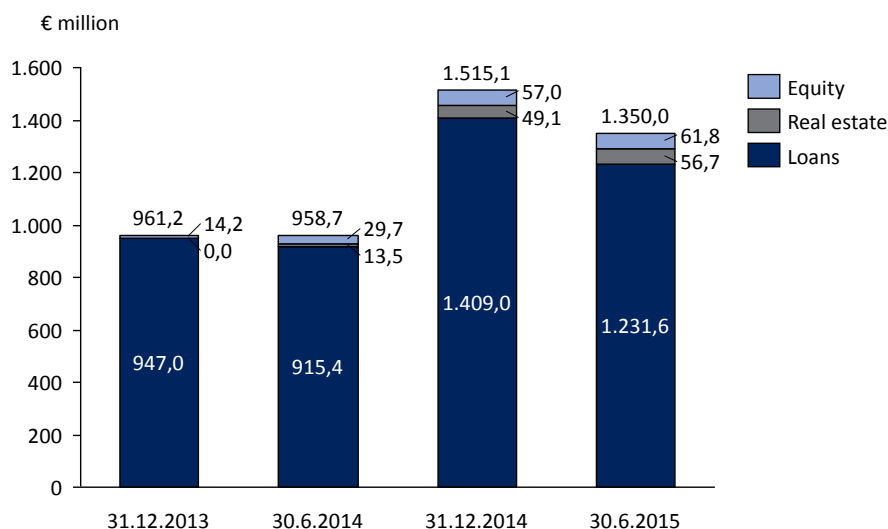
NOTE: ¹Positive differences between fair value and book value of real estate owned by the BAMC are, following IFRS, recognized in financial statements differently than revaluations of other assets. While positive differences in other assets constitute revaluation financial income, this cannot be done in the case of real estate. Its book value cannot be increased in cases where fair value is higher than recognized purchase value. Therefore, the value of real estate is recorded at €58,4 million in financial statements while its fair value is assessed at €62,9 million.

Management of acquired assets

The BAMC had €1.350,0 million in assets under management as at 30 June 2015. These assets include loans, real estate, equity investments and minor bond holdings.

Most of the assets (91,2%) consist of loans (and bonds, see not to figure below) in the amount of €1.231,6 million. Their share in asset structure is gradually reducing due to loan repayments or repayments with real estate conversion, equity or other claims. In addition to claims, the BAMC also holds equity investments in 30 companies and holds both equity investments and claims in 15 companies. Both bonds transferred to the BAMC are already due and are managed in the same way as claims, i.e., with the goal of maximising enterprise value. Real estate which the BAMC owns is of increasing importance in the structure of assets and its value in the middle of 2015 amounted to 56,7 million.

FIGURE 5: ASSETS UNDER MANAGEMENT BY THE BAMC



NOTE: Reported values do not include advance payments for real estate and equity because of which the balance sheet values are somewhat higher. Loan data includes the two non-performing bonds, which are managed in the same manner and at the same time as claims, i.e., loans.

ALL ASSETS ARE AVAILABLE FOR SALE

All assets under BAMC's management are available for sale at any time. This means the BAMC is willing to sell every asset if it estimates an adequate price has been offered. The BAMC is selling assets through competitive and transparent procedures which maximize their value. In the first half of 2015 fist units of real estate have been sold, but were incomparable in size to the sale of claims.

Strategies vis-à-vis debtors²

At mid-year 2015 the BAMC pursued a restructuring strategy in 79 debtors, the same as at year-end 2014, and a recovery strategy in 484 debtors or 12 debtors less than at year-end 2014. The value of the restructuring portfolio decreased in the first half of 2015 mainly due to repayment from the package sale of claims towards four debtors.

² For valuation purposes the strategies are defined as follows:

- The restructuring strategy is defined as a case, where the BAMC is pursuing a restructuring scenario which has at least 50% probability of success. Nevertheless, these cases have two different value scenarios estimated depending on the success or failure of the restructuring.
- The recovery strategy is defined as a case, where the value for the BAMC depends solely on the value of the collateral and BAMC's cash flows are related to selling the underlying assets. This category clearly includes the companies in bankruptcy. In addition to this, it includes all the other cases where the repayment is solely dependent on the asset values, regardless of the procedure used. For example, this includes enforcement proceedings, voluntary divestment plans etc.

It has to be noted that, conditioned on not worsening its creditor position, the BAMC may temporarily pursue a restructuring strategy also in cases termed as recovery for valuation purposes. As a consequence, at mid-year 2015 the BAMC has actively managed 111 restructuring cases (see page 3), from which, due to stricter standards, only 79 are considered as restructuring in valuation (the rest are considered as recovery cases).

Based on the aforementioned analysis, the BAMC selects either a restructuring strategy or a recovery strategy which are presented below.

FIGURE 6: CASES BY STRATEGY ON 30 JUNE 2015

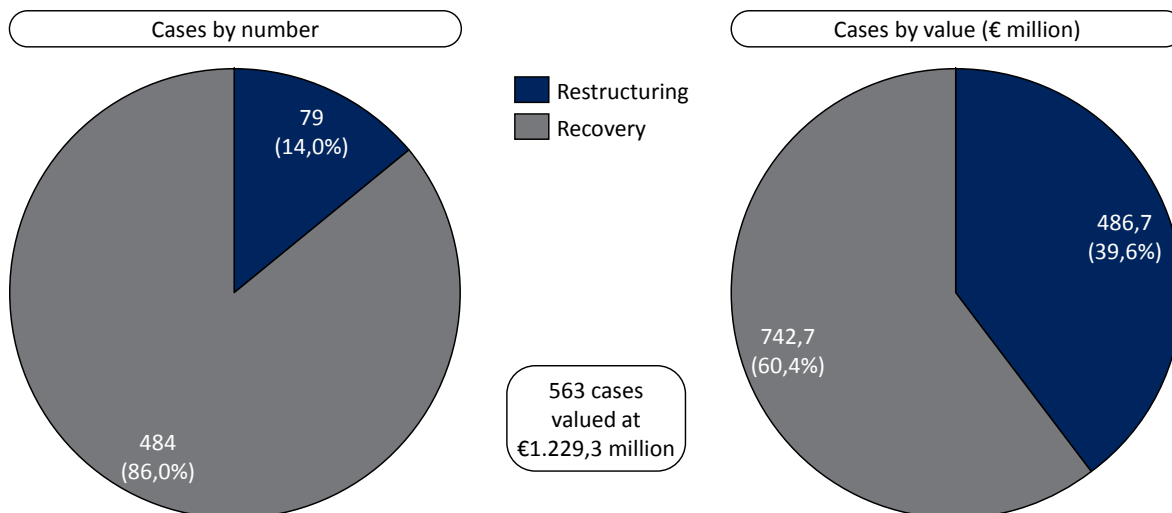
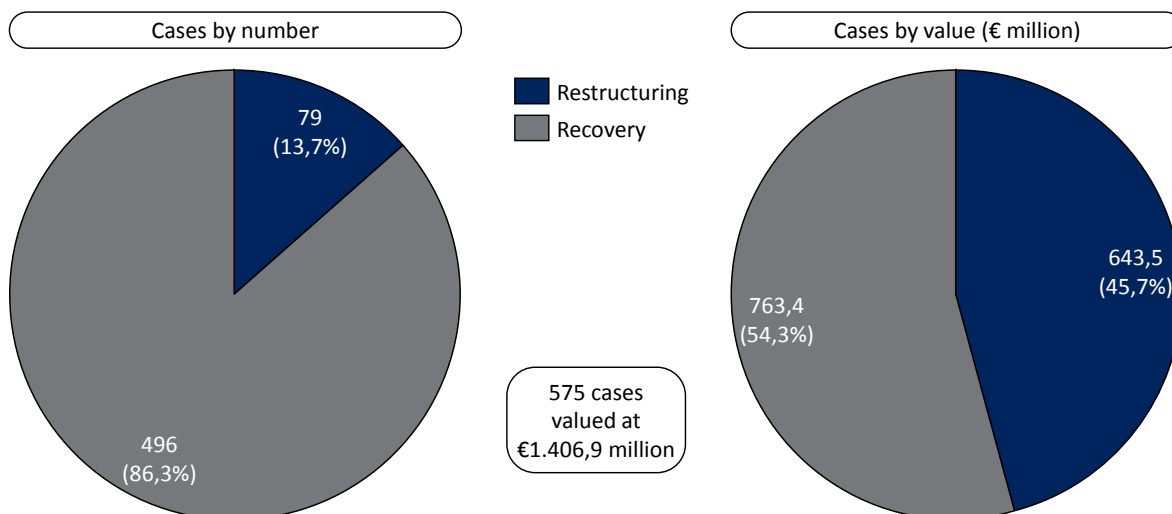


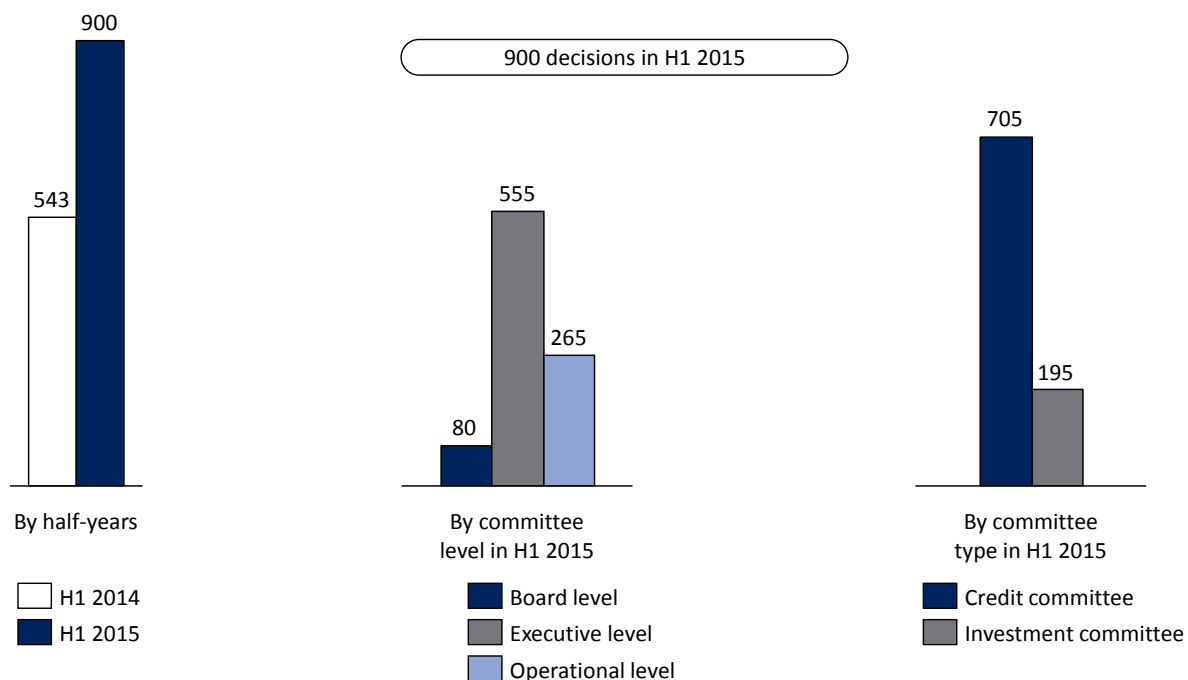
FIGURE 7: CASES BY STRATEGY ON 31 DECEMBER 2014



Credit and investment decisions

Based on prepared action plans the BAMC considered 900 credit and investment decisions on operational, executive and board level in the first half of 2015.

FIGURE 8: BREAKDOWN OF DECISIONS TAKEN



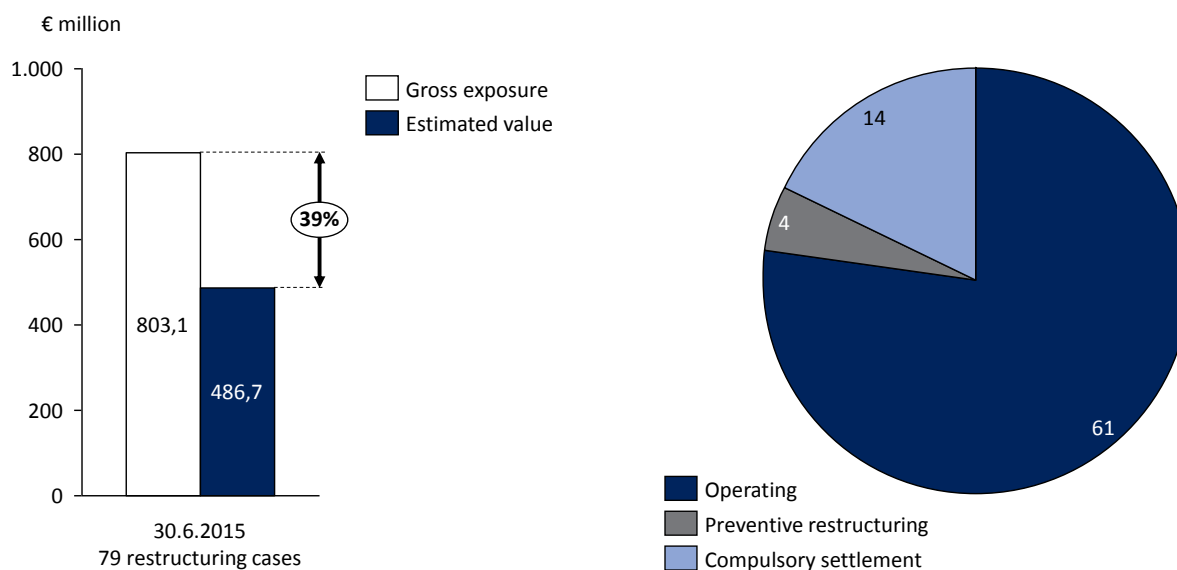
Corporate restructuring

The BAMC’s objective in the restructuring of a company is to ensure the long-term efficiency and viability of the debtor’s operations and its competitiveness, and to maximise the repayment of debt with cash flows from operations.

At mid-year 2015, the BAMC implemented restructuring activities in 79 companies³ with an outstanding debt to the BAMC in the amount of €803,1 million. The estimated fair value of the aforementioned claims was €486,7 million. Thus, a portfolio value difference to gross claims of 39% suggests much more value can be extracted from the management of restructuring cases than from the recovery cases (which have an estimated portfolio value difference to gross claims of 80%).

³ The BAMC may, conditioned on not worsening its creditor position, temporarily pursue a restructuring strategy also in cases termed as recovery for valuation purposes. As a consequence, at mid-year 2015 the BAMC has actively managed 111 restructuring cases, from which, due to stricter standards, only 79 are considered as restructuring in valuation (the rest are considered as recovery cases).

FIGURE 9: RESTRUCTURING CASES OVERVIEW



After the conclusion of claims transfers in 2014, the previously dispersed exposures of banks to individual debtors were consolidated and concentrated at the BAMC level. Additionally, in order to strength its position, in the first half of 2015 the BAMC acquired additional exposures from other financial creditors towards three debtors for a total of €1,7 million. The position of the largest financial creditor required that the BAMC shows additional responsibility in terms of achieving the maximum recovery of claims as well as broader social responsibility. The BAMC consequently assumed a leading role in the procedures of restructuring some of the biggest operations in Slovenia (Cimos, Avtotehna, DZS, Sava). With the constructive cooperation of other financial creditors, other stakeholders and heads of companies, the BAMC concluded financial restructurings in ACH, Cimos and numerous smaller but no less important cases.

In the case of Cimos, the first half of 2015 saw the confirmation of the creditor compulsory settlement that had been initiated on the proposal of the BAMC. In the settlement procedure, through the conversion of claims, the BAMC entered into 47,5% ownership of the company and began the process of selling the stake together with existing claims, while, in parallel, conducting intensive operational restructuring in the company.

The BAMC initiated creditor settlement of the Avtotehna group, and, due to the lack of cooperation from the Avtotehna management, succeeded in getting the court to transfer management business to the BAMC, which set a precedent in Slovenia. In line with the financial restructuring plan, a procedure of divesting financial investments is being pursued intensively in relation to subsidiaries of the holding and real estate.

During the first six months of 2015 the BAMC provided additional liquidity necessary for restructurings to three debtors in the form of loans cumulating €3,2 million and an increase of capital in two cases in the total amount of €0,3 million.

In the first half of 2015 the BAMC started several sale procedures and also brought them to a successful conclusion. In professional (including international) circles the most positive responses came in relation to the procedure of the package sale of claims against the ACH group, Protej, Polzela, Elan and Adria Airways to the globally renowned financial corporation Bank of America Merrill Lynch International Limited. The entry of such a credible and financially powerful international investor has significantly enhanced the confidence of potential investors in Slovenia as a country that is open to the entry of foreign capital. Given that there is a lack of equity for investments to improve competitiveness and company growth in Slovenia, it is vital that both domestic and foreign capital is attracted also in the future. For this reason, the BAMC will continue its strategy of active financial and operational restructuring, which will render Slovenian companies attractive for long-term capital inputs by strategic investors.

The progress achieved by the BAMC in companies that are being restructured is shown in the table below. In a single year the main focus of activities shifted from negotiations to execution, and 10% of cases were already closed.

TABLE 5: PROGRESS IN RESTRUCTURINGS

Stage in case progress	Not started	Transfer & Study			Negotiation		Execution					Exit Process		Closed
		Initiation	Takeover meeting held	Documentation completed	Valuation and strategy AP in place	Detailed AP with options and tactics	Initial alignment of stakeholders	Financial restructuring		Operational restructuring			Advisor selected	
Agreement signed	Financing in place							Team in place	Operational plan in place	First results achieved	Case closed			
June 2014	22 %	6 %	10 %	3 %	29 %	15 %	11 %	1 %	0 %	2 %	0 %	1 %	0 %	0 %
	22 %	19 %			44 %		12 %		2 %			1 %		0 %
January 2015	0 %	3 %	9 %	3 %	6 %	28 %	25 %	1 %	3 %	14 %	5 %	1 %	1 %	1 %
	0 %	15 %			34 %		26 %		22 %			2 %		1 %
March 2015	0 %	1 %	3 %	5 %	23 %	13 %	32 %	5 %	0 %	2 %	4 %	0 %	5 %	6 %
	0 %	9 %			36 %		37 %		6 %			5 %		6 %
June 2015	0 %	0 %	2 %	4 %	14 %	14 %	40 %	6 %	0 %	3 %	4 %	3 %	3 %	10 %
	0 %	6 %			28 %		46 %		7 %			6 %		10 %

NOTE: Case progress is estimated monthly by case managers. Number of cases in restructuring or recovery may vary due to changed circumstances in case management or a change in the BAMC strategy pursued towards a specific debtor. Quarterly data for 2014 are not available, hence the reported past estimates. Reported percentages might not sum to 100% due to rounding.

Management of equity investments

The BAMC acquired first equity investments via the direct transfer of the latter from banks under the Government Measures to Strengthen the Stability of Banks Act (hereinafter: the ZUKSB). Afterwards, equity stakes are obtained via the management of assets when claims are converted to equity (D/E swap) as part of the restructuring of a debtor. Whether its claim is in form of debt or equity, the BAMC always follows the principle of enterprise value maximization.

By acquiring or increasing its equity holding in a debtor, the BAMC temporarily assumes or increases its control over a debtor, where it reduces the risks relating to debtor's cash flow and thus increases the value of its assets via the appointment of its own members to supervisory boards or the direct appointment of management at limited liability companies.

Owing to the capital inadequacy and over-indebtedness of companies, in many restructuring cases the conversion of claims into equity is an essential measure whereby the BAMC, as the biggest creditor, entered into ownership of these companies. The aim and strategy of the BAMC is not a long-term ownership in these companies but an improvement in the operations of these companies, with the aim of maximising the cash flow generated and consequently an increase in the value of the companies and sale of the investment. The procedures of sale of claims and/or ownership interests are public, transparent and oriented towards finding the highest number of potential investors.

In the scope of asset management in the first half of 2015 the BAMC acquired equity holdings in five companies (already having a stake in one company) through debt to equity conversion. These companies were subject of restructuring measures and are presented in detail in the table below. Additionally, the BAMC financed capital increases in two companies in the cumulative amount of €0,3 million thus supporting restructuring activities in these companies.

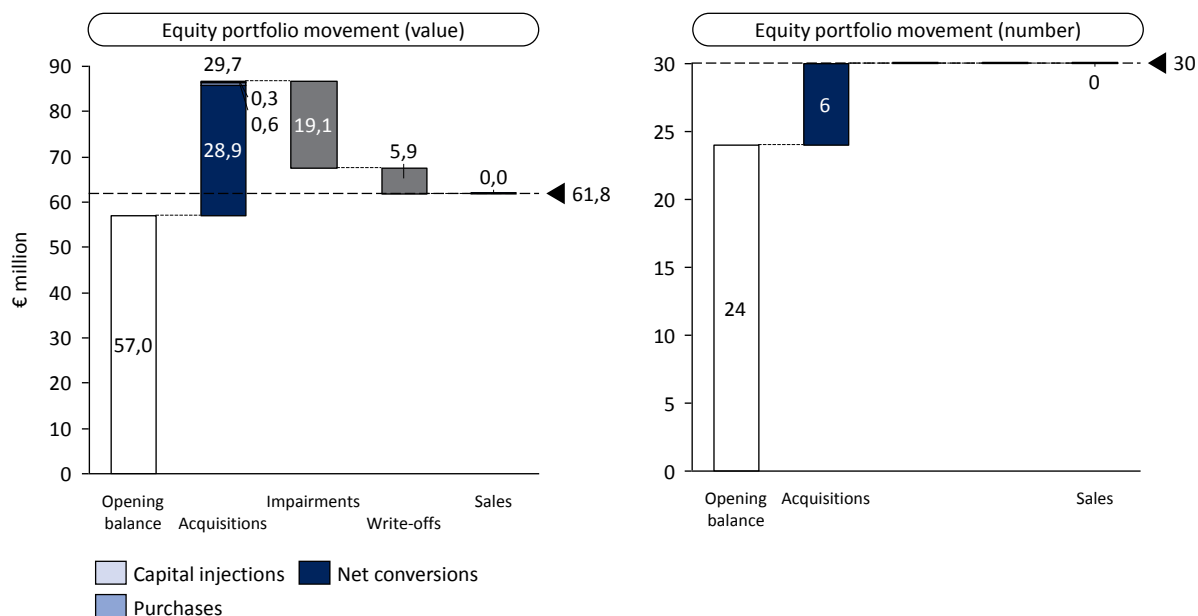
TABLE 6: DEBT TO EQUITY CONVERSIONS AND CAPITAL INCREASES IN H1 2015

Company	Converted gross value (in € million)	Capital increase (in € million)	Acquired ownership share
Cimos d.d.	78,3		47,5%
Alpina d.o.o.	12,0		100,0%
Aha Emmi d.o.o.	10,0		100,0%
Litostroj Ravne d.o.o.	2,4	0,24	23,2%
Argolina d.o.o.		0,02	0,0%*
Total	103,2	0,26	

NOTE: *Already prior to the capital increase BAMC's ownership share amounted to 100%.

Additionally, the BAMC established two special-purpose entities, DUP1 and DUP2⁴, such that as at 30 June 2015 the BAMC had ownership interest in 30 companies. The fair value of the equity portfolio increased by €4,8 million to €61,8 million⁵ mainly due to the increase in value of the stake in Pivovarna Laško, where the already signed sales contract in April is yet to be executed.

FIGURE 10: BAMC'S EQUITY PORTFOLIO MOVEMENT IN H1 2015



NOTE: Net conversions are the result of gross conversions of €103,2 million and impairments of claims prior to conversion in the amount of €74,3 million.

Balance sheet equity book value of €64,5 million additionally includes €2,7 million of advance payments for equity acquisition.

In the first half of 2015, BAMC's equity management focused on the performance improvement of the companies in its ownership portfolio which was the result of the financial restructurings with debt to equity conversions. On the other hand, bankruptcy procedures have been started for two companies owned by the BAMC (Aero d.d. and NFD Holding d.d.)⁶. As at 30 June 2015 the BAMC is majority owner in 12 companies, important owner with more than 20% stake in six companies and minority owner in 12 companies. In majority owned companies the BAMC, among other, reviewed, updated and amended Articles of Association and aligned the existing management contracts with requirements of the "Lahovnik law"

In the first half of 2015 the BAMC lead or actively participated in official sales processes of Pivovarna Laško d.d., Cinkarna d.d., Litostroj Jeklo d.o.o., Adria Airways d.d. and four minority ownership exposures in electricity distribution companies.

⁴ In the first half of 2015 the BAMC founded two special-purpose entities, DUP1 and DUP2, with the aim of separated management of related asset segments. Both companies had only cash as assets at 30 June 2015.

⁵ Balance sheet equity book value of €64,5 million additionally includes €2,7 million of advance payments for equity acquisition.

⁶ The BAMC still records a company as an equity investment until the bankruptcy procedure is completed.

TABLE 7: BAMC'S EQUITY PORTFOLIO AS AT 30 JUNE 2015

Company	BAMC ownership	Company	BAMC ownership
LIV kolesa d.o.o.	100,0%	Pivovarna Laško d.d.	23,9%
Argolina d.o.o.	100,0%	Thermana d.d.	21,2%
Aha Emmi d.o.o.	100,0%	Menina d.d.	20,3%
Alpina d.o.o.	100,0%	Adria Airways d.d.	19,6%
DUP1 d.d.	100,0%	Hit d.d. (prednostne delnice)	19,1%
DUP2 d.d.	100,0%	NFD holding d.d. – in bankruptcy	10,0%
MLM d.d.	99,6%	Certa d.d.	8,8%
ŠC Pohorje d.o.o. – in bankruptcy	97,3%	Merkur d.d. – in bankruptcy	8,7%
Litostroj Ravne d.o.o.	88,7%	Istrabenz holding d.d.	5,0%
Aero d.d. – in bankruptcy	62,6%	Gorenjska banka d.d.	4,4%
Merkur nepremičnine d.d.	62,5%	Elektro Gorenjska d.d.	1,2%
Litostroj jeklo	51,5%	Elektro Primorska d.d.	0,4%
Cimos d.d.	47,5%	Elektro Ljubljana d.d.	0,2%
Polzela d.d.	37,7%	Elektro Celje d.d.	0,1%
Nigrad d.d.	24,9%	Perutnina Ptuj d.d.	0,0%

NOTE: BAMC's ownership in Elektro Celje d.d. and Perutnina Ptuj d.d. amounts to 0,06% and 0,04% respectively.

Sale of the ownership stake in Pivovarna Laško

The complex sales process of Pivovarna Laško was successfully concluded on 13 April 2015 when the SPA with Heineken was signed.

Together with the other major owners of the brewery company Pivovarna Laško d.d., the BAMC successfully formed a consortium of sellers which, prior to signing the sales contract with Heineken, made up 51% of the company equity. Creation of the consortium significantly simplified the transaction for potential buyers wishing to acquire a controlling interest in the company. Originally the company's management board led a capital increase process, which would bring a buyer an interest of around 33%, and then the buyer would have to submit a takeover bid and assume the risk involved in attaining the desired controlling interest and avoiding ending up with a minority share. The inclusion of a consortium of owners in the capital increase process, which was then transformed into a sales process, removed that risk, for the potential buyer was assured of an interest greater than 50% at the very first step. The active involvement of the BAMC (and other owners) in the capital increase process thus had a positive effect on the company sales price, for, in addition to the takeover premium, potential buyers were prepared to pay a higher price for the less risky structure of the transaction. After taking over its share at the 2013 market (stock exchange) price, the BAMC succeeded in creating a €46,1 million (620 percent) increase of value.

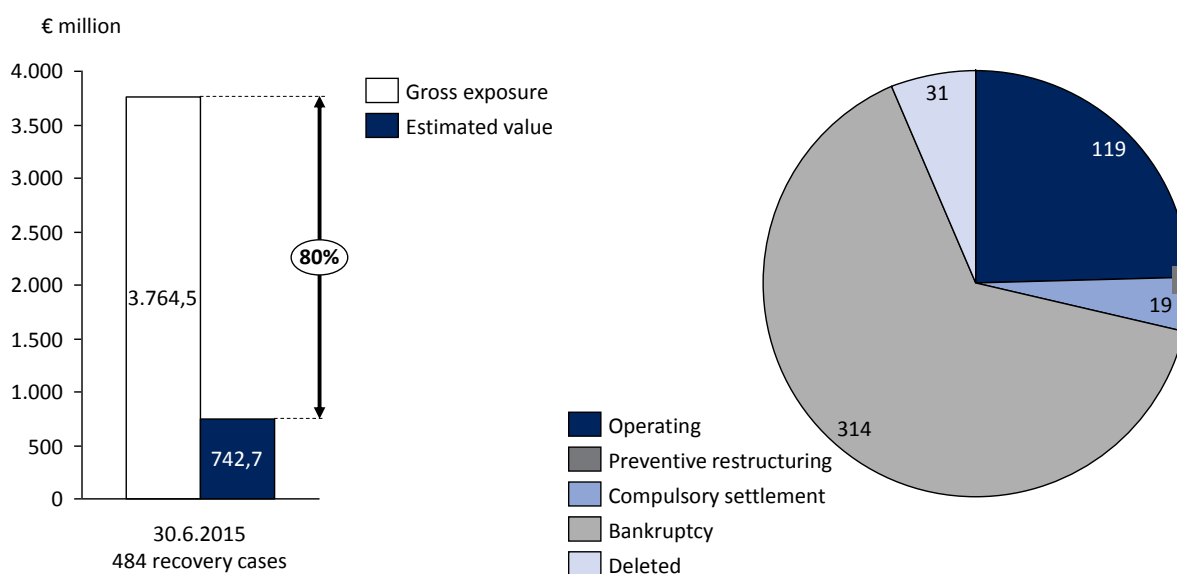
Despite signing the sale in the spring, the BAMC still holds its interest in Pivovarna Laško, since the procedures of approving the concentration on the national and European levels have not yet been concluded.

Loan management using the recovery strategy

In case of loss-making companies against which the BAMC holds claims, when it is clear that it would be impossible to create greater value through financial and operational restructuring than through recovery of collateral, BAMC's actions as a prudent and diligent manager dictate that it opts for the recovery strategy. A recovery strategy is also used in the case of companies against which bankruptcy proceedings had already been initiated before their transfer to the BAMC.

In the middle of 2015, the BAMC was applying recovery strategy at 484 debtors, against which it held €3.764,5 million in gross claims, the fair value of which was estimated at €742,7 million. Compared with companies in restructuring, these companies as a group proved to have a substantially lower potential of repayment as the fair value of claims towards them was estimated at just below 20% of gross exposure while this estimate amounted to more than 60% of gross exposure in restructurings.

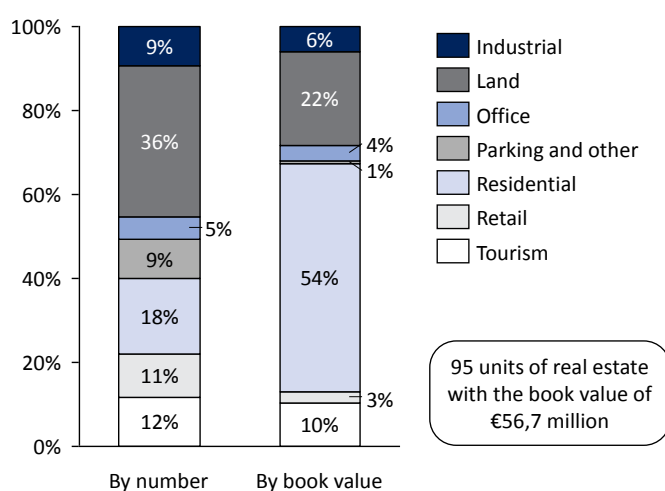
FIGURE 11: RECOVERY CASES OVERVIEW



Real estate management

At the end of the first half of 2015 the BAMC owned 90 units of real estate, with the fair value of €62,9 million and book value of EUR 56,7 million^{7,8}. The majority of owned real estate are land plots, industrial structures and some commercial and tourist facilities. Residential buildings are for the most part unfinished, and in terms of value they represent more than half of the portfolio. The BAMC takes care of all the real estate it owns in line with the principle of due diligence, with buildings taken over being adequately insured, and damaged buildings being repaired with the aim of preventing any additional damage. Several existing lease contracts were extended and new ones concluded. Several new property managers were also appointed.

FIGURE 12: BAMC'S PORTFOLIO BY TYPE OF REAL ESTATE AS AT 30 JUNE 2015



NOTE: Balance sheet real estate book value of €58,4 million additionally includes €1,7 million of advance payments for real estate acquisition.

In the first half of 2015, the BAMC took ownership of 19 new units of real estate in a total value of €8,7 million through the conversion of claims. The biggest new real estate units in BAMC's ownership are the Vrtojba elderly home and protected housing, Vojnik old school and the Tabor housing Estate.

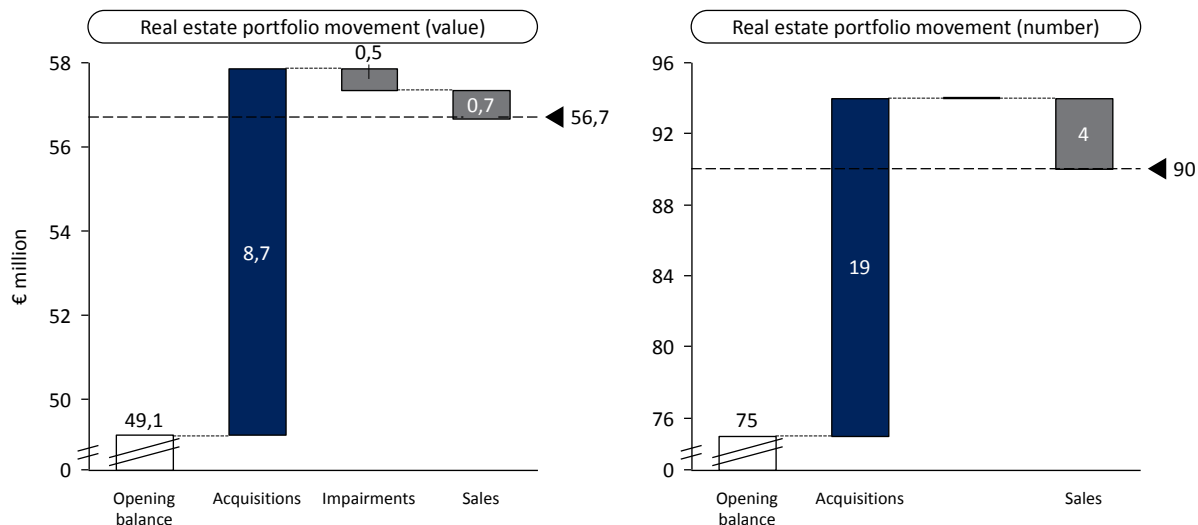
In the first half year four units of real estate were sold in a total value of €0,7 million, the biggest single property sold being the Mokronog commercial building. Intensive preparations were also underway for the sale of major housing complexes, especially the Nokturno complex in Koper and Celovski dvori in Ljubljana.

In March 2015 the BAMC signed contracts for sales brokerage services with the real estate agencies Stoja and ABC prodaja, which were selected in a public tender as the most favourable tenderers.

⁷ Balance sheet real estate book value of €58,4 million additionally includes €1,7 million of advance payments for real estate acquisition.

⁸ In accordance with IFRS the real estate owned by the BAMC is recorded as real estate stock with book value equalling fair value if the latter is lower or equal to the purchase value of real estate and with book value equalling purchase value if fair value is higher than the latter.

FIGURE 13: BAMC'S REAL ESTATE PORTFOLIO MOVEMENT IN H1 2015

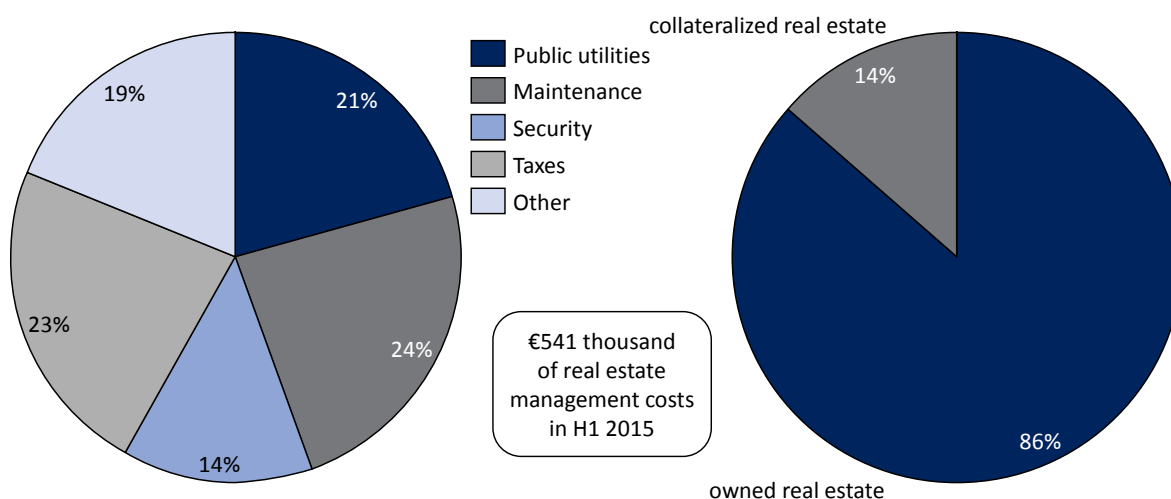


NOTE: Balance sheet real estate book value of €58,4 million additionally includes €1,7 million of advance payments.

Real estate management

After taking over direct ownership of real estate, the BAMC takes measures to ensure that the value of the acquired real estate is maintained. In certain cases it is necessary to complete the construction, while in already completed projects it is, for instance, necessary to correct defects in construction, take care of the treatment and removal of waste, insurance and security, and energy certification. It is also necessary to maintain the condition of acquired real estate and to attend to other activities in connection with the management of the real estate with the aim of preparing the properties for sale.

FIGURE 14: REAL ESTATE RELATED COSTS



The BAMC recorded real estate management costs of €0,5 million in the first half of 2015, mostly related to owned real estate and a minor part induced by collateralized real estate. Almost a quarter

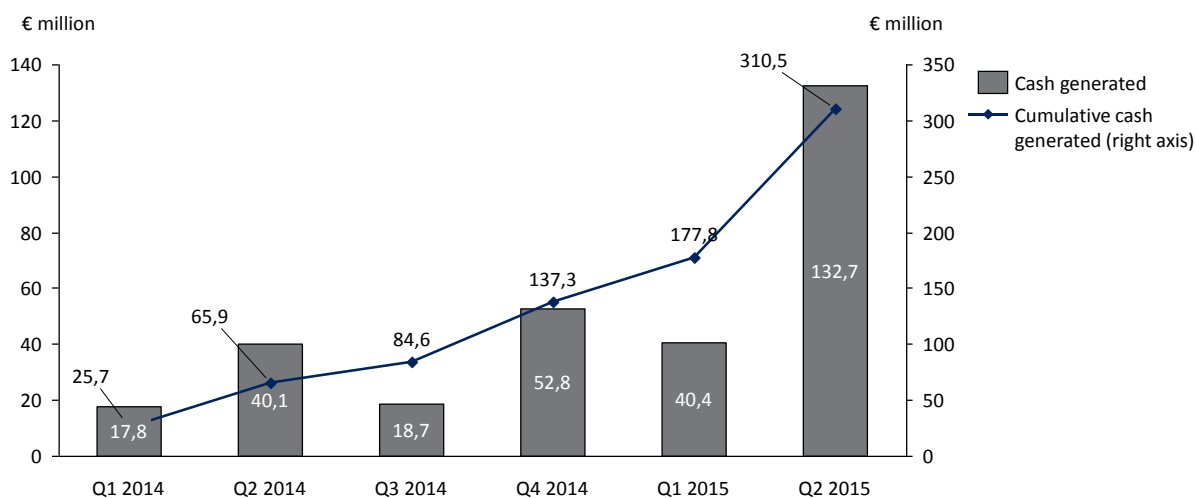
of all costs were represented by maintenance costs with compensation for use of building sites and costs of public utilities not being much smaller.

Financial review of the first half of 2015

Cash generated

The BAMC generated €173,2 million of inflows from the management of acquired assets in the first half of 2015, representing 10,8% of acquired assets' value. Thus, the BAMC has already exceeded the legal goal of liquidating at least 10% of acquired assets' value each year. Almost all inflows (99,3%) arose from the management of loan portfolio and the remaining inflows originated from rents and real estate sales.

FIGURE 15: CASH GENERATED BY QUARTERS



NOTE: Cumulative cash generated includes €8,0 million generated in December 2013.

Income statement and comprehensive income

TABLE 8: INCOME STATEMENT AND COMPREHENSIVE INCOME SUMMARY

in € million	H1 2015	H1 2014
Operating result	-6,5	-7,4
Operating revenues	1,3	0,0
Operating costs	-6,6	-6,5
Real estate revaluation expense	-1,2	-0,9
Financial result	-36,1	6,9
Financial income	47,1	35,1
Financial costs	-83,3	-28,2
Other income result	0,0	0,0
Other revenues	0,0	0,0
Other costs	0,0	0,0
Net income before tax	-42,6	-0,5
Income tax	0,0	0,0
Net income after tax	-42,6	-0,5
Change in value of available for sale financial assets	2,1	13,9
Total comprehensive income	-40,5	13,4

Operating result and operating costs

With operating revenues (which are, given the nature of the BAMC's operations, expected to be small) in the amount of €1,3 million the operating result was predominantly affected by operating costs which, at €6,6 million, were almost the same as is the first six months of last year. Approximately half of real estate revaluation expenses was represented by negative difference between fair value of repossessed real estate and acquisition price while the other half were expenses of sold real estate stock (net book value of sold real estate).

Although on the same level with the previous period, the structure of operating costs has changed considerably. Labour costs of €2,6 million or almost 40% of operating costs increased in relative importance as in the first half of 2014 the BAMC was only recruiting most of the staff and thus has lower payroll costs. On the other hand, costs of services were noticeably, by more than a quarter, lower from the previous period amounting to just over a half of all operating costs in the first half of 2015 at €3,5 million. Among costs of services, advisory fees costs were more than halved and other service costs decreased for 29% due to costs of establishing the BAMC organisation and costs of asset management provided by two banks being present in the first half 2014. On the other hand, real estate management costs and back office and accounting costs doubled on average, the former due to active takeover of real estate from loan management and the latter due to additional loan portfolios acquired in the second half of 2014 from Abanka, Banka Celje, Probanka and Factorbanka and the migration of

loan portfolio data from NLB, NKBM and Abanka's systems in first half of this year to a centralized system which the Probanka is managing for the BAMC.

The increase in court and other fees relates to increased activity on recovery cases comparing to the previous year.

TABLE 9: OPERATING COSTS

in € thousand	H1 2015	H1 2014	Index 2015/2014
Costs of materials	26,4	19,1	138
Costs of services	3.548,5	4.822,5	74
Real estate management costs	421,5	166,8	253
Back office and accounting costs	992,3	552,3	180
Advisory fees	1.051,7	2.573,8	41
Other service costs	1.083,0	1.529,6	71
Labour costs	2.611,6	1.607,6	162
Depreciation	38,6	11,0	351
Other operating costs	390,9	61,2	638
Court and other fees related to asset recovery	360,7	1,0	36.727
Other costs	30,2	60,3	50
Total operating costs	6.616,0	6.521,5	101

Financial income and financial expenses

The BAMC recognized the financial loss of €36,1 million in first half of 2015. Financial income was not sufficient to offset financial expenses and thus contributed to the net loss of the BAMC.

Financial income

Loans are the BAMC's most important assets, and the majority of financial income thus derives from loan management. Almost 80% of interest income in the amount of €17,0 million originated from loans⁹, while interest income from Slovenian government bonds amounted to €4,0 million in first half of 2015.

By loan portfolio management, the BAMC generated €7,9 million of revaluation income as a result of marking to estimated fair value and €8,0 million of income due to releases of discount. Releases of discount are comprised of €12,7 million of income from releases of the previous revaluations, €44,5 million of expenses from releases of previous impairments and €39,8 million of income from releases of discounts (capital gains) where the largest part come from package sale transaction (see page 14).

⁹ According to the internal interest income accounting policy financial income from loans is recognized in profit and loss only on a cash inflow basis.

Substantial foreign exchange differences in both financial income and financial expenses are mainly the result of the volatile movement of the Swiss franc in the first half of 2015.

TABLE 10: FINANCIAL INCOME

in € million	H1 2015	H1 2014
Interest income	21,3	16,8
Loans	17,0	11,8
RS Bonds	4,0	4,9
Deposits and other	0,3	0,1
Other financial income	25,8	18,3
Loan revaluation income	7,9	8,3
Loan release of discount income	8,0	7,3
Foreign exchange differences	9,6	2,7
Dividends	0,0	0,0
Other	0,3	0,0
Financial income	47,1	35,1

The BAMC manages its free cash in accordance with the liquidity policy adopted by the Board. €0,3 million of interest income has been generated by this management in the first half of 2015.

Financial expenses

Among financial expenses interest expenses from issued bonds amounted to €24,8 million and costs for government guarantee for issued bonds amounted to €9,7 million. Although financial debt of the BAMC has increased compared to the previous year, the rise in interest expenses has been moderated by lower interest rates on the last two bond issues.

Almost the entire value of equity investments impairments in the amount of €23,6 million and €5,9 million of write-offs came from impairments of equity investments obtained from debt to equity conversions¹⁰ in first half of 2015.

Loan write-offs in the amount of €11,5 million relate mainly to write-offs at the completion of insolvency procedures.

¹⁰ According to the recommendations of Bank of Slovenia relating to debt to equity conversions, the BAMC initially recognizes converted equity investment at nominal book value of debt and after that estimates the fair value of equity investment. The effects of that revaluation are recognized as an impairment of the equity investment.

TABLE 11: FINANCIAL EXPENSES

in € million	H1 2015	H1 2014
Expenses from issued bonds	-34,5	-26,6
Interest expenses	-24,8	-20,3
State guarantee costs	-9,7	-6,3
Expenses form managed assets	-48,7	-1,7
Impairments of equity investments	-23,6	-0,0
Equity write-offs	-5,9	-0,0
Loan write-offs	-11,5	-0,5
Foreign exchange differences	-7,7	-1,2
Other	-0,0	-0,0
Financial expenses	-83,3	-28,2

Profit and comprehensive income

The BAMC ended the first half of 2015 with a net loss of €42,6 million. Other comprehensive income in the period lessened the comprehensive loss to €40,5 million due to increase of fair value of Pivovarna Laško shares.

Balance sheet

TABLE 12: BALANCE SHEET SUMMARY

in € million	30 June 2015	31 December 2014
Assets	1.735,2	1.755,5
Loans	1.229,9	1.406,9
Real estate	58,4	49,1
Equity investments	64,5	57,0
Non-performing bonds	2,3	2,1
Cash and equivalents	205,9	63,4
RS Bonds	165,4	171,8
Other	8,9	5,2
Liabilities	1.600,6	1.580,4
Debt securities	1.583,0	1.558,0
Other	17,6	22,4
Equity	134,6	175,1

In the first six months of 2015 BAMC's total assets decreased by 1% to €1.735,2 million. While the decrease in the loan portfolio is presented below, both real estate and equity portfolios increased due to reposessions and the effect of an increase in the market value of Pivovarna Laško shares¹¹. Cash

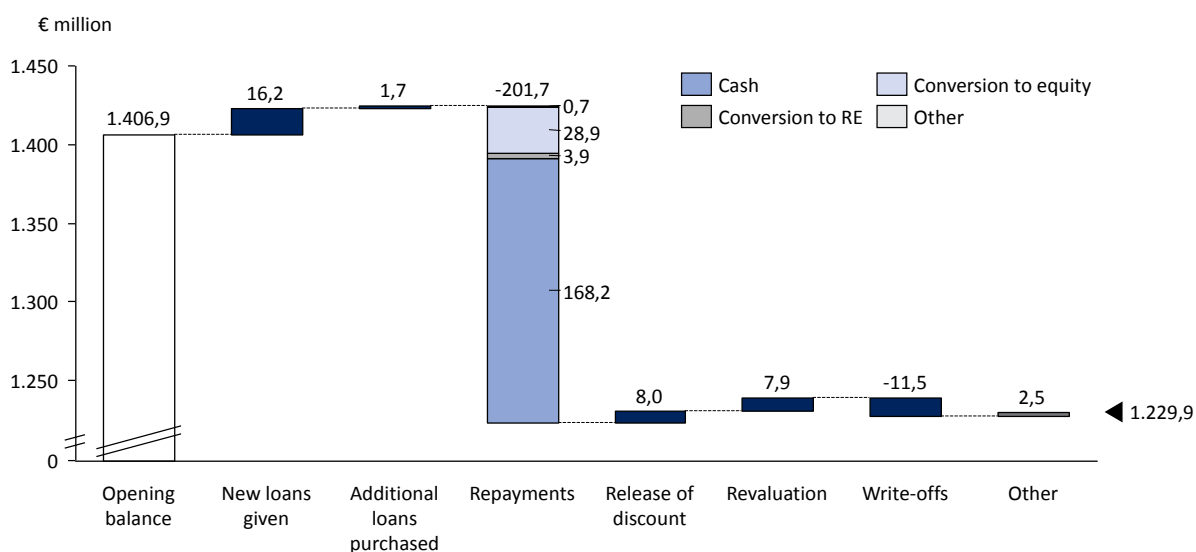
¹¹ Although sold the shares are still held and accounted by the BAMC until the procedures of approving the concentration on the national and European levels have been concluded.

holdings increased roughly for the difference between generated inflows and operating and financing expenditures.

Loans

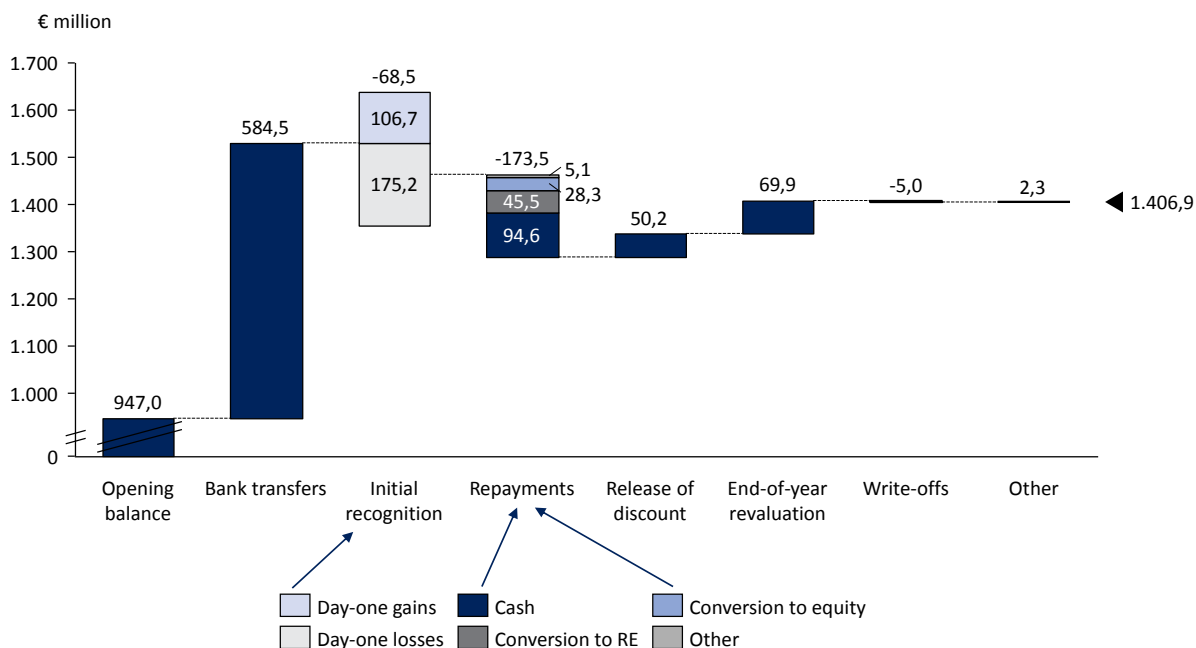
Loans constitute the largest proportion of the BAMC's assets. Loans are measured and disclosed at fair value limited to gross exposure, both upon initial recognition, during transfers, and subsequently on accounting dates.

FIGURE 16: CHANGES IN LOANS IN H1 2015



NOTE: Net cash repayment (already reduced for interest income in 2014) is displayed in the figure. Actual cash inflows and interest income amounted to €185,2 million and €17,0 million respectively.

FIGURE 17: CHANGES IN LOANS IN 2014



NOTE: Net cash repayment (already reduced for interest income in 2014) is displayed in the figure. Actual cash inflows and interest income amounted to €125,9 million and €31,3 million respectively.

From the opening balance of €1.406,9 million new loans given include financing given for restructuring purposes as well as to DUP1 d.d., the latter loan in the most part already repaid by 30 June (and is included under cash repayments). Minor additional loan purchases also increased the loan balance which is then reduced by repayments in cash, conversion or other form totalling €218,8 million¹². Release of discounts of €8,0 million was realised during first half of 2015 while mid-year revaluation increased the loan portfolio by only €7,9 million comparing to €69,9 million in whole 2014. After write-offs (€11,5 million) and other effects (€2,5 million) the closing balance for the loan portfolio stood at €1.229,9 million.

Liabilities

On the liabilities side, the increase in debt securities is the consequence of the increase in amortised value of bonds with the annual coupon falling due in December while the reduction in equity is the direct result of the comprehensive loss of €40,5 million.

¹² From these the BAMC generated €17,0 million of inflows from loans and thus recognized interest income in the same amount.

Risk management

Risk management system

The BAMC is exposed to numerous risks that could impact the financial or operational efficiency and have negative effect on the value of capital. With the help of an effective risk management system the BAMC can identify, measure, monitor and control the identified risks. This allows the BAMC to lower and limit the impact of risks in order to fulfil its strategic goals.

In the first half of 2015 major progress was achieved at the risk management area. The Board of Directors has adopted the Risk Management Policy as a base ground for planned, systematic and organised risk management. Risk and Compliance Management Committee was established as an advisory body on an executive level in the area of risk management and compliance. Risk Catalogue was supplemented and general frame for operation in the event of identified risk or loss event was established.

Most important identified risks categorised as strategic, reputational, operational, financial and market risks are presented below.

Strategic risks

Risk of unsuccessful implementation of the optimal restructuring strategy

The BAMC is pursuing the restructuring strategy in nearly 100 indebted companies. The BAMC will opt for the restructuring strategy in cases where financial and operational restructuring would yield a higher value compared to the disposal value of the collateral. There is a risk, however, that the restructuring will not be successful and that the recovery strategy will be used instead, which would result in decreased revenue for the BAMC. This risk can be realized either due to developments in the macroeconomic environment or due to failed financial, and in most cases strategic and operational restructuring of the debtors.

Risks involving the limited mandate of the BAMC prescribed by the ZUKSB

According to the ZUKSB, BAMC's lifespan is limited until 31 December 2017. There is a significant risk that the BAMC will be unable to fulfill its statutory purpose, i.e., decreasing the total burden on the budget and maximizing recovery of the value of the assets for the Slovenian taxpayers due to the limited lifespan. There is also a significant risk of failure to meet the strategic goals set by the BAMC's board of directors, in particular with regard to repayment of the issued BAMC bonds and restructuring companies where economically justifiable. This risk has been significantly reduced as, in the summer of 2015, the Government of the Republic of Slovenia has already considered changes of ZUKSB where mandate of the BAMC is proposed to be extended by the end of 2022.

Reputational risk

Reputational risk is a risk of loss resulting from damages to a firm's reputation. In case of the BAMC it can be shown as a negative public, political or industry opinion that can impact its core business activities and undermine BAMC's ability to achieve its objectives. BAMC's reputation could be damaged as a result of an actual or perceived manner in which the BAMC conducts its operations. Negative opinion could be created due to increased operational costs, loss of a significant legal cases, leak of information and in case of fraud actions. Adverse media publications, often incentivised by some stakeholder groups, could also result in significantly negative perception of the BAMC's efforts to meet its objectives.

Operational risks

Risk of fraud

There is a risk that fraudulent actions perpetrated by an employee might result in erroneous credit or investment decisions, which can also decrease the revenues for the BAMC. Established and empowered risk management system, system of internal controls and internal audit have contributed to reducing the risk of fraud.

Risk of error in legal proceedings

Particularly in debtor companies where the BAMC is implementing the recovery strategy there is a risk that the BAMC might miss the deadlines in judicial procedures involving foreclosure. The BAMC may thus lose its rights to repayment through disposal of collateral.

Financial risks

Liquidity risk

Liquidity risk is the risk that the BAMC will not be able to meet its financial obligations as they fall due. The BAMC ensures maximum possible liquidity by always having sufficient liquid assets to meet its liabilities when due, under both normal and demanding conditions, without incurring unacceptable losses or risking damage to its reputation. The key liquidity risk for the BAMC is the repayment of issued bonds. At the end of December 2015, DUT01 bond matures and the BAMC is planning to repay part of its obligations with liquidity reserves and partly with refinancing with Republic of Slovenia's guarantee.

Risk connected to the refinancing of issued bonds

Due to the short maturity of BAMC's issued bonds there is a risk that the market interest rates at the time of the issue of new bonds (or other form of indebtedness), with which the BAMC will partially refinance the matured bonds, will be higher than the interest rates on existing bonds. Based on the current interest rate level and the high interest rate on the existing bonds, particularly the first two issues from 2013, this risk seems relatively small, however, this may change based on the macroeconomic conditions.

Market risks

Main market risks for the BAMC arise from risk of decline of real estate and equity prices in the Slovenian market. The value of the loan portfolio is significantly based on the value of the collateral value, particularly in recovery cases. In case of real estate price decline, the value of the loan portfolio will consequently decrease since real estate constitutes the largest collateral class. Additionally, the BAMC is exposed to the risk of real estate price decline also through the increasingly important own real estate portfolio. Similarly, the BAMC is exposed to the risk of decline of Slovenian stock prices, but this risk is less intensive after the sign of sale contract for Pivovarna Laško's shares in the first half of 2015.

BAMC share

As at 30 June 2015 the BAMC had share capital in the amount of €203.625.000 recorded in the companies register, comprising 101.812.500 ordinary, freely transferable, no-par-value registered shares. Each no-par value share has the same holding, and the same corresponding amount in the share capital. All the issued shares were paid up in full.

TABLE 13: BASIC INFORMATION ON BAMC'S SHARE

Ticker symbol	DUTR
Class	ordinary, freely transferable, no-par value registered shares
Exchange quotation	not quoted
Share capital	€203.625.000,00
Number of shares	101.812.500
Number of shareholders	1
Owner	Republic of Slovenia

NOTE: Data as at 30 June 2015.

There were no changes in the ownership structure in the first half of 2015.

Activities of reporting on suspicions of criminal activities

In accordance with the ZUKSB and the Guidelines on the Operations of the BAMC, the BAMC is duty-bound to determine the liability for the creation of loans and investments that have been transferred from banks to the BAMC as risk-bearing items, for the transfer of risk-bearing items offers the BAMC an insight into the loan files of individual bank debtors.

Where there is a suspicion that risk-bearing items have been created as a result of a criminal act in connection with the actions of the members of bank management and supervisory bodies, bank supervisory bodies themselves or borrowers, Article 7 of the Guidelines on the Operations of the BAMC requires the company to report this to the competent authorities.

The BAMC strives to cooperate successfully, comprehensively and responsibly with the bodies for detection and prosecution of crimes, and to this end cooperates with the National Investigation Office (NPU) and the specialised state prosecutor's office of the Republic of Slovenia. The BAMC keeps the Criminal Police Directorate and the NPU regularly updated on internal BAMC investigations.

In the first half of 2015 the BAMC launched an internal investigation in eight cases, meaning that to date the BAMC has initiated a total of 22 cases of internal investigation, where staff had identified possible irregularities.

In five cases, which are the subject of internal investigation, but have been shown not to be a matter for the police, the BAMC submitted the collected documentation for additional examination by attorneys who, upon scrutiny of the documents, have or will compile in-depth reports with an assessment of whether the identified circumstances could lead to a suspicion of criminal acts, and indicating the anticipated scope for further action.

FINANCIAL STATEMENTS OF THE BAMC FOR THE PERIOD
1 JANUARY 2015 TO 30 JUNE 2015

FINANCIAL STATEMENTS

Balance sheet

in €	Note	30 June 2015	31 December 2014
Non-current assets		1.153.559.546	1.280.823.771
Intangible assets	1	23.520	8.238
Long-term deferred cost		9.846	7.929
Property, plant and equipment	2	156.006	178.612
Financial assets designated at fair value through profit or loss	3	8.349.407	8.627.355
Available for sale financial assets	4	222.682.997	221.056.480
Loans and receivables	5	922.337.770	1.050.945.156
Current assets		581.609.420	474.676.236
Inventories	6	58.367.596	51.338.768
Available for sale financial assets	4	2.264.997	2.148.718
Deferred costs	8	4.932.876	224.351
Loans and receivables	5	307.553.680	355.942.604
Trade and other operating receivables	7	3.742.177	1.631.736
Cash and cash equivalents	9	204.748.094	63.390.059
Total assets		1.735.168.966	1.755.500.007
Total Equity		134.561.385	175.074.945
Share capital	10	203.625.000	203.625.000
Retained earnings	10	-119.823.850	-77.216.882
Revaluation reserves	10	50.760.236	48.666.827
Non-current liabilities		1.067.878.914	1.063.278.228
Debt securities	11	1.057.481.992	1.053.309.033
Operating liabilities		247	1.291
Deferred tax liabilities	10	10.396.675	9.967.904
Current liabilities		532.728.667	517.146.834
Borrowings	12	416.486	4.541
Debt Securities	11	525.549.687	504.722.885
Trade and other operating payables	13	6.468.172	11.509.331
Accrued costs	14	294.322	910.077
Total equity and liabilities		1.735.168.966	1.755.500.007

Income statement

in €	Note	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2014 to 30 June 2014
Operating profit / loss		-6.470.132	-7.419.415
Net sale revenue		1.335.021	22.055
Cost of materials	16	-26.446	-19.139
Cost of services	16	-3.548.479	-4.822.489
Labour costs	17	-2.611.555	-1.607.629
Depreciation	16	-38.643	-11.018
Operating revaluation expense	16	-1.189.153	-919.946
Other operating costs	16	-390.876	-61.249
Financial profit / loss		-36.120.457	6.914.276
Financial income	18	47.132.179	35.143.885
Financial costs	18	-83.252.636	-28.229.609
Other revenues	18	171	201
Other costs	18	-14.308	-5
Profit / Loss before tax		-42.604.726	-504.944
Income tax expense	19	0	0
Deferred tax	10, 19,	0	0
Net profit / loss for the period		-42.604.726	-504.944
Attributable to owners	20	-42.604.726	-504.944
Basic and diluted earnings per share	20	0,42	-0,08

Statement of balance sheet profit / loss

in €	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2014 to 30 June 2014
Net profit / loss for the period	-42.604.726	-504.944
In-substance distribution to owner	0	0
Transferred loss	-77.216.882	-45.652.845
Balance sheet loss	-119.821.608	-46.157.789

Statement of comprehensive income

in €	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2014 to 30 June 2014
Net profit / loss for the period	-42.604.726	-504.944
Items that may be subsequently reclassified to profit or loss	2.093.408	13.897.768
In-substance distribution to owner	0	0
Other comprehensive income for the period, net of tax	2.093.408	13.897.768
Total comprehensive gain / loss for the period attributable to owners	-40.511.318	13.392.824

Statement of changes in equity

in €	Share Capital	Revaluation Reserves	Retained Earnings	Total Equity
Balance as at 1 January 2015	203.625.000	48.666.827	-77.219.124	175.072.703
Total comprehensive loss for the period after tax	-	2.093.408	-42.604.726	-40.511.318
Net profit / loss for the period	-	0	42.604.726	42.604.726
Other comprehensive income	-	2.093.408	0	2.093.408
New share capital subscribed	0	0	-	0
In-substance distribution to owner	-	0	0	0
Balance as at 30 June 2015	203.625.000	50.760.235	-119.823.850	134.561.385

in €	Share Capital	Revaluation Reserves	Retained Earnings	Total Equity
Balance as at 1 January 2014	203.625.000	-69.885	-45.652.845	157.902.270
Total comprehensive loss for the period after tax	-	16.133.029	-7.680.666	8.452.364
Net profit / loss for the period	-	0	-7.680.666	--7.680.666
Other comprehensive income	-	16.133.029	0	16.133.029
New share capital subscribed		0	-	0
In-substance distribution to owner	-	0	-60.736	-60.736
Balance as at 30 June 2014	203.625.000	16.063.144	-53.394.247	166.293.898

Statement of cash flows

in €	For the period from 1. 1. 2015 to 30. 6. 2015	For the period from 1. 1. 2014 to 30. 6. 2014
A) Cash flows from operating activities	-15.971.545	-16.993.048
Operating receipts	17.551.555	13.068.458
Receipts from sales of services	16.132.711	9.617
Other receipts	1.418.844	13.058.842
Operating expenditures	-33.523.100	-30.061.507
Expenditure for purchase of materials and services	-17.821.788	-20.756.895
Expenditure for wages of employees and other entitlements	-3.059.143	-1.255.495
Expenditure for various charges	-2.880.042	-1.395.406
Other operating expenditures	-9.762.127	-6.653.710
B) Cash flows from investing activities	161.298.932	74.594.090
Receipts from investment activities	181.746.395	75.013.852
Receipts from the disposal of equity investments	0	0
Receipts from the disposal of intangible assets	0,00	0
Receipts from the disposal of tangible fixed assets	0,00	0
Receipts from the disposal of long-term financial investments	8.822.476	498.689
Receipts from the disposal of short-term financial investments	172.923.919	74.515.164
Expenditure in investments activities	-20.447.463	-419.762
Expenditure for the acquisition of intangible assets	0	-5.477
Expenditure for the acquisition of tangible fixed assets	-59.245	-130.753
Expenditure for the acquisition of long-term financial investments	-4.208.219	0
Expenditure for the acquisition of short-term financial investments	-16.180.000	-283.533
C) Cash flows from financing activities	-3.969.351	-8.678.5508
Receipts from financing activities	4.249.985	951.972
Receipts from paid capital	0,00	0
Receipts from increase in long-term liabilities	0,00	0
Receipts from increase in short-term liabilities	4.249.985	951.972
Expenditure from financing activities	-8.219.336	-9.630.480
Interest expenses relating to financing	0,00	0
Expenditure for the repayment of long-term financial liabilities	-4.019.325	-9.630.480
Expenditure for the repayment of short-term financial liabilities	-4.200.011	0
Closing cash balance	204.748.094	54.474.403
Net cash result for the period	141.358.035	48.922.535
Opening cash balance	63.390.059	5.551.868

Notes to the balance sheet

NOTE 1: Intangible assets

in €	30 June 2015	31 December 2014
Licenses	23.520	8.238
Total	23.520	8.238

MOVEMENT OF INTANGIBLE ASSETS IN 2015 – NET:

in €	Intangible assets
Opening balance 1 January 2015	8.238
Acquisition	18.397
Depreciation	-3.115
Closing balance 30 June 2015	23.520

The BAMC does not have any intangible asset acquired by means of a finance lease nor are they pledged.

NOTE 2: Property plant and equipment

in €	30 June 2015	31 December 2014
IT equipment	156.949	156.949
Furniture	21.663	21.663
Total	178.612	178.612

MOVEMENT OF PROPERTY, PLANT AND EQUIPMENT IN 2015 – NET:

in €	IT Equipment	Furniture	Total
Opening balance 1 January 2015	156.949	21.663	178.612
Acquisition	10.181	2.741	12.922
Depreciation	-32.960	-2.568	-35.528
Write off	0	0	0
Closing balance 30 June 2015	134.170	21.836	156.006

The BAMC does not have any property, plant and equipment acquired by means of a finance lease nor are they pledged.

NOTE 3: Financial assets designated at fair value through profit or loss

in €	30 June 2015	31 December 2014
Equity shares in non-listed companies	8.349.407	8.627.355
Total	8.349.407	8.627.355

MOVEMENT OF FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS IN 2014 AND 2015:

in €	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2014 to 31 December 2014
Opening balance (stock not quoted on stock exchange)	8.627.355	5.937.748
Acquisition	312.503	347.617
Transfer from banks	0	2.936.321
Conversion from loan	28.910.620	28.275.504
Negative variances upon initial recognition	0	-926.910
Impairments	-23.639.657	-27.109.143
Return and replacement of Interevropa shares for DUT01 bonds	0	-833.781
Write off	-5.861.414	
Closing balance (stock not quoted on stock exchange)	8.349.407	8.627.355

The fair value at initial recognition was challenged in 2014 also for transfers from Abanka and Banka Celje. The net negative variance recognized in 2014 in the amount of €926.910 for transferred shares and participating interests has been treated as an in-substance distribution to the shareholder (Republic of Slovenia) as it arose on a common-control transaction on non-commercial terms.

NOTE 4: Available for sale financial assets

in €	30 June 2015	31 December 2014
Bonds	167.690.985	173.971.855
Shares and participating interests	53.401.486	48.333.343
Quoted on stock exchange	53.401.486	48.333.343
Advance payment for shares	2.733.000	
Deposit	1.122.522	900.000
Total	224.947.993	223.205.198

SHORT-AND LONG-TERM PORTIONS OF AVAILABLE FOR SALE FINANCIAL ASSETS IN 2014 AND 2015:

in €	30 June 2015	31 December 2014
Short term investments	2.264.997	2.148.718
Bonds	2.264.997	2.148.718
Long term investments	222.682.996	221.056.480
Bonds	165.425.988	171.823.137
Quoted on stock exchange	53.401.486	48.333.343
Deposit	1.122.522	900.000
Advance payment for shares	2.733.000	
Total	224.947.993	223.205.198

Available for sale financial assets relate to government bonds acquired as paid in capital and bonds transferred from banks. Investment in Pivovarna Laško d.d. is measured using the selling price valid in signed selling agreement in April 2015.

Investment in Slovenian bonds is measured using the market exchange rate in accordance with the terms prescribed by the issuer of the bonds at the time of issue. This value is increased for interest, calculated in accordance with the terms defined by the issuer.

The principal amounts of bonds totalling €167.690.985 refers to:

- bonds issued by the Republic of Slovenia:
RS38 with the nominal value of €149.008.700. The BAMC holds 1.490.087 denomination of €100. The bond maturity dates is 19 April 2017. The interest rate on the bonds is fixed at 5,625% p.a.
- bonds issued by Sava d.d.:
SA38 with the nominal value of €9.281.000. The BAMC holds 9.281 denomination of €1.000. The bond already matured on 30 November 2014.
- bonds issued by Cimos d.d.:
CIM2 with the nominal value of €1.000.000. The BAMC holds 1.000 denomination of €1.000. The bond already matured on 1 August 2014.

Long term investment in amount of €1.122.522 is related to paid deposit to Abanka for issued bank guarantee for our debtor and €900.000 will matured in 2016 and €217.522 will matured in 2017.

Advance payment in amount of €2.733.000 is related to new shares in Sistemska tehnika d.d.

NOTE 5: Loans

The transfer of non-performing loans from NLB and NKBM was completed by the end of 2013 (on 20 December 2013), on 10 September 2014 and on 01 October 2014 from Probanka and Factor banka, on

13 October 2014 from Abanka and on 18 December 2014 from Banka Celje. Due to the fact, that the BAMC acquired non-performing loans, the fair value at initial recognition was challenged in 2013 and for transfers from Abanka and Banka Celje in 2014. The net negative variance recognized in 2014 in the amount of €68.479.664 has been treated as an in-substance distribution to the shareholder (Republic of Slovenia) as it arose on a common-control transaction on non-commercial terms. For further information please see note 3.1 and 3.3 in Annual report 2014. For the period from January till December 2014 positive valuations were recognized in amount of €69.905.089 and for the period from January till June 2015 positive valuations were recognized in amount of €7.886.577.

LOAN VALUATION VARIANCES IN 2014 AND 2015:

in €	30 June 2015	31 December 2014
Loans before valuation	1.222.004.873	1.413.771.017
Negative variances upon initial recognition	0	-68.479.664
Valuations as end of period	7.886.577	61.596.407
Total	1.229.891.450	1.406.887.760

In 2014 and 2015 current and non-current portions of loans are represented in accordance with BAMC loan valuation policy and estimated cash flows.

CURRENT AND NON-CURRENT PORTIONS OF LOANS:

in €	30 June 2015	31 December 2014
Non-current loans	922.337.770	1.050.945.156
Current loans	307.553.680	355.942.604
Total	1.229.891.450	1.406.887.760

Following the transfer of non-performing assets from NLB and NKBM to the BAMC in December 2013, the BAMC acquired non-performing assets from NKBM, Abanka and Banka Celje in 2014 with a total gross value of €1.542,5 million at a transfer value of €561,1 million. In order to consolidate exposures and ensure more effective management of these assets, the BAMC also purchased claims totalling €38,6 million from Probanka and Factor banka in an arm's length transactions at negotiated market values. In 2015 BAMC gave new loans in amount of €16.180.000, from which amount of €12.619.741 is already paid back.

Transfer prices for the four banks (i.e. excluding Probanka and Factor Banka) were set by the European Commission. The BAMC was not involved in the setting of transfer prices, nor was it any way involved in the process of determining which non-performing loans or which equities and other types of claims would be transferred.

MOVEMENT IN THE LOAN BALANCES IN 2014 AND 2015:

in €	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2014 to 31 December 2014
Opening balance	1.406.887.760	946.985.837
Increase due to transfer of loans from Probanka	0	27.833.942
Increase due to transfer of loans from Factor banka	0	10.796.253
Increase due to transfer of loans from Abanka	0	421.816.346
Increase due to transfer of loans from Banka Celje	0	124.019.042
Increase due to new loans given from BAMC	16.180.000	
Increase due to new purchases from other banks	1.662.528	
Negative variances upon initial recognition	0	-175.177.927
Positive variances upon initial recognition	0	106.698.263
Increase because of court costs	436.899	1.785.719
Repayments	-218.670.530	-204.773.584
cash repayments	-185.173.334	-125.912.332
sell back	0	-1.158.834
conversion to real estate	-3.871.724	-45.481.259
conversion to equity investments	-28.910.620	-28.275.504
sell back (paid with DUTB bonds)	-714.852	-3.745.821
conversion to trade receivables	0	-199.834
Loan interest income	17.005.306	31.272.182
Loan provision and other cost income	213.763	96.242
Foreign exchange differences	1.959.085	288.330
Income from release of discount and revaluation	7.971.052	50.239.635
Revaluations	7.886.576	69.905.089
Write offs	-11.511.842	-5.007.088
Other	-129.148	109.479
Closing balance	1.229.891.450	1.406.887.760

NOTE 6: Inventories

in €	30 June 2015	31 December 2014
Property	43.984.900	37.147.999
Opening balance	37.147.999	49.299.202
Acquisition	8.182.816	-12.151.202
Impairments	-726.101	
Sale	-619.814	
Land	12.694.390	11.974.083
Opening balance	11.974.083	16.464.496
Acquisition	563.545	-4.490.413
Impairments	214.208	
Sale	-57.446	
Inventories	56.679.290	49.122.082
Advance payments	1.688.306	2.216.686
Total	58.367.596	51.335.768

All new 19 units of real estate in amount of €8.746.361 were recognised as a result of the conversion of loans into property or buying at auctions of our debtors. All inventories on stock are recognised as available for sale.

Estimated fair value on year-end of all inventories on stock is €62.894.730.

For the period from January till June 2015 impairment was recognized in income statement in the amount of €511.893 so that the value of real estate inventory as at 30 June 2015 is €56.679.290.

BAMC has already made advance payments in amount of €1.688.306 for new units of real estate which were recognised in next half of year 2015.

INVENTORY IMPAIRMENTS IN 2014 AND 2015:

in €	30 June 2015	31 December 2014
Inventory before impairments	57.191.183	65.763.697
Impairments as at 30 June 2015	-511.893	-16.641.616
Total	56.679.290	49.122.082

NOTE 7: Trade and other operating receivables

in €	30 June 2015	31 December 2014
Trade receivables to customers	109.820	337.376
Trade receivables to others	3.632.357	1.294.360
Total	3.742.177	1.631.736

Trade receivables to customers relates to charged rents and related to rent costs. Trade receivables to other includes receivables towards debtors from swaps loan to debt in the amount of €62.507, amount of €690.781 relates to VAT receivables and amount of €2.248.772 relates to advance payment for services, costs and court procedures and paid in bail fees for auctions.

NOTE 8: Deferred costs and accrued income

in €	30 June 2015	31 December 2014
Deferred costs	4.928.835	190.571
Accrued rent income	4.041	33.780
Advances VAT	0	0
Total	4.932.876	224.351

Short-term deferred costs mostly relate to paid insurance premiums for liability insurance for employees, the rest represents paid insurance premium for inventory and collateralized real estate and upfront payment for various online available data bases. The largest part of deferred costs in amount of 4.925.151 represents fee for state guarantee of BAMC bonds for the period from 30 June till 30 September 2015.

NOTE 9: Cash and cash equivalents

in €	30 June 2015	31 December 2014
Cash in banks	22.586	1.385.325
Call deposits	202.566.680	61.194.339
Over-night deposits	2.158.828	810.395
Total	204.748.094	63.390.059

On 30 June 2015 deposits are held at BKS Bank, Unicredit bank and Sparkasse.

NOTE 10: Equity

The first payment of share capital in the amount of €25.000 was received on 7 March 2013 while the Company was officially registered on 19 March 2013. The second payment of share capital, as a capital increase, in the amount of €3.600.000 was received on 21 March 2013.

The next capital increase in the amount of €199.999.700,99 was made as an in kind capital contribution in the form of a bond of the Republic of Slovenia. The difference in the amount of €299,01 was paid in cash.

The BAMC's share capital registered with the court and defined in its articles of association amounts to €203.625.000 and is divided into 101.812.500 ordinary freely exchangeable no-par-value registered shares. Each no-par-value share has the same holding and the same corresponding amount in the share capital. All shares issued were fully paid.

The BAMC does not hold any treasury shares.

FAIR VALUE RESERVE:

in €	30 June 2015	31 December 2014
Fair value reserve	50.760.236	48.666.827
Total	50.760.236	48.666.827

Breakdown of fair value reserve

- The increase in fair value from the investment in Pivovarna Laško in the amount of €4.556.246, the fair value was determined based on quoted selling prices;
- The decrease in fair value from the investment in Slovenian state bonds in the amount of €2.034.068, the fair value was determined based on quoted market prices;
- The total effect of the increase of fair value is in the amount of €2.522.178.
- The BAMC recognized a related deferred tax liability on the increase of fair value in investment in Pivovarna Laško and Slovenian bonds in the amount of €10.396.675. Therefore, the net change of revaluation reserves totalled €2.093.408.

MOVEMENT OF RETAINED EARNINGS:

in €	31 December 2014	31 December 2014
Opening balance	-77.216.883	-45.652.845
Net profit / loss for the period	-42.604.726	36.427.919
In-substance distribution to owner	0	-67.993.528
from loans	0	-68.479.664
from equity investments	0	-926.910
from bonds	0	1.413.046
Other	2.241	1.571
Total	-119.823.850	-77.216.883

NOTE 11: Debt securities issued

in €	30 June 2015	31 December 2014
Debt securities issued	1.583.031.679	1.558.031.918
Long-term part	1.057.481.992	1.053.309.033
Short-term part	525.549.687	504.722.885
Total	1.583.031.679	1.558.031.918

BALANCES OF DEBT SECURITIES PER ISSUE:

in €	June 2015	2014
Amortised value Issued bonds	1.578.106.528	1.558.031.918
DUT01 – issued 20 December 2013	512.677.840	503.267.527
DUT02 – issued 20 December 2013	515.336.571	504.759.238
DUT03 – issued 20 October 2014	424.225.199	424.103.374
DUT04 – issued 19 December 2014	125.866.918	125.901.778
Liability for government guarantee of bonds issued	4.925.151	52.192
Total	1.583.031.679	1.558.084.109

Debt securities issued refer to four lots of bonds issued by the BAMC, Ljubljana with official designations of DUT01, DUT02, DUT03 and DUT04. Debt securities in issue are initially measured at fair value and are subsequently measured at amortized cost.

CHARACTERISTICS OF BOND ISSUES:

Bond	Value (in € million)	Coupon rate	Issued	Principal maturity	Coupon maturity	Number of bonds in BAMC's ownership
DUT01	505,8	3,75%	December 2013	December 2015	Annually (December)	33
DUT02	505,8	4,50%	December 2013	December 2016	Annually (December)	26
DUT03	424,6	1,50%*	October 2014	December 2017	Semi-annually (June and December)	0
DUT04	127,0	1,375%*	December 2014	December 2017	Semi-annually (June and December)	12

NOTE: As some of the bonds were not sold at par value, their effective interest rate is somewhat higher. More precisely, DUT03 effective rate was 1,57% and DUT04 effective rate was 1,38%.

The above debt securities are all government guarantees issued on asset acquisition date.

BAMC bonds were acquired back from banks in exchange of loans (NKBM).

NOTE 12: Borrowings (current)

in €	30 June 2015	31 December 2014
Borrowings from banks (loans)	0	0
Other current borrowings	416.486	4.541
Total	416.486	4.541

The increase relates to unallocated inflows related to new agreements.

NOTE 13: Trade and other operating payables

in €	30 June 2015	31 December 2014
Trade payables	1.464.585	1.443.861
Payables to employees	655.653	422.949
Payables to state and other state institutions	4.010.557	6.440.333
Payables to others	337.377	3.202.188
Total	6.468.172	11.509.331

Trade payables relates to the cost of acquisition of assets from bankruptcy, to ordered and other costs.

Most of the balance of payables to state and other state institutions represents open liability to Tax Authority for tax from profit.

Liability to others represents mostly liability for court deposit from swap debt to debt in amount of €212.254 and other liabilities for court taxes.

NOTE 14: Accrued costs

in €	30 June 2015	31 December 2014
Accrued costs	294.322	910.077
Total	294.322	910.077

Accrued cost in amount of €187.244 relates to accruals for work performance in 2015, amount of €107.077 relates to accrued costs for services.

NOTE 15: Fair value

As at 30 June 2015 the BAMC recognizes at fair value only financial assets available for sale (investment in Pivovarna Laško, bonds from the Republic of Slovenia and own BAMC bonds). These are classified in Level 1 in the fair value hierarchy. There were no transfers between levels 1 and 3 during the first half of the year.

FAIR VALUE AS AT 30 JUNE 2015:

in €	Level 1	Level 3	Total fair value	Total book value
Assets	224.947.993	1.509.902.465	1.734.850.458	1.728.358.412
Financial assets designated through profit or loss	0	8.349.407	8.349.407	8.349.407
Available-for-sale financial assets	224.947.993	0	224.947.993	224.947.993
Non-current loans granted	0	922.545.253	922.545.253	922.337.770
Current loans	0	307.622.804	307.622.804	307.553.680
Trade and other operating receivables	0	3.742.177	3.742.177	3.742.177
Cash and cash equivalents	0	204.748.094	204.748.094	204.748.094
Inventories	0	62.894.730	62.894.730	56.679.291
Liabilities	1.558.031.918	11.509.331	1.569.547.081	1.569.547.081
Borrowings	0	416.486	416.486	416.486
Non-current operating liabilities	0	247	247	247
Trade and other operating payables	0	6.468.172	6.468.172	6.468.172
Debt securities issued	1.583.031.679	0	1.583.031.679	1.583.031.679

FAIR VALUE AS AT 31 DECEMBER 2014:

in €	Level 1	Level 3	Total fair value	Total book value
Assets	223.205.198	1.555.916.129	1.779.121.627	1.752.864.189
Financial assets designated through profit or loss	0	8.627.355	8.627.355	8.627.355
Available-for-sale financial assets	223.205.198	0	223.205.198	223.205.198
Non-current loans granted	0	1.066.407.853	1.066.407.853	1.050.945.156
Current loans	0	361.179.635	361.179.635	355.942.604
Trade and other operating receivables	0	1.631.736	1.631.736	1.631.736
Cash and cash equivalents	0	63.390.059	63.390.059	63.390.059
Inventories	0	54.679.491	54.679.491	49.122.082
Liabilities	1.558.031.918	11.509.331	1.569.547.081	1.569.547.081
Borrowings	0	4.541	4.541	4.541
Non-current operating liabilities	0	1.291	1.291	1.291
Trade and other operating payables	0	11.509.331	11.509.331	11.509.331
Debt securities issued	1.558.031.918	0	1.558.031.918	1.558.031.918

MEASUREMENT OF LEVEL 3 FINANCIAL INSTRUMENTS IN 2015:

Type of financial instrument	Fair value as at 30	Fair value as at 31	Valuation technique
	June 2015 (in €)	December 2014 (in €)	
Loans	1.229.891.450	1.406.887.760	Discounted cash flow (See Annual R 2014)
Receivables	3.742.177	1.631.736	(See Annual R 2014)
Trading assets	8.349.407	8.627.355	(See Annual R 2014)
Total	1.241.983.034	1.417.146.851	

Although the BAMC believes that estimations of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. Key inputs used in the valuation model for loan portfolio is determination of the probability of restructuring and recovery scenario and the recovery value. Components of the recovery value are the value of the underlying collateral (mainly real estate and equity shares), limits and conditions derived from the legal position (mainly pledge ranking, pledge values and outstanding exposures of pledge holders).

Notes to the income statement

NOTE 16: Operating costs excluding payroll costs

in €	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2014 to 30 June 2014
Material costs	26.446	19.139
Cost of services	3.548.479	4.821.609
Maintenance costs	523.380	249.398
Rents	150.469	85.045
Costs of professional services	2.045.505	3.130.203
Insurance costs	164.086	560
Other services	665.039	1.356.403
Training and education	31.440	15.076
Post and phone costs	30.052	26.082
Fees and other charges for issued bonds	80.996	50.701
Asset management agreement costs	206	755.201
Costs for claim management	48.447	0
Provisions, fees related to claims and investments	23.562	84.066
Other costs	450.336	425.277
Depreciation of fixed assets	38.643	11.018
Operating revaluation expense	1.189.153	919.946
Operating expenses from revaluation of inventory	511.893	919.946
Cost of sold inventory	677.260	0
IT equipment write-off	0	0
Operating expenses from revaluation of trade receivables	0	0
Other operating costs	390.876	60.419
Total	5.193.597	5.832.131

The costs of professional services include consultancy fees in the amount of €836.764.

Other operating costs in the amount of €390.876 represents mostly court costs and taxes from the proceedings in acquisition of assets from bankruptcy.

NOTE 17: Payroll costs

in €	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2014 to 30 June 2014
Salaries (including bonuses)	2.072.139	1.291.165
Pension contributions	159.770	113.903
Health and social insurance	162.322	95.932
Other	217.324	106.628
Total	2.611.555	1.607.629

Other expense relates primarily to allowance for transport to and from work, meal allowance, holiday allowance and fringe benefits (accommodation, taxi costs and meal expenses).

NOTE 18: Financial income and expenses

in €	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2014 to 30 June 2014
Financial income	47.132.178	35.143.884
Interest income	21.285.543	16.803.121
Deposits, avista	254.126	51.470
Bonds RS38, RS68, Sava, DUT	4.026.110	4.933.270
Acquired loans	17.005.306	11.818.381
Other financial income	25.846.636	18.340.763
Dividends	0	0
Acquired loans (impairments, release of discount, foreign exchange differences)	25.730.358	18.340.763
Revaluation income	7.886.576	8.308.682
Income from release of discount	7.971.052	7.301.040
Loan provision and other cost income	223.442	26
Foreign exchange differences	9.649.287	2.731.015
Acquired non-performing bonds (impairments)	116.278	0
Revaluation income	116.278	0
Financial expenses	-83.252.635	-28.229.608
Interest expenses (debt securities issued)	-24.846.127	-20.251.188
Provision for state guarantee for issued bonds and other costs	-9.689.699	-6.270.534
Penalty interest	-4.105	-39.825
Impairments of equity investments	-23.639.657	0
Foreign exchange differences	-7.690.201	-1.196.752
Other financial expense	-9.680	0
Equity investment write off	-5.861.415	0
Loan write off	-11.511.842	-471.309
Profit / Loss from financing	-36.120.457	6.914.276

Interest income comprises interest on loans in the amount of €17.005.306 recognized as explained in the Note 7. The income of €254.126 relates to interest income from short-term and over-night deposits and income of €4.026.110 relates to interests from bonds.

Revaluation financial income include effects of loans valuation at fair value. Valuations are done at mid and at the end of year. The net valuation effects in first half of year 2015 is €7.886.576.

Income from release of discount in value of €7.971.052, includes income from loan repayments that exceed transfer values and release of day-1-variances between transfer and estimated fair value, that were at the initial measurement included in comprehensive income.

Interest expense in the amount of €24.846.127 comprises interest of debt securities issued. The amount of €9.689.699 is a fee for the guarantee for issued bonds. Foreign exchange differences in the amount of €7.690.201 are related to the transferred loans in foreign currency, mostly in CHF. The amount of €23.639.657 is related to impairments of equity investments and shares, while loan write-offs recognized at the start of insolvency procedures amount to €11.511.842, equity investment write off is related to swap debt to equity.

NOTE 19: Income tax expense

in €	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2014 to 30 June 2014
Profit / loss before tax	-42.604.726	-504.944
Non-tax-deductible expenses	86.539	42.142
Covering losses from previous years	0	0
Non-tax-deductible income	0	0
Tax relief for investment	0	0
Tax relief for additional pension insurance	0	0
Tax base	-42.518.187	-462.801
Statutory tax rate	17%	17%
Income tax at statutory tax rate, prior to changes in taxable base	0	0
Tax effects of tax loss for which no deferred tax asset was recognised	0	0
Deferred tax liability	10.396.675	3.290.042
Current and deferred income tax	10.396.675	3.290.042
Effective tax rate	0%	0%

NOTE 20: Earnings per share

in €	31 December 2014	30 June 2014
Profit / loss for the year	-42.604.726	-504.944
Number of shares issued at the end of the year	101.812.500	101.812.500
Weighted average number of ordinary shares	101.812.500	101.812.500
Earnings per share and diluted earnings per share	-0,418	-0,005

Basic earnings per share are calculated by dividing the owner's net loss by the weighted average number of ordinary shares. The BAMC has no potential dilutive ordinary shares, so the basic and diluted earnings per share are identical.

NOTE 21: Related party transactions

Related parties are deemed to be the following companies in compliance with the IAS 24 in addition to the government of the Republic of Slovenia as a 100% owner:

- Subsidiary and associate companies,
- Companies associated with the management and members of the Supervisory Boards, including the audit committees and their close family members, and
- Companies associated with the government.

From January till June 2015 the BAMC did business with public funds users that are owned by state. Major transactions were as follows:

MAJOR TRANSACTION WITH RELATED PARTIES IN FIRST HALF OF 2015:

Name	City	Trade payables	Financial payables
Agencija za trg vrednostnih papirjev	Ljubljana	0	2.400
Mestna občina Ljubljana	Ljubljana	960	67.443
Ministrstvo za finance	Ljubljana	4.925.151	9.796.767
Sodišča v Sloveniji		0	366.631
Total		4.926.111	10.233.241

FROM JANUARY TO JUNE 2015 THE BAMC DID BUSINESS WITH THE ORGANIZATIONS AND COMPANIES THAT HAVE OWNERSHIP TIES WITH THE STATE.

M. št.	Naziv	Transactions										Open saldo on 30.06.2015						
		Deposit	Inventories	Equity investments	Trade receivable	Financial receivable	Trade payables	Financial payables	Transferred loans	Transferred bonds	Transferred equity	Deposit	Loans	Bonds	Equity investments	Trade receivables	Accrued deposit interests	Trade payables
5026024	ABANKA VIPA, D.D.	1.272.696					1.109					4.272.697				0	8.514	
5026121	BANKA CELJE D.D.				90.813		33.234											254
5103061	GORENJSKA BANKA, D.D.				-33.800									2.414.078				
5860580	NKBM, D.D.				4.432		71.793											0
5860571	NLB, D.D.				-55.837		-188.779									0		9.039
5665493	SID - SLOVENSKA IZVOZNA IN RAZVOJNA BANKA, D.D., LJUBLJANA				101.441		3.333									0		0
5223067	ELEKTRO CELJE, D.D.													38.418				
5175348	ELEKTRO GORENJSKA, D.D., KRANJ													479.749				
5227992	ELEKTRO LJUBLJANA D.D.													175.899				
5231698	ELEKTRO MARIBOR, D.D.							36.343										1.976
5229839	ELEKTRO PRIMORSKA, D.D.													134.896				
1646613	GEN ENERGIJA, D.O.O.							1.101										73
5111358	SAVA, D.D.													0				
5680859	CASINO PORTOROŽ, D.D., PORTOROŽ					148.377							6.685.212					
5232058	HIT, D.D., NOVA GORICA													2.454.508				
1799797	MAKSIMA INVEST, D.D. - V STEČAJU					17.700							2.090.582					
1813463	MAKSIMA HOLDING, D.D. - V STEČAJU					3.436							3.611.201					
5037212	MURA, D.D. - V STEČAJU												2.791.341					
1294261	NFD HOLDING, D.D. - V STEČAJU					144.819							5.066.903		0			
1545248	RIMSKÉ TERME, D.O.O. - V STEČAJU												730.493					
5881447	POŠTA SLOVENIJE, D.O.O.					6.838												854
5014018	TELEKOM SLOVENIJE, D.D., LJUBLJANA				23.628		18.316									1.969		3.150
5141966	PERUTNINA, D.D., PTUJ													28.659				
5040302	CIMOS, D.D.												31.936.094		0			
5510244	INKOS, D.O.O., KRMEJ												1.420.173					
5041210	POLZELA, D.D.					221.600							0		2			
5156505	ADRIA AIRWAYS, D.D.					3.209.611							0		0			
2236460	AHA Emmi d.o.o.												2.964.044		0			
6849156	DUP1 d.d.					500.259									25.000			
6850782	DUP2 d.d.														25.000			
5034728	ALPINA d.o.o.					41.826							12.864.718		0			
5001684	INTEREUROPA, D.D., KOPER														0			
5835771	ŠCP d.o.o.												5.699.457		0			
5063345	ZAVAROVALNICA TRIGLAV, D.D., LJUBLJANA				27		73.608											10.833

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

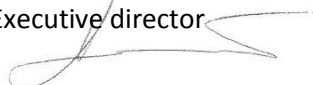
The Management of BAMC hereby states that the condensed financial statements of the BAMC for the six months ended 30 June 2015 were drawn up so as to provide a true and fair view of the financial standing and operating results of the BAMC. The condensed statements for the period January–June 2015 were drawn up using the same accounting principles as for the annual financial statements of the BAMC for 2014. The condensed interim financial statements for the six months ended 30 June 2015 were drawn up pursuant to IAS 34 – Interim Financial Reporting, and must be read in conjunction with the annual financial statements drawn up for the business year ended 31 December 2014.

The Management is responsible for implementing measures to maintain the value of the BAMC assets, and to prevent and detect frauds or other forms of misconduct.

The Management states that all transactions between related parties were executed on the basis of purchase contracts, using market prices for products and services.

Ljubljana, 26 August 2015

Aleš Koršič
Executive director



Janez Škrubej
Executive director



Torbjörn Månsson
Chief executive officer

