



INTERIM FINANCIAL REPORT

SID Bank and the SID Bank Group

June 2018

Contents

STATEMENT OF MANAGEMENT’S RESPONSIBILITY	3
1 GENERAL INFORMATION.....	4
2 FINANCIAL HIGHLIGHT AND PERFORMANCE INDICATORS.....	5
3 SIGNIFICANT EVENTS	8
4 NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS.....	8
5 DISCLOSURES UPON THE INTRODUCTION OF IFRS 9.....	16
6 STATEMENT OF FINANCIAL POSITION	20
7 STATEMENT OF PROFIT OR LOSS.....	21
8 INCOME STATEMENT – BY QUARTERS.....	22
8.1 INCOME STATEMENT OF SID BANK – BY QUARTERS	22
8.2 INCOME STATEMENT OF SID BANK GROUP – BY QUARTERS	23
9 STATEMENT OF COMPREHENSIVE INCOME	24
10 STATEMENT OF COMPREHENSIVE INCOME – BY QUARTERS	25
10.1 STATEMENT OF COMPREHENSIVE INCOME OF SID BANK – BY QUARTERS	25
10.2 STATEMENT OF COMPREHENSIVE INCOME OF SID BANK GROUP – BY QUARTERS	26
11 STATEMENT OF CHANGES IN EQUITY	27
11.1 STATEMENT OF CHANGES IN EQUITY AT SID BANK.....	27
11.2 STATEMENT OF CHANGES IN EQUITY OF THE SID BANK GROUP.....	28
12 CASH FLOW STATEMENT	29
13 OTHER DISCLOSURES.....	30
13.1 DISCLOSURES RELATING TO CONNECTED CLIENTS	30
13.2 REPORTING BY OPERATING SEGMENT	31
13.3 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES	33
13.4 CONTINGENT LIABILITIES AND ASSUMED COMMITMENTS	38
13.5 CHANGES IN IMPAIRMENTS AND PROVISIONS.....	38
14 DISCLOSURES PURSUANT TO THE GUIDELINES ON DISCLOSURE REQUIREMENTS UNDER PART EIGHT OF REGULATION (EU) NO. 575/2013 (EBA GL / 2016/11)	40
14.1 LCR DISCLOSURE TO COMPLEMENT THE DISCLOSURE OF LIQUIDITY RISK MANAGEMENT UNDER ARTICLE 435 OF CRR REGULATION	40
14.2 THE MAIN FEATURES OF THE CAPITAL INSTRUMENTS ISSUED BY THE BANK.....	40
14.3 DISCLOSURE OF OWN FUNDS, REGULATORY ADJUSTMENTS AND PRUDENTIAL FILTERS	41
14.4 EU OV1 – OVERVIEW OF RWAs	43
14.5 EU INS1 - PARTICIPATION IN INSURANCE UNDERTAKINGS	43
14.6 EU CR1-A – CREDIT QUALITY OF EXPOSURES BY EXPOSURE CLASSES AND INSTRUMENTS.....	43
14.7 EU CR1-B – THE AMOUNT OF IMPAIRED EXPOSURES, PAST DUE EXPOSURES AND CREDIT RISK ADJUSTMENTS BY SIGNIFICANT INDUSTRY TYPE	44
14.8 EU CR1 – C - THE AMOUNT OF THE IMPAIRED EXPOSURES AND PAST DUE EXPOSURES, PROVIDED SEPARATELY, BROKEN DOWN BY SIGNIFICANT GEOGRAPHICAL AREAS INCLUDING THE AMOUNTS OF CREDIT RISK ADJUSTMENTS.....	45
14.9 EU CR1 - D - AGEING OF PAST - DUE EXPOSURES.....	45
14.10 EU CR1 - E – NON - PERFORMING AND FORBORNE EXPOSURES.....	46
14.11 EU CR3 - CRM TECHNIQUES – OVERVIEW	46
14.12 EU CR4 - STANDARDISED APPROACH – CREDIT RISK EXPOSURE AND CRM EFFECT.....	47

14.13 EU CR5 - STANDARDISED APPROACH - THE BREAKDOWN OF EXPOSURES UNDER THE STANDARDISED APPROACH BY ASSET CLASS AND RISK WEIGHT.....	48
14.14 EU CCR1 - ANALYSIS OF CCR EXPOSURE BY APPROACH.....	48
14.15 EU CCR2 - CVA CAPITAL CHARGE.....	48
14.16 THE GEOGRAPHICAL DISTRIBUTION OF ITS CREDIT EXPOSURES RELEVANT FOR THE CALCULATION OF ITS COUNTERCYCLICAL CAPITAL BUFFER – BREAKDOWN BY COUNTRY.....	49
14.17 LEVERAGE RATIOS.....	50
15 SIGNIFICANT EVENTS AFTER THE ACCOUNTING PERIOD	51

Statement of management's responsibility

The management board approves the financial statements of SID Bank and the SID Bank Group as at 30 June 2018.

The management board is responsible for the preparation of the interim financial report of SID Bank and the SID Bank Group pursuant to IAS 34 Interim Financial Reporting.

The management board's responsibilities are:

- to employ relevant accounting policies, and to ensure that they are consistently applied,
- to make reasonable and prudent accounting estimates and judgements,
- to ensure that the financial statements are compiled on a going-concern basis for SID Bank and the SID Bank Group and in accordance with current legislation and IAS 34 Interim Financial Reporting.

Management board of SID – Slovenska izvozna in razvojna banka, d.d., Ljubljana



Goran Katušin
member



Sibil Svilan, MSc
president

1 General information

SID Bank company profile

Company name	SID – Slovenska izvozna in razvojna banka, d.d., Ljubljana
Registered office	Ulica Josipine Turnograjske 6, 1000 Ljubljana
ID number	5665493
Tax number	82155135
VAT ID No.	SI82155135
Settlement account	0100 0000 3800 058
SWIFT	SIDRSI22
Tel.:	+01 200 75 00
Fax:	+01 200 75 75
E-mail:	info@sid.si
Web:	http://www.sid.si

SID Bank Group

The SID Bank Group comprises:

	Relation	SID Bank's participating interest (in %)
SID banka d.d., Ljubljana	Parent company	-
SID – Prva kreditna zavarovalnica, d.d., Ljubljana	Subsidiary	100
Prvi Faktor Group	Joint venture	50
Centre for International Cooperation and Development, Ljubljana	Joint foundation	-

2 Financial highlight and performance indicators

Summary of the statement of financial position

(EUR thousand)	SID Bank		SID Bank Group	
	30 June 2018	31 Dec 2017	30 June 2018	31 Dec 2017
Total assets	2,488,525	2,451,641	2,541,588	2,497,302
Loans and advances to banks	1,025,319	1,032,179	1,031,322	1,037,431
Loans and advances to non-banking clients	647,155	597,740	647,155	597,740
Financial liabilities	2,056,482	2,038,239	2,056,893	2,039,110
Total equity	424,273	409,893	442,236	427,600

Summary of statement of profit and loss

(EUR thousand)	SID Bank		SID Bank Group	
	1-6/2018	1-6/2017	1-6/2018	1-6/2017
Net interest	10,612	10,200	10,740	10,361
Net non-interest income	2,939	2,787	6,529	6,404
Operating costs	(7,064)	(6,418)	(9,214)	(8,614)
Impairments and provisions	4,007	(638)	2,838	(1,959)
Profit from continuing operations	10,494	5,931	10,893	6,192
Net profit for the accounting period	8,500	4,805	8,819	5,008

Selected indicators¹

(in %)	SID Bank			SID Bank Group		
	1-6/2018	1-12/2017	1-6/2017	1-6/2018	1-12/2017	1-6/2017
Profitability						
Interest margin	0.9	0.8	0.8	0.9	0.8	0.8
Financial intermediation margin ²	1.1	0.9	1.0	1.1	0.8	1.0
Return on assets after tax	0.7	0.6	0.4	0.7	0.5	0.4
Return on equity before tax	5.0	4.0	3.0	5.0	3.4	3.0
Return on equity after tax	4.1	3.5	2.4	4.1	2.8	2.4
Operating costs						
Operating costs/average assets	0.6	0.5	0.5	0.7	0.7	0.7
Operating costs/net income	52.1	57.8	49.4	53.4	70.2	51.4
Equity						
Capital adequacy	37.5	36.8	35.8	-	-	-
Leverage ratio	16.0	15.5	15.2	-	-	-

¹ Indicators referring to quarterly periods have been converted to annual levels.

² The calculation of the financial intermediation margin for the SID Bank Group does not include income from insurance transactions by SID – Prva kreditna zavarovalnica.

INTERIM FINANCIAL REPORT OF SID BANK AND OF THE SID BANK GROUP JUNE 2018

(in %)	SID Bank			SID Bank Group		
	1-6/2018	1-12/2017	1-6/2017	1-6/2018	1-12/2017	1-6/2017
Quality of assets in the statement of financial position and contingent liabilities³						
Level of coverage of classified items by impairments and provisions	-	8.0	8.6	-	-	-
Proportion of non-performing claims	-	6.6	9.2	-	-	-
Non-performing exposure (NPE) ⁴	3.7	-	-	-	-	-
Non-performing loans (NPL) ⁵	5.7	-	-	-	-	-
Non-performing coverage ratio ⁶	62.2	-	-	-	-	-

	SID Bank			SID Bank Group		
	30 June 2018	31 Dec 2017	30 June 2017	30 June 2018	31 Dec 2017	30 June 2017
No. of employees	184	170	163	283	266	264

	SID Bank		
	30 June 2018	31 Dec 2017	30 June 2017
International credit rating			
Standard & Poor's	A+	A+	A+
Shares			
Number of shareholders	1	1	1
Number of shares	3,121,741	3,121,741	3,121,741
Corresponding amount of share capital of one no-par-value share (EUR)	96.10	96.10	96.10
Book value per share (EUR)	136.72	132.08	128.58

³ The asset quality indicators have been calculated on 1 January 2018 on the basis of the new Regulation on Books of Accounts and Annual Reports of Banks and Savings Banks (Official Gazette of the Republic of Slovenia, No. 69/2017 of 8 December 2017) and Instructions for the preparation of the statement of financial position, statement of profit or loss and statement of comprehensive income and the calculation of performance indicators for banks and savings banks. Because of the change in calculation methodology, the indicators are not comparable with previous periods.

⁴ Non-performing (balance sheet and off-balance-sheet) exposures / classified balance sheet and off-balance sheet exposures

⁵ Non-performing loans and other financial assets / classified loans and other financial assets

⁶ Impairments or value adjustments and provisions for credit losses / non-performing exposures

Reflection of performance in the statement of financial position

As at 30 June 2018, the total assets of SID Bank stood at EUR 2,488.5 , up 1.5% on the end of 2017.

The largest share of investments remains loans and advances to banks, including loans to and deposits at banks, which totalled EUR 1,025.3 million at the end of the first half of this year, and which is 0.7% down on the end of 2017. Loans and advances to non-banking customers in the first half of 2018 rose by 8.3%, which is primarily the consequence of lower impairments, which in the first half of 2018 are created in accordance with the expected credit losses model introduced in the new IFRS 9. Net loans and advances to non-banking customers stood at EUR 647.2 million at the end of June. Investments in securities, measured at fair value through other comprehensive income, stood at EUR 681.4 million at the end of the period.

Deposits and loans from banks and liabilities to the central bank accounted for the largest proportion of liabilities at the end of the first half of 2018, at 48.5%, and totalled EUR 1,206.0 million, which is EUR 24.8 million down on the end of 2017. Liabilities to non-banking

customers amounted to EUR 494.8 million and were higher by EUR 39.9 million. Debt securities issued did not change significantly and amounted to EUR 351.9 million.

SID Bank's equity increased by EUR 14.4 million, up 3.5% on the end of 2017, and stood at EUR 424.3 million at the end of the half. The capital increase is the result of the first-half profits amounting to EUR 8.5 million and retained earnings created through the effect of the transition to IFRS 9 amounting to EUR 9.6 million, while the positive effect on capital of the items in question is offset by accumulated other comprehensive income, which fell by EUR 3.7 million in the first half.

Given the controlling influence of SID Bank within the SID Bank Group, the specific nature of the Group and taking regard of the Group's mutual relations, the SID Bank Group's total assets were only 2.1% higher than SID Bank's total assets and stood at EUR 2,541.6 million at the end of June. As a result, the structure of the Group's assets and liabilities is very similar to those of the Bank.

Reflection of performance in the statement of profit or loss

SID Bank recorded profits from continuing operations of EUR 10.5 million in first half of 2018, which is EUR 4.6 million up on the same period last year. Net profit amounted to EUR 8.5 million.

The main reason for the higher profits is net income for impairments and provisions, which amounted to EUR 4.0 million in first half of 2018, while the Bank recorded expenses of EUR 0.6 million under that item in the same period last year.

Net interest amounting to EUR 10.6 million was 4.0% higher than in the first half of 2017, which is primarily the result of recording EUR 1.0 million in interest income upon the repayment of bad loans arising from bankruptcy estates. The interest margin expressed as net interest per average assets was 0.86%.

Total net non-interest income was also up on the first half of last year, and stood at EUR 2.9 million.

Operating costs in the first half of 2018 stood at EUR 7.0 million, of which administrative expenses amounted to EUR 6.6 million, and amortisation and depreciation to EUR 0.4 million. The main reason for the increased costs with respect to the same period last year is increased labour costs due to the higher number of employees.

The SID Bank Group recorded a pre-tax profit from continuing operations of EUR 10.9 million in first half 2018, which is EUR 4.7 million up on the same period in 2017. Net profit amounted to EUR 8.8 million.

3 Significant events

In the first quarter of 2018, the Bank continued the procedures for verifying the possibility of selling the subsidiary SID – Prva kreditna zavarovalnica. The procedures have not yet been completed.

Due to the change from stable to positive in the credit rating of the Republic of Slovenija, the

rating agency Standard & Poor's Rating Services in June 2017 consequently changed the credit rating of SID Bank from stable to positive. The outlook rating of SID Bank remains unchanged.

4 Notes to the individual and consolidated financial statements

The individual and consolidated financial statements for the period January to June 2018 have not been audited.

Statement of compliance

The financial statements of SID Bank (individual statements) and the SID Bank Group (consolidated statements) have been compiled in accordance with the International Financial Reporting Standards and the corresponding interpretations as approved by the EU, and taking account of the Companies Act, the Banking Act and Bank of Slovenia regulations.

The unaudited interim financial report is compiled in condensed form and contains explanatory notes in line with IAS 34 Interim Financial Reporting. It should be read in connection with the annual report of SID Bank and the SID Bank Group for 2017.

Consolidation

The following are included in the consolidated financial statements:

- full consolidation method: the parent company SID Bank and the subsidiary SID – Prva kreditna zavarovalnica, and
- equity method: the Prvi Faktor Group (joint venture).

Given their lack of material significance to a true and fair picture of the financial statements, SID Bank does not include the Centre for International Cooperation and Development in the consolidated accounts.

Accounting guidelines

As of 1 January 2018, SID Bank began using the new International Financial Reporting Standard 9 Financial Instruments (hereinafter: IFRS 9),

issued by the International Accounting Standards Board in July 2014, which replaced International Accounting Standard 39. For this

reason the accounting guidelines for financial instruments were changed, and are presented below, while other accounting guidelines which remained unchanged are presented in the annual report of SID Bank and the SID Bank Group for 2017.

From here on where the figures for the Bank and the Group are identical, they are only presented once.

Financial instruments

Classification and measurement

Business model

Classification and measurement of financial assets in the financial statements is determined by the selected business model within which financial assets are managed, and the characteristics of their contractual cash flows. Upon their initial recognition, each financial asset is classified into one of the following business models:

1. a model whose purpose is the collection of contractual cash flows (measured at amortised cost),
2. a model whose purpose is the collection of contractual cash flows and sale (measured at fair value through other comprehensive income),
3. other models (measured at fair value through profit or loss and through other comprehensive income).

SID Bank assesses the purpose of the business model under which the financial asset is classified on a portfolio basis, as this is the method used for the management of operating activities and the submission of information to the management. Given its role and framework of operation, SID Bank manages financial assets under the first two basic business models, and only classifies financial assets under the third business model when they fail to meet the conditions of one of the first two business models.

SID Bank's basic business activity involves lending transactions performed either via commercial banks or in cooperation with them, or by lending directly to final beneficiaries. The aim of lending activities is to collect contractual

cash flows, which is why these transactions are classified under business model 1.

The purpose of treasury transactions is to manage liquidity, interest rate and currency risks and to provide sources of funding. The purpose of deposit and credit operations is the collection of contractual cash flows and they are therefore classified under business model 1. Transactions in debt securities may only be concluded to collect contractual cash flows or with the eventual aim of sale, and on this basis they can be classified under business model 1 or 2.

According to the requirements of the standard, all equity instruments may only be classified under business model 3. Upon initial recognition, the Bank decides whether it will use an alternative option to measure other comprehensive income, as the Bank does not trade in equity instruments.

Assessment of whether contractual cash flows are comprised solely of payments of principal and interest (SPPI test)

SID Bank carries out an SPPI test for debt instruments assigned to the model whose objective is to collect contractual cash flows and the model whose objective is to collect contractual cash flows and sell financial assets. For the purpose of this assessment, the principal is defined as the fair value of financial assets upon initial recognition. Interest is defined as a fee for time value of money, the credit risk associated with the unpaid principal and other lending risks and costs (liquidity risk and administrative expenses) and the profit margin.

The Bank assesses whether contractual cash flows are comprised solely of payments of principal and interest on the basis of the contractual characteristics of the financial instrument. This estimate also involves the assessment of whether the financial asset contains contractual provisions that may change the time and amount of the contractual cash flows so that this condition would no longer be met. In so doing, the Bank takes account of:

- potential events that could change the time and amount of contractual cash flows;
- the possibility of early repayment or extended loan repayment;
- conditions that restrict the Group's cash flows for certain assets (e.g. subordination of payments);
- characteristics that change the understanding of the time value of money (e.g. periodic resetting of interest rates).

If a debt instrument fails an SPPI test, it has to be measured at fair value.

Categories of financial assets

Based on the business model and the SPPI test carried out for business models 1 and 2, financial assets are divided into the following categories:

Financial assets measured at amortised cost

Financial assets are measured at amortised cost if they are assets under business model 1, the object of which is the collection of contractual cash flows and for which the contractual provisions stipulate the payment of certain time-dependent cash flows, which constitute solely the payment of the principal and interest on the unpaid principal.

The Bank includes in this category loans and other financial assets such as trade receivables, etc. and debt securities that it has determined that it does not intend to sell.

The effects of interest, foreign exchange differences and impairments are recognised in profit or loss.

Financial assets measured at fair value through other comprehensive income

Financial asset is measured at fair value through other comprehensive income if it is financial asset under business model 2, the object of which is the collection and sale of cash flows, and for which the contractual provisions stipulate the payment of certain time-dependent cash flows, which constitute solely the payment of the principal and interest on the unpaid principal.

The Bank includes debt securities in this category.

Such assets are recognised at fair value in the statement of financial position. The effects in profit or loss are the same as in the case of measurement at amortised cost, i.e. interest, foreign exchange differences from the amortised cost of the financial assets and impairments. The difference between the amortised cost and the fair value, taking account of the creation of impairments for expected credit losses, is recorded under other comprehensive income.

Upon derecognition the accumulated effect of the measurement is transferred from other comprehensive income to profit or loss.

The Bank also values equities at fair value through other comprehensive income. The Bank does not trade in equities and it acquires them either through the conversion of non-performing claims or as a strategic investment, and in each individual case chooses the option of measuring them at fair value through other comprehensive income. In this case only dividend income is recognised in profit or loss, while effects accumulated under other comprehensive income are never transferred to profit or loss, even upon derecognition.

Financial assets at fair value through profit or loss

If financial assets are not measured at amortised cost or fair value through other comprehensive income, they are measured at fair value through profit or loss.

This category includes primarily financial assets mandatorily at fair value through profit or loss and financial assets designated for

measurement at fair value through profit or loss.

Financial assets mandatorily at fair value through profit or loss include any debt instruments that are otherwise managed under the first and second business models, but owing to the characteristics of the contractual cash flows did not pass the SPPI test, and derivatives otherwise used for securing other on-balance sheet items but which do not meet all of the conditions to be classified as hedging derivatives.

The Bank would classify debt instruments that passed the SPPI test, but which were defined as hedges upon initial recognition, among financial assets designated for measurement at fair value through profit or loss, if such classification would materially reduce or eliminate accounting discrepancies that occur due to the use of different valuation methods.

Derecognition of modified financial assets

In defining whether a change in financial assets results in derecognition and the recognition of a new financial asset, or the existing financial asset remains recognised and its gross carrying amount is adjusted by a gain or loss arising from the change, SID Bank has applied the criteria below.

The primary criteria for derecognition are:

- when the net present value of modified contractual cash flows of a financial asset differs by more than 10% from the net present value of other cash flows prior to the modification, it is recognised as a material change resulting in derecognition;
- notwithstanding the 10% criterion, the Bank may derecognise an asset in the event the change in repayment terms (e.g. a change in maturity, currency and/or interest rate) did not occur as the result of the debtor's inability to repay debt under the originally agreed terms, but for commercial and/or market-related reasons, and the original exposure was classified as stage 1, in accordance with IFRS 9, for the purpose of creating impairments and/or provisions for credit

losses, prior to the change in repayment terms;

- when in accordance with IFRS 9 the change results in the reclassification of an on-balance sheet exposure and a transition to measurement at fair value;
- when a new debtor replaces the original debtor in the credit relationship by virtue of a new contract or annex to the contract based on which the original debtor's debt is repaid. The aforementioned rule shall not apply if the new debtor is part of a group of connected clients that includes the original debtor;
- consolidation of several financial assets into a single or modified structure of new financial assets with a new cash flow scheme;
- a change in contractual currency;
- partial conversion of debt to equity.

Upon derecognition, all costs and fees are disclosed in profit or loss upon derecognition of the original financial asset, and the new financial asset is recognised at fair value or is accordingly lowered by expected credit losses.

Financial liabilities

Financial liabilities are measured either at amortised cost or at fair value through profit or loss.

At initial recognition financial liabilities are classified with regard to the purpose of acquisition, the time held in possession and the type of financial instrument.

Financial liabilities at fair value through profit or loss are:

- financial liabilities held for trading, under which derivatives not used to hedge against risk are classified, and
- hedging derivatives, including derivatives that meet the conditions for hedge accounting.

Net gains/losses on the basis of changes in the fair value of financial liabilities are disclosed in profit or loss.

All other liabilities are classified into the category of liabilities at amortised cost, which comprises liabilities from deposits and loans

from banks and central banks and non-banking customers, issued debt securities and other financial liabilities.

Impairments of financial assets and provisions

IFRS 9 replaces the incurred losses model with the expected credit losses model, where in addition to historical data on recoverability it is necessary to take account of macroeconomic forecasts and other internal and external factors that indicate the debtor's solvency in the future.

The new impairment model applies to the following financial instruments:

- financial assets measured at amortised cost,
- financial assets measured at fair value through other comprehensive income,
- lease receivables,
- off-balance sheet exposures from loan commitments and financial guarantee contracts.

Impairment losses are not recognised under IFRS 9 in the case of equities.

IFRS 9 differentiates between recognition of a loss taking into account all potential losses expected within 12 months, and taking into account all potential losses expected over the entire lifetime of a financial asset. In this connection, SID Bank classifies financial assets subject to impairment under IFRS 9 into the following stages:

- financial assets where there has not yet been a significant increase in credit risk, and for which impairments and/or provisions for credit losses are measured on the basis of expected credit losses over a 12-month period are classified as Stage 1. Interest income from these financial assets are calculated on the basis of the gross carrying amount;
- financial assets where there has been a significant increase in credit risk in the period between initial recognition and the reporting date, and for which impairments and/or provisions for credit losses are measured on the basis of expected credit losses over the entire lifetime of the financial assets are classified as Stage 2. Interest income from these financial assets

are calculated on the basis of the gross carrying amount;

- financial assets where there is objective evidence of impairment or there has been a debtor default event, including a financial asset impaired when incurred or at the time of purchase, are classified as Stage 3. Impairments and provisions are calculated, taking into account all potential losses expected in the entire lifetime of a financial asset. Interest income from these financial assets is calculated on the basis of the net carrying amount.

The Bank classifies a financial asset as Stage 1 upon initial recognition, except when a financial asset is impaired when incurred or at the time of purchase. Upon subsequent measurement, the Bank assesses whether there has been a significant increase in credit risk of the financial asset in the period between initial recognition and the assessment date. If the credit risk has not increased significantly or if a financial asset with low credit risk is involved, the financial asset remains classified as Stage 1. If there has been a significant increase in credit risk and the financial asset in question has not been defined as defaulted, the Bank classifies the financial asset as Stage 2.

The requirements of IFRS 9 with regard to impairments are complex and require critical assessments by the management, and estimates and assumptions primarily in the following areas described in detail below:

- assessment of a significant increase in credit risk since initial recognition;
- inclusion of forward-looking information in the measurement of expected credit losses.

Measurement of expected losses from credit risk

The Bank must measure expected credit losses of a financial asset in a manner that takes into account:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money, and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit losses are a probability-weighted estimate of credit losses, and for individual financial assets are measured as follows:

- a financial asset where there has been no debtor default event: the present value of the difference between the contractual cash flows that are due to the Bank in accordance with the contract, and the cash flows that the Bank expects to receive;
- a financial asset where there has been a debtor default event, but that is not impaired when incurred or at the time of purchase: the difference between the financial asset's gross carrying amount and the present value of estimated future cash flows;
- an undrawn loan commitment: the present value of the difference between the contractual cash flows that are due to the Bank if the holder of the loan commitment draws down the loan, and the cash flows that the Bank expects to receive if the loan is drawn down;
- a financial guarantee contract: the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Bank expects to receive from the holder, the debtor or any other party.

Definition of default

In determining the default of an obligor, SID Bank applies the definition of a default of an obligor set out in Article 178 of the CRR, namely:

- the obligor is past due more than 90 days on any material credit obligation to SID Bank or any of its subsidiaries, and/or
- it is unlikely that the obligor will settle its credit obligations to SID Bank or any of its subsidiaries in full, without recourse by the

Bank to actions such as redemption of collateral or other procedures.

Material increase in credit risk

SID Bank assesses on each reporting date whether the credit risk on the financial asset has increased materially since initial recognition. The Bank assesses material increases in credit risk using reasonable and supportable information at the level of the individual financial asset, taking into account the following criteria:

- a change in credit rating with respect to the initial recognition,
- a change in weighted lifetime probability of default with respect to the initial recognition,
- number of days in arrears at the level of the financial asset is more than 30 days,
- the financial asset becomes a performing forbore financial asset,
- the fair value is lower (by a specified percentage) than the amortised cost of a marketable debt security throughout a specified period.

Inputs used to calculate expected credit losses

SID Bank calculates expected credit losses on the basis of the following methodologies:

- methodology for Stages 1 and 2,
- methodology for Stage 3 – estimate of cash flows,
- methodology for Stage 3 – estimate of collateral.

The inputs used to calculate expected credit losses on the basis of the methodologies for Stages 1 and 2 are the following:

- probability of default (PD),
- loss given default (LGD),
- exposure at default (EAD),
- discount factor.

SID Bank defines the probability-of-default curve and loss-given-default curve for individual homogeneous groups defined internally on the basis of internally developed methodologies.

Probability of default for two main homogeneous PD groups: SID Bank determines exposures to large enterprises in Slovenia and exposures to SMEs in Slovenia on the basis of modelled transition matrices, using the method of the regression of the symmetrical cells of the transition matrices, and uses the Bank of Slovenia's transition matrices as inputs for the model. For the purposes of determining the probability of default for other main homogeneous PD groups, SID Bank uses the data of the credit rating agency FitchRatings, which is microdata to which SID Bank applies regression methods in survival analysis for modelling.

In the determination of loss given default, SID Bank applies the adjusted parameters contained in the Guidelines for calculating default rate and loss rate issued by the Bank of Slovenia.

SID Bank determines exposure at default with respect to the exposure of a financial asset on the calculation date and the expected future cash flows from the financial asset. When calculating exposures at default for off-balance sheet exposures, SID Bank takes the account of regulatory conversion factors as set out in the CRR.

The effective interest rate determined at initial recognition or an approximation thereof is used as a discount factor. The credit-adjusted effective interest rate determined at initial recognition is used to discount financial assets impaired when incurred or at the time of purchase. In connection with financial guarantee contracts and loan commitments for which the effective interest rate cannot be determined, SID Bank takes into account the weighted interest rate of performing exposures of its credit portfolio.

SID Bank calculates the expected credit losses on financial assets classified as Stage 3 on the basis of the methodology of cash flow estimation or collateral estimation, taking into account forward-looking information.

When a financial asset is impaired when incurred or at the time of purchase and defined as a non-performing exposure, SID Bank calculates the lifetime expected credit losses on

the basis of the Stage 3 methodologies. When a financial asset becomes a performing exposure, SID Bank calculates the lifetime expected credit losses on the basis of the Stage 2 methodology.

Forward-looking information

In determining the probability of default, SID Bank takes into account forward-looking information on the basis of the link between the default rate and GDP growth.

When determining loss given default, SID Bank takes into account forward-looking information concerning the parameter Recovery rate for unsecured exposure and the parameter Haircut in the form of the factors of macroeconomic forecasts.

When determining the dependence of the parameter Recovery rate for an unsecured exposure on the state of the economy, SID Bank examined the recovery rates for unsecured exposures depending on the level of the macroeconomic indicator from GDP growth.

In order to calculate the factors of macroeconomic forecasts for the parameter Haircut, SID Bank divided collateral into two groups:

- real estate collateral (commercial and residential real estate),
- other types of collateral (securities, other physical collateral and collaterals based on receivables).

In order to identify the dependence of the real estate value on the state of the economy, SID Bank took into account the connection between the index of the Surveying and Mapping Authority of the Republic of Slovenia and the macroeconomic indicator derived from GDP growth, and for other types of collateral the connection between the values of the collateral in the Bank's portfolio and the macroeconomic indicator derived from GDP growth.

SID Bank uses the same macroeconomic forecasting factors to calculate expected credit losses for the entire portfolio. The factors of macroeconomic forecasts are taken into account in the calculation of individual points on

the loss-given-defaults curve for the exposures classified in Stages 1 and 2, and in the calculation of estimated repayments for the exposures in Stage 3.

When calculating expected credit losses, SID Bank takes into account three scenarios of macroeconomic forecasts, or more in the event that major shocks are expected. The scenarios usually comprise basic, favourable and unfavourable projections of the primary macroeconomic factors. The gap between the favourable and unfavourable scenarios reflects the internally evaluated risk in the domestic macro-financial environment.

Forborne loans

Forborne loans are loans resulting from the debtor's inability to repay a debt under the originally agreed terms, either by modifying the terms of the original contract or by signing a new contract under which the contracting parties agree on the partial or total repayment of the original debt.

In the forbearance of loans, financial difficulties and the ability to repay a debt are assessed by the Bank at the level of the debtor. All associate companies in the Group subject to consolidation for accounting purposes are classed as debtors. The debtor's ability to repay the debt is assessed by the Bank, in addition to the possibility of the acceptance of other assets or repayment via the redemption of loan collateral, primarily from the perspective of the impact of the forbearance on the sufficiency of cash flows from the debtor's operating activities or from the perspective of the possibility of controlling those affiliates that are capable of generating cash flows from operating activities.

The Bank forbears financial loans vis-à-vis debtors by undertaking one or more activities that it would not normally decide to undertake were the debtor in a normal economic and

financial position. The potential activities which can be undertaken individually or in combination are determined by the implementing regulation issued by the Bank of Slovenia, namely:

- an extension of the deadline or a deferral of the repayment of the claims,
- a reduction in the interest rate and/or other charges,
- a reduction in the amount of the claims as a result of contractually agreed debt forgiveness and/or ownership restructuring,
- conversion of the claims into an equity investment in a debtor,
- acceptance of other assets (including the redemption of loan collateral) for the partial or full repayment of the claims, and
- other activities.

All differences resulting from forbearance are recognised in profit or loss.

The Bank documents all decisions regarding the forbearance of loans whose value exceeds EUR 100,000 with an appropriate analysis of alternative solutions with their economic effects (from the redemption of collateral, the sale of financial assets, the termination of an agreement, and any other activities).

The Bank provides analytical records for forborne loans in its books of account, including information about the method of forbearance (via an annex or a new contract), the types of forbearance, the dates of forbearance, and effects that change the value of loans, including the effects of write-offs and derecognition from the statement of financial position, a change in the probability of loss, a change in the debtor's credit rating and a potential change in the performance status of the forborne loans.

5 Disclosures upon the introduction of IFRS 9

SID Bank first applied IFRS 9 on 1 January 2018 and did not make use of the possibility of the early application of the amendments to the standard which apply to annual periods starting on 1 January 2019 or later. Due to option of later application of IFRS 9, the subsidiary SID PKZ did not change over to IFRS 9 in its individual statements. In view of the fact that the calculated effects are non-material (less than EUR 20 thousand), it also does not provide the calculation of impairments pursuant to the IFRS 9 for purposes of consolidation.

In line with the transitional provisions of IFRS 9, data for the previous year are not recalculated in line with the new standard, therefore the on-balance sheet items in the financial statements for the previous year are presented in accordance with the accounting schemas that were in force in the previous year.

Companies can use hedge accounting in accordance with IAS 39 until the new standard on macro-hedging is published by the International Accounting Standards Board. SID Bank uses this option.

The cumulative effect of the introduction of IFRS 9 on retained earnings from the transition to IFRS 9 for SID Bank as at 1 January 2018 amounts to EUR 9,557 thousand, and comprises:

- EUR -5,595 thousand from the effect of classification and measurement,
- EUR 50,495 thousand from the effect of impairments,

- EUR -2,239 thousand from the effect of current and deferred taxes,
- EUR -33,104 thousand of decrease in total positive effects resulting from the transfer of the effect to liabilities to the MEDT arising from loan funds.

SID Bank classifies exposures from loan funds as on-balance sheet items of SID Bank. Nevertheless, the performance of loan funds is established separately, and potential negative result of loan funds is covered first from the MEDT funds invested as a reduction of liabilities to the MEDT. On this basis, the subsequent positive result is also first allocated to the MEDT as an increase in liabilities to the MEDT so that the previously reduced liability resulting from the negative result of the loan funds increases again. Since part of the positive effect of the transition to IFRS 9 amounting to EUR 33,104 thousand relates to loans from loan funds, liabilities to the MEDT were increased by this amount, and there was no effect on retained earnings from this part of the effect of the transition.

In view of the fact that the Bank did not reclassify any financial liabilities, and does not recognise any financial liabilities except hedging derivatives at fair value, there were no effects arising from the transition to IFRS 9 with regard to financial liabilities. Therefore, only the effects of the transition relating to financial assets are disclosed below.

Classification and measurement

SID Bank did not reclassify any financial assets upon the transition to IFRS 9, except loans which owing to their failure to pass the SPPI test had to be reclassified as mandatorily measured at fair value through profit or loss. All debt securities that in accordance with IAS 39 were classified as available-for-sale were classified as measured at fair value through other

comprehensive income. For equities, that were also classified as available-for-sale in accordance with IAS 39, the Bank exercised the option of measurement at fair value through other comprehensive income, such that the entire securities portfolio remained valued at fair value through other comprehensive income. An overview of the changes to the

measurement categories and the carrying values of financial assets as at 31 December 2017 in accordance with IAS 39 and as at 1

January 2018 in accordance with IFRS 9 is given in the following table.

(EUR thousand)	Comment	Category under IAS 39		Item and new category under IFRS 9	Original carrying amount in accordance with IAS 39	New carrying amount in accordance with IFRS 9
		Portfolio	Measurement category			
Cash, cash balances at central banks and demand deposits at banks	1.	Loans and receivables	Amortised cost	Cash, cash balances at central banks and demand deposits at banks (amortised cost)	71,071	71,071
Available-for-sale financial assets						
Debt instruments	2.	Available-for-sale financial assets	Fair value through other comprehensive income	Financial assets measured at fair value through other comprehensive income	714,287	714,287
Equities		Available-for-sale financial assets	Fair value through other comprehensive income	Financial assets measured at fair value through other comprehensive income – option	16,234	16,234
Loans						
Loans and advances to banks		Loans and receivables	Amortised cost	Financial assets measured at amortised cost	1,032,179	1,039,135
Loans and advances to non-bank customers	3.	Loans and receivables	Amortised cost	Financial assets measured at amortised cost	579,212	613,808
				Non-trading financial assets mandatorily at fair value through profit or loss	18,528	18,019
Other financial assets		Loans and receivables	Amortised cost	Financial assets measured at amortised cost	1,553	1,553

Comments:

1. The Bank also calculates expected credit losses for cash balances at the central bank and demand deposits at banks, but the impairment amounts established are non-material, so the impairments were not recognised.
2. All securities remain measured at fair value through other comprehensive income, therefore their values did not change.
3. The on-balance sheet item loans under IAS 39 is reclassified under IFRS 9 partly into the category of financial assets at amortised cost and partly as financial assets mandatorily at fair value through profit or

loss. The differences in the carrying amounts arise from the changed level of impairments for loans at amortised cost and from valuation at fair value for loans at fair value.

4. In accordance with both standards, other financial assets are valued at amortised cost and expected credit losses are established for them, but due to the non-materiality of the amounts the impairments were not recognised.

The effects of the reclassification and revaluation of financial assets are shown in the table below:

(EUR thousand)	IAS 39 31 Dec 2017	Reclassification	Remeasurement	IFRS 9 1 Jan 2018
Fair value through profit or loss from amortised cost	-	18,528	(509)	18,019
Total fair value through profit or loss	-	18,528	(509)	18,019
Fair value through other comprehensive income from available-for-sale financial assets (IAS 39)	-	730,521	0	730,521
Total fair value through other comprehensive income	-	730,521	0	730,521
Amortised cost				
to fair value through profit or loss (IFRS 9)	18,528	(18,528)	-	-
amortised cost (IAS 39) (change to impairment)	1,612,944	0	41,552	1,654,496
Total amortised cost	1,631,472	(18,528)	41,552	1,654,496
Available-for-sale financial assets (IAS 39)	730,521	(730,521)	-	N/A
Total assets IFRS 9, reclassification and remeasurement	2,361,993	0	41,043	2,403,036

Impairments and provisions

Upon the transition to IFRS 9, SID Bank reduced its impairments, as can be seen in the table below:

(EUR thousand)	IAS 39 impairments and provisions 31 Dec 2017	Impairments used in transition to fair value	Impairments used in transition to POCI	Changes to impairments and provisions	IFRS 9 1 Jan 2018
Fair value through profit or loss from amortised cost	-	-	-	-	-
Total fair value through profit or loss	-	-	-	-	-
Fair value through other comprehensive income from available-for-sale financial assets (IAS 39)	2,768	-	-	(1,724)	1,044
Total fair value through other comprehensive income	2,768	-	-	(1,724)	1,044
Amortised cost					
from amortised cost	97,173	-	(29,578)	(44,294)	23,301
to fair value through profit or loss (IFRS 9)	45,837	(45,837)	-	-	-
Total amortised cost	143,010	(45,837)	(29,578)	(44,294)	23,301
Total impairments under IFRS 9	143,010	(45,837)	(29,578)	(46,018)	24,345
Provisions for off-balance sheet liabilities	2,946	-	-	(2,134)	812
Total impairments and provisions under IFRS 9	145,956	(45,837)	(29,578)	(48,152)	25,157

The total effect on securities that in accordance with IAS 39 were classified as available-for-sale were classified under IFRS 9 as measured at fair value through other comprehensive income and amounted to EUR 1,724 thousand. Impairments were created for debt securities amounting to EUR 1,044 thousand, while under IAS 39 the Bank had created a permanent impairment of equities amounting to EUR 2,768 thousand, which it discontinued upon the transition to IFRS 9.

The positive effect on financial assets measured at amortised cost in a total amount of EUR 118,665 thousand is composed of three parts:

- EUR 44,294 thousand in impairments were discontinued for loans that remain measured at fair value and were not classified among POCI items upon transition;
- for loans that were classified among POCI items upon transition, EUR 29,578 thousand in revaluations were used for the recognition of those loans at net value with a credit-adjusted effective interest rate;

- for loans that did not pass the SPPI test upon transition and under IFRS 9 are measured at fair value, EUR 45,837

thousand of impairments was used for the valuation of those loans at fair value.

Corporate income tax assets and liabilities

(EUR thousand)	IAS 39 31 Dec 2017	Effect IFRS 9	IFRS 9 1 Jan 2018
Tax assets	4,086	95	4,181
Tax liabilities	447	2,006	2,453

Upon the transition to IFRS 9, gross retained earnings increased by EUR 11,796 thousand, of which EUR 2,333 thousand was calculated as corporate income tax, while deferred tax assets were created in the amount of EUR 95 thousand. In addition, the gross effect of the transition on other comprehensive income was

negative in the amount of EUR 1,723 thousand, of which deferred tax assets were created in the amount of EUR 327 thousand. The net effect on retained earnings was thus positive at EUR 9,557 thousand, while the net effect on accumulated other comprehensive income was negative at EUR 1,395 thousand.

6 Statement of financial position

(EUR thousand)	SID Bank		SID Bank Group	
	30 June 2018	31 Dec 2017	30 June 2018	31 Dec 2017
Cash, cash balances at central banks and demand deposits at banks	114,257	71,071	118,870	75,950
Available-for-sale financial assets	N/A	730,521	N/A	750,004
Non-trading financial assets mandatorily at fair value through profit or loss	17,196	N/A	17,196	N/A
Financial assets measured at fair value through other comprehensive income	681,380	N/A	704,380	N/A
Financial assets measured at amortised cost	1,657,189	1,631,472	1,663,200	1,636,725
Loans and advances to banks	1,025,319	1,032,179	1,031,322	1,037,431
Loans and advances to non-bank customers	629,959	597,740	629,959	597,740
Other financial assets	1,911	1,553	1,919	1,554
Investments in subsidiaries, associates and joint ventures	8,413	8,413	0	0
Property, plant and equipment	5,000	4,992	7,379	7,476
Intangible assets	1,117	804	1,520	1,281
Tax assets	3,588	4,086	3,588	4,513
Current tax assets	0	4,086	0	4,513
Deferred tax assets	3,588	0	3,588	0
Other assets	385	282	25,455	21,353
TOTAL ASSETS	2,488,525	2,451,641	2,541,588	2,497,302
Financial liabilities measured at amortised cost	2,054,547	2,038,146	2,054,958	2,039,017
Deposits from banks and central banks	20,084	25,264	20,084	25,264
Deposits from non-bank customers	8,802	0	8,802	0
Loans from banks and central banks	1,185,911	1,205,543	1,185,911	1,205,543
Loans from non-bank customers	485,959	454,828	485,959	454,828
Debt securities	351,937	350,320	351,937	350,320
Other financial liabilities	1,854	2,191	2,265	3,062
Derivatives - hedge accounting	1,935	93	1,935	93
Provisions	1,242	2,946	31,941	27,137
Tax liabilities	6,442	447	6,561	569
Current tax liabilities	3,347	0	3,359	0
Deferred tax liabilities	3,095	447	3,202	569
Other liabilities	86	116	3,957	2,886
TOTAL LIABILITIES	2,064,252	2,041,748	2,099,352	2,069,702
Share capital	300,000	300,000	300,000	300,000
Share premium	1,139	1,139	1,139	1,139
Accumulated other comprehensive income	11,766	15,444	12,327	16,068
Profit reserves	94,635	88,005	111,136	107,859
Treasury shares	(1,324)	(1,324)	(1,324)	(1,324)
Retained earnings (including net profit for the period)	18,057	6,629	18,958	3,858
Equity attributable to owners of the parent bank	424,273	409,893	442,236	427,600
TOTAL EQUITY	424,273	409,893	442,236	427,600
TOTAL LIABILITIES AND EQUITY	2,488,525	2,451,641	2,541,588	2,497,302

7 Statement of profit or loss

(EUR thousand)	SID Bank		SID Bank Group	
	1-6/2018	1-6/2017	1-6/2018	1-6/2017
Interest income	15,085	14,830	15,213	14,990
Interest expense	(4,473)	(4,630)	(4,473)	(4,629)
Net interest	10,612	10,200	10,740	10,361
Dividend income	36	87	36	87
Fee and commission income	163	98	163	98
Fee and commission expenses	(164)	(257)	(173)	(267)
Net fees and commissions	(1)	(159)	(10)	(169)
Net gains/losses on financial assets and liabilities not measured at fair value through profit or loss	872	1,498	872	1,497
Net gains/losses on financial assets and liabilities held for trading	(1)	301	(1)	301
Net gains/losses on non-trading financial assets mandatorily at fair value through profit or loss	918	N/A	918	N/A
Net gains/losses on financial assets and liabilities designated at fair value through profit or loss	(530)	1,202	(530)	1,202
Changes in fair value in hedge accounting	(68)	23	(68)	24
Net foreign exchange gains/losses	8	(952)	8	(952)
Net gains/losses on derecognition of non-financial assets	4	(8)	4	(8)
Other net operating gains/losses	1,728	795	5,327	4,422
Administrative expenses	(6,627)	(6,010)	(8,542)	(8,023)
Depreciation and amortisation	(437)	(408)	(672)	(591)
Net modification gains or losses	(27)	N/A	(27)	N/A
Provisions	(434)	(853)	(1,531)	(2,208)
Impairments	4,441	215	4,369	249
Profit before tax from continuing operations	10,494	5,931	10,893	6,192
Income tax on continuing operations	(1,994)	(1,126)	(2,074)	(1,184)
Net profit for the financial period	8,500	4,805	8,819	5,008
Attributable to owners of the parent bank	8,500	4,805	8,819	5,008
Basic earnings per share/Diluted earnings per share (in EUR)	2.74	1.55	2.84	1.61

8 Income statement – by quarters

8.1 Income statement of SID Bank – by quarters

(EUR thousand)	SID Bank			
	Q2 2018	Q1 2018	Q2 2017	Q1 2017
Interest income	7,420	7,665	7,186	7,644
Interest expense	(2,318)	(2,155)	(2,162)	(2,468)
Net interest	5,102	5,510	5,024	5,176
Dividend income	36	0	87	0
Fee and commission income	121	42	35	63
Fee and commission expenses	(103)	(61)	(148)	(109)
Net fees and commissions	18	(19)	(113)	(46)
Net gains/losses on financial assets and liabilities not measured at fair value through profit or loss	459	413	1,220	278
Net gains/losses on financial assets and liabilities held for trading	0	(1)	212	89
Net gains/losses on non-trading financial assets mandatorily at fair value through profit or loss	714	204	N/A	N/A
Net gains/losses on financial assets and liabilities designated at fair value through profit or loss	(360)	(170)	1,646	(444)
Changes in fair value in hedge accounting	(44)	(24)	28	(5)
Net foreign exchange gains/losses	67	(59)	(683)	(269)
Net gains/losses on derecognition of non-financial assets	0	4	0	(8)
Other net operating gains/losses	847	881	389	406
Administrative expenses	(3,613)	(3,014)	(3,361)	(2,649)
Depreciation and amortisation	(219)	(218)	(209)	(199)
Net modification gains or losses	(27)	0	N/A	N/A
Provisions	(370)	(64)	(852)	(1)
Impairments	5,117	(676)	(1,870)	2,085
Profit before tax from continuing operations	7,727	2,767	1,518	4,413
Income tax on continuing operations	(1,468)	(526)	(288)	(838)
Net profit for the financial period	6,259	2,241	1,230	3,575
Attributable to owners of the parent bank	6,259	2,241	1,230	3,575

8.2 Income statement of SID Bank Group – by quarters

(EUR thousand)	SID Bank Group			
	Q2 2018	Q1 2018	Q2 2017	Q1 2017
Interest income	7,485	7,728	7,267	7,723
Interest expense	(2,318)	(2,155)	(2,160)	(2,469)
Net interest	5,167	5,573	5,107	5,254
Dividend income	36	0	87	0
Fee and commission income	121	42	35	63
Fee and commission expenses	(108)	(65)	(154)	(113)
Net fees and commissions	13	(23)	(119)	(50)
Net gains/losses on financial assets and liabilities not measured at fair value through profit or loss	459	413	1,219	278
Net gains/losses on financial assets and liabilities held for trading	0	(1)	212	89
Net gains/losses on non-trading financial assets mandatorily at fair value through profit or loss	714	204	N/A	N/A
Net gains/losses on financial assets and liabilities designated at fair value through profit or loss	(360)	(170)	1,646	(444)
Changes in fair value in hedge accounting	(44)	(24)	29	(5)
Net foreign exchange gains/losses	67	(59)	(684)	(268)
Net gains/losses on derecognition of non-financial assets	0	4	0	(8)
Other net operating gains/losses	2,839	2,488	2,173	2,249
Administrative expenses	(4,701)	(3,841)	(4,393)	(3,630)
Depreciation and amortisation	(337)	(335)	(315)	(276)
Net modification gains or losses	(27)	0	N/A	N/A
Provisions	(842)	(689)	(1,586)	(622)
Impairments	5,048	(679)	(1,864)	2,113
Profit before tax from continuing operations	8,032	2,861	1,512	4,680
Income tax on continuing operations	(1,529)	(545)	(288)	(896)
Net profit for the financial period	6,503	2,316	1,224	3,784
Attributable to owners of the parent bank	6,503	2,316	1,224	3,784

9 Statement of comprehensive income

(EUR thousand)	SID Bank		SID Bank Group	
	1-6/2018	1-6/2017	1-6/2018	1-6/2017
Net profit for the accounting period after tax	8,500	4,805	8,819	5,008
Other comprehensive income after tax	(2,282)	402	(2,345)	333
Items that will not be reclassified to profit or loss				
Fair value changes of equity instruments measured at fair value through other comprehensive income	8,085	0	8,085	0
Income tax relating to items that will not be reclassified in profit or loss	9,981	N/A	9,981	N/A
Income tax relating to items that will not be reclassified in profit or loss	(1,896)	0	(1,896)	0
Items that may be reclassified subsequently to profit or loss				
Cash flow hedges (effective portion)	(10,367)	402	(10,430)	333
Valuation gains/losses taken to equity	(1,468)	0	(1,468)	0
Transferred to profit or loss	(1,533)	0	(1,533)	0
Transferred to profit or loss	65	0	65	0
Available-for-sale financial assets	N/A	496	N/A	411
Valuation gains/(losses) taken to equity	N/A	2,142	N/A	2,057
Transferred to profit or loss	N/A	(1,646)	N/A	(1,646)
Debt instruments at fair value through other comprehensive income	(11,331)		(11,408)	N/A
Valuation gains/(losses) taken to equity	(10,459)		(10,536)	N/A
Transferred to profit or loss	(872)		(872)	N/A
Income tax relating to items that may be subsequently reclassified to profit or loss	(2,432)	(94)	2,446	(78)
Total comprehensive income for the period after tax	6,218	5,207	6,474	5,341
Attributable to owners of the parent bank	6,218	5,207	6,474	5,341

10 Statement of comprehensive income – by quarters

10.1 Statement of comprehensive income of SID Bank – by quarters

(EUR thousand)	SID Bank			
	Q2 2018	Q1 2018	Q2 2017	Q1 2017
Net profit for the accounting period after tax	6,259	2,241	1,230	3,575
Other comprehensive income after tax	(221)	(2,061)	887	(485)
Items that will not be reclassified to profit or loss	1,558	6,527	0	0
Fair value changes of equity instruments measured at fair value through other comprehensive income	1,923	8,058	N/A	N/A
Income tax relating to items that will not be reclassified in profit or loss	(365)	(1,531)	0	0
Items that may be reclassified subsequently to profit or loss	(1,779)	(8,588)	887	(485)
Cash flow hedges (effective portion)	(667)	(801)	0	0
Valuation gains/losses taken to equity	(709)	(824)	0	0
Transferred to profit or loss	42	23	0	0
Available-for-sale financial assets	N/A	N/A	1,095	(599)
Valuation gains/(losses) taken to equity	N/A	N/A	1,654	488
Transferred to profit or loss	N/A	N/A	(559)	(1,087)
Debt instruments at fair value through other comprehensive income	(1,530)	(9,801)	N/A	N/A
Valuation gains/(losses) taken to equity	(1,071)	(9,388)	N/A	N/A
Transferred to profit or loss	(459)	(413)	N/A	N/A
Income tax relating to items that may be subsequently reclassified to profit or loss	418	2,014	(208)	114
Total comprehensive income for the period after tax	6,038	180	2,117	3,090
Attributable to owners of the parent bank	6,038	180	2,117	3,090

10.2 Statement of comprehensive income of SID Bank Group – by quarters

(EUR thousand)	SID Bank Group			
	Q2 2018	Q1 2018	Q2 2017	Q1 2017
Net profit for the accounting period after tax	6,503	2,316	1,224	3,784
Other comprehensive income after tax	(250)	(2,095)	854	(521)
Items that will not be reclassified to profit or loss	1,558	6,527	0	0
Fair value changes of equity instruments measured at fair value through other comprehensive income	1,923	8,058	N/A	N/A
Income tax relating to items that will not be reclassified in profit or loss	(365)	(1,531)	0	0
Items that may be reclassified subsequently to profit or loss	(1,808)	(8,622)	854	(521)
Cash flow hedges (effective portion)	(667)	(801)	0	0
Valuation gains/losses taken to equity	(709)	(824)	0	0
Transferred to profit or loss	42	23	0	0
Available-for-sale financial assets	N/A	N/A	1,054	(643)
Valuation gains/(losses) taken to equity	N/A	N/A	1,613	444
Transferred to profit or loss	N/A	N/A	(559)	(1,087)
Debt instruments at fair value through other comprehensive income	(1,565)	(9,843)	N/A	N/A
Valuation gains/(losses) taken to equity	(1,106)	(9,430)	N/A	N/A
Transferred to profit or loss	(459)	(413)	N/A	N/A
Income tax relating to items that may be subsequently reclassified to profit or loss	424	2,022	(200)	122
Total comprehensive income for the period after tax	6,253	221	2,078	3,263
Attributable to owners of the parent bank	6,253	221	2,078	3,263

11 Statement of changes in equity

11.1 Statement of changes in equity at SID Bank

For the period 1-6/2018

(EUR thousand)	Share capital	Share premium	Accumulated other comprehensive income	Profit reserves	Retained earnings (including net profit for the accounting period)	Treasury shares	Total equity
Opening balance (before adjustment) as at 1 Jan 2018 (IAS 39)	300,000	1,139	15,444	88,005	6,629	(1,324)	409,893
Effects of changes in accounting policies (IFRS 9)	0	0	(1,396)	0	9,557	0	8,161
Opening balance as at 1 Jan 2018 (IFRS 9)	300,000	1,139	14,048	88,005	16,186	(1,324)	418,054
Net profit for the period	0	0	0	0	8,500	0	8,500
Other comprehensive income	0	0	(2,282)	0	0	0	(2,282)
Total comprehensive income for the period after tax	0	0	(2,282)	0	8,500	0	6,218
Allocation of net profit to profit reserves	0	0	0	6,629	(6,629)	0	0
Closing balance as at 30 June 2018	300,000	1,139	11,766	94,635	18,057	(1,324)	424,273

For the period 1-6/2017

(EUR thousand)	Share capital	Share premium	Accumulated other comprehensive income	Profit reserves	Retained earnings (including net profit for the accounting period)	Treasury shares	Total equity
Opening balance as at 1 Jan 2017	300,000	1,139	13,335	70,531	10,148	(1,324)	393,829
Net profit for the period	0	0	0	0	4,805	0	4,805
Other comprehensive income	0	0	402	0	0	0	402
Total comprehensive income for the period after tax	0	0	402	0	4,805	0	5,207
Closing balance as at 30 June 2017	300,000	1,139	13,737	70,531	14,953	(1,324)	399,036

11.2 Statement of changes in equity of the SID Bank Group

For the period 1-6/2018

(EUR thousand)	Share capital	Share premium	Accumulated other comprehensive income	Profit reserves	Retained earnings (including net profit for the accounting period)	Treasury shares	Equity attributable to owners of the parent bank	Total equity
Opening balance (before adjustment) as at 1 Jan 2018 (IAS 39)	300,000	1,139	16,068	107,859	3,858	(1,324)	427,600	427,600
Effects of changes in accounting policies (IFRS 9)	0	0	(1,396)	0	9,557	0	8,161	8,161
Opening balance as at 1 Jan 2018 (IFRS 9)	300,000	1,139	14,672	107,859	13,415	(1,324)	435,761	435,761
Net profit for the period	0	0	0	0	8,819	0	8,819	8,819
Other comprehensive income	0	0	(2,345)	0	0	0	(2,345)	(2,345)
Total comprehensive income for the period after tax	0	0	(2,345)	0	8,819	0	6,474	6,474
Allocation of net profit to profit reserves	0	0	0	3,276	(3,276)	0	0	0
Closing balance as at 30 June 2018	300,000	1,139	12,327	111,136	18,958	(1,324)	442,236	442,236

For the period 1-6/2017

(EUR thousand)	Share capital	Share premium	Accumulated other comprehensive income	Profit reserves	Retained earnings (including net profit for the accounting period)	Treasury shares	Equity attributable to owners of the parent bank	Total equity
Opening balance as at 1 Jan 2017	300,000	1,139	14,039	83,187	16,766	(1,324)	413,807	413,807
Net profit for the period	0	0	0	0	5,008	0	5,008	5,008
Other comprehensive income	0	0	333	0	0	0	333	333
Total comprehensive income for the period after tax	0	0	333	0	5,008	0	5,341	5,341
Allocation of net profit to profit reserves	0	0	0	(88)	88	0	0	0
Closing balance as at 30 June 2017	300,000	1,139	14,372	83,099	21,862	(1,324)	419,148	419,148

12 Cash flow statement

(EUR thousand)	SID Bank		SID Bank Group	
	1-6/2018	1-6/2017	1-6/2018	1-6/2017
A. CASH FLOWS FROM OPERATING ACTIVITIES				
a) Net profit or loss before tax	10,494	5,931	10,893	6,192
Depreciation and amortisation	437	408	672	591
Impairments/(reversal of impairments) of investments in debt instruments at fair value through other comprehensive income	(97)	N/A	(97)	N/A
Impairments/(reversal of impairments) of loans and other financial assets measured at amortised cost	(4,344)	(215)	(4,344)	(215)
Impairments of tangible assets (including investment property), intangible assets and other assets	0	0	72	(34)
Net foreign exchange (gains)/losses	(8)	952	(8)	952
Net modification gains or losses	27	N/A	27	N/A
Net (gains)/losses through the sale of property, plant and equipment	(4)	8	(4)	8
Other (gains) from investing activities	(36)	(87)	(36)	(87)
Other adjustments in pre-tax profit	(414)	529	682	1,885
Cash flows from operating activities before changes in operating assets and liabilities	6,055	7,526	7,857	9,292
b) (Increase)/decrease in operating assets	51,779	8,184	43,371	(12,374)
Net (increase)/decrease in financial assets held for trading	0	(139)	0	(139)
Net (increase)/decrease in available-for-sale financial assets	N/A	22,048	N/A	20,504
Net (increase)/decrease in non-trading financial assets mandatorily at fair value through profit or loss	1,741	N/A	1,741	N/A
Net (increase)/decrease in financial assets measured at fair value through other comprehensive income	48,144	N/A	44,565	N/A
Net (increase)/decrease in loans and other financial assets measured at amortised cost	1,997	(13,665)	1,239	(14,271)
Net (increase)/decrease in other assets	(103)	(60)	(4,174)	(18,468)
c) Increase/(decrease) in operating liabilities	(16,755)	(123,548)	(10,703)	(105,495)
Net increase/(decrease) in deposits and loans measured at amortised cost	(18,923)	(2,912)	(19,383)	(3,161)
Net increase/(decrease) in issued debt securities measured at amortised cost	1,686	(107,144)	1,686	(107,144)
Net increase/(decrease) in hedging derivatives	516	15	516	15
Net increase/(decrease) in other liabilities	(34)	(13,507)	6,478	4,795
d) Cash flows from operating activities (a+b+c)	41,079	(107,838)	40,525	(108,577)
e) (Paid)/refunded corporate income tax	2,587	(6,905)	(2,931)	(7,503)
f) Net cash flow from operating activities (d+e)	43,666	(114,743)	43,456	(116,080)
B. CASH FLOWS FROM INVESTING ACTIVITIES				
a) Receipts from investing activities	40	87	40	87
b) Cash payments from investing activities	(758)	(285)	(814)	(951)
c) Net cash flow from investing activities (a-b)	(718)	(198)	(774)	(864)
D. Effect of foreign exchange differences on cash and cash equivalents	238	90	238	(90)
E. Net increase in cash and cash equivalents (Af+Bc)	42,948	(114,941)	42,682	(116,944)
F. Opening balance of cash and cash equivalents	71,071	147,668	75,950	153,355
G. Closing balance of cash and cash equivalents (D+E+F)	114,257	32,637	118,870	36,321

13 Other disclosures

13.1 Disclosures relating to connected clients

Significant relations of SID Bank with subsidiaries and joint ventures

(EUR thousand)	30 June 2018			31 Dec 2017		
	Subsidiary companies	Joint ventures	Total	Subsidiary companies	Joint ventures	Total
Receivables						
Loans	0	1,610	1,610	0	2,988	2,988
Other financial assets	4	0	4	5	0	5
Gross exposure	4	1,610	1,611	5	2,988	2,993
Impairments	0	(340)	(340)	0	(1,590)	(1,590)
Net exposure	4	1,270	1,274	5	1,398	1,403
Other financial liabilities	0	0	0	0	0	0
Provisions	0	0	0	0	0	0
Total liabilities	0	0	0	0	0	0

(EUR thousand)	1-6/2018			1-6/2017		
	Subsidiary companies	Joint ventures	Total	Subsidiary companies	Joint ventures	Total
Interest income	0	27	27	0	29	29
Revenues from other services	22	0	22	30	0	30
Provisions	0	0	0	0	1,118	1,118
Impairments	0	199	199	0	792	792
Total	22	226	248	30	1,939	1,969

13.2 Reporting by operating segment

Allocation and disclosure by operating segment is carried out on the basis of the attributes of individual business activities at the SID Bank Group. The majority of the SID Bank Group's operating activities are on the domestic market, for which reason the Group does not disclose additional itemisation by geographical area.

The SID Bank Group's business activities can be divided into two operating segments:

- banking, and
- collateralisation of receivables.

Each operating segment is organised as a legal entity in the form of an independent undertaking. Within the SID Bank Group, banking services are provided by the controlling company SID Bank and collateralisation of receivables is carried out at PKZ. The individual operating segments include products and services that differ from the other operating segments in terms of risk and return. Transactions between the operating segments are executed under normal commercial terms.

For the period 1-6/2018

(EUR thousand)	Banking	Collateralisation of receivables	Total	Mutual relations	Relations to third parties
Interest income	15,085	128	15,213	0	15,213
Interest expense	(4,473)	0	(4,473)	0	(4,473)
Net interest	10,612	128	10,740	0	10,740
Dividend income	36	0	36	0	36
Fee and commission income	163	0	163	0	163
Fee and commission expenses	(164)	(9)	(173)	0	(173)
Net fees and commissions	(1)	(9)	(10)	0	(10)
Net gains on financial assets and liabilities not measured at fair value through profit or loss	872	0	872	0	872
Net losses on financial assets and liabilities held for trading	(1)	0	(1)	0	(1)
Net gains on non-trading financial assets mandatorily at fair value through profit or loss	918	0	918	0	918
Net losses on financial assets and liabilities designated at fair value through profit or loss	(530)	0	(530)	0	(530)
Changes in fair value in hedge accounting	(68)	0	(68)	0	(68)
Net foreign exchange losses	8	0	8	0	8
Net gains on derecognition of non-financial assets	4	0	4	0	4
Other net operating gains	1,728	3,602	5,330	(3)	5,327
NET REVENUES/EXPENSES	13,578	3,721	17,299	(3)	17,296
Other information by segment	(3,084)	(3,322)	(6,406)	3	(6,403)
Administrative expenses	(6,627)	(1,918)	(8,545)	3	(8,542)
Depreciation and amortisation	(437)	(235)	(672)	0	(672)
Net modification gains or losses	(27)	0	(27)	0	(27)
Provisions	(434)	(1,097)	(1,531)	0	(1,531)
Impairments	4,441	(72)	4,369	0	4,369
Profit from continuing operations	10,494	399	10,893	0	10,893
Income tax on continuing operations	(1,994)	(80)	(2,074)	0	(2,074)
Net profit for the financial period	8,500	319	8,819	0	8,819
30 June 2018					
ASSETS AND LIABILITIES					
Total assets	2,488,525	61,480	2,550,005	(8,417)	2,541,588
Long-term investments in subsidiaries, associates and joint ventures	8,413	0	8,413	(8,413)	0
Liabilities (other than equity) by segment	2,064,252	35,104	2,099,356	(4)	2,099,352
Total equity	424,273	26,376	450,649	(8,413)	442,236
Appreciation/(depreciation) of property, plant and equipment and intangible assets	321	(179)	142	0	142

The Mutual relations column shows all income and expenses generated between SID Bank Group companies, income from subsidiary dividends, mutual claims and liabilities of SID

Bank Group companies, investments in subsidiaries and other consolidation bookings (accounting entries).

For the period 1-6/2017

(EUR thousand)	Banking	Collateralisation of receivables	Total	Mutual relations	Relations to third parties
Interest income	14,830	160	14,990	0	14,990
Interest expense	(4,630)	0	(4,630)	0	(4,630)
Net interest	10,200	160	10,360	0	10,360
Dividend income	87	0	87	0	87
Fee and commission income	98	0	98	0	98
Fee and commission expenses	(257)	(10)	(267)	0	(267)
Net fees and commissions	(159)	(10)	(169)	0	(169)
Net gains on financial assets and liabilities not measured at fair value through profit or loss	1,498	0	1,498	0	1,498
Net gains on financial assets and liabilities held for trading	301	0	301	0	301
Net losses on financial assets and (liabilities) designated at fair value through profit or loss	1,202	0	1,202	0	1,202
Changes in fair value in hedge accounting	23	0	23	0	23
Net foreign exchange gain/loss	(952)	0	(952)	0	(952)
Net losses on derecognition of non-financial assets	(8)	0	(8)	0	(8)
Other net operating gains	795	3,630	4,425	(3)	4,422
NET REVENUES/EXPENSES	12,987	3,780	16,767	(3)	16,764
Other information by segment	(7,056)	(3,520)	(10,576)	3	(10,573)
Administrative expenses	(6,010)	(2,016)	(8,026)	3	(8,023)
Depreciation and amortisation	(408)	(183)	(591)	0	(591)
Provisions	(853)	(1,355)	(2,208)	0	(2,208)
Impairments	215	34	249	0	249
Gain/loss from continuing operations	5,931	260	6,191	0	6,191
Income tax on continuing operations	(1,126)	(57)	(1,183)	0	(1,183)
Net gain/loss for the financial period	4,805	203	5,008	0	5,008
30 June 2017					
ASSETS AND LIABILITIES					
Total assets	2,428,351	75,053	2,503,404	(8,418)	2,494,986
Investments in subsidiaries, associates and joint ventures	8,413	0	8,413	(8,413)	0
Liabilities (other than equity) by segment	2,029,315	46,527	2,075,842	(5)	2,075,836
Total equity	399,036	28,526	427,562	(8,413)	419,150
Appreciation/(depreciation) of property, plant and equipment and intangible assets	(131)	483	352	0	352

13.3 Fair value of financial assets and liabilities

Fair value of financial assets and liabilities

Fair value is the price that would be received when selling an asset or paid when transferring a liability in a standard transaction between market participants at the measurement date under current market terms, regardless of whether the price can be directly observed or estimated using another valuation technique.

The fair value of financial assets and financial liabilities traded on an active market is based on the published market prices. SID Bank and the SID Bank Group establish fair value for all other financial instruments using other valuation techniques.

An active market is a market on which frequent transactions are made using assets or liabilities whereby public information on prices is provided on a regular basis.

SID Bank and the SID Bank Group measure fair value using a fair value hierarchy that reflects the significance of the input data.

– Level 1: quoted prices on active markets for identical assets or liabilities to which SID Bank and the SID Bank Group have access as at the measurement date. For the SID Bank Group, level 1 includes investments in bonds, to which the MTS rate applies within the MTS Slovenia trading system, and the Composite Bloomberg Bond Trader (CBBT) rate applies for other trading systems.

– Level 2: inputs other than the quoted prices included in level 1 that can be directly (prices) or indirectly (derived from prices) observed for assets or liabilities. In level 2, SID Bank and the SID Bank Group include financial instruments valued through the use of quoted prices for similar assets and liabilities on active markets, quoted prices for equivalent or similar assets and liabilities on inactive markets, or inputs that are not quoted prices and can be observed as assets or liabilities, e.g. interest rates and yield curves. Level 2 also includes investment in bonds, which are valued based on the Bloomberg Generic Price (BGN), as this rate is

identical to the interbank or OTC market rate. The BGN is otherwise not a direct rate that SID Bank and the SID Bank Group could use to sell securities on the valuation date, but its use ensures impartiality in valuation, and the price is a reflection of the actual transactions on the market and is an appropriate indicator of the prices that could be achieved through the sale of bonds on the market. The prices of sellers do not deviate from the applied rate to a materially significant extent. SID Bank and the SID Bank Group do not have any loans at level 2 measured at fair value.

– Level 3: SID Bank and the SID Bank Group include in this category financial instruments for which fair value is calculated according to models that mainly use unobservable inputs, and financial instruments that were valued at historical cost in the previous period. The fair value of loans mandatorily at fair value is calculated through the discounting of estimated cash flows at a uniform interest rate upon recognition. Estimated future cash flows for loans to going concerns are calculated on the basis of contractual cash flows, the likelihood of repayment and macroeconomic forecasting factors. For loans to companies that are not going concerns, estimated future cash flows are calculated taking account of redemption of collateral, the haircut, collateral redemption period and macroeconomic forecasting factors. Observable inputs are developed on the basis of market data such as public information on actual events and transactions. Unobservable inputs are inputs for which market data are not available and are developed using the best available information on the assumptions that market participants would use when pricing the asset or liability.

Financial assets measured at fair value

The financial instruments that SID Bank and the SID Bank Group disclose at fair value in the statement of financial position are non-trading financial assets mandatorily at fair value through profit or loss and measured at fair value through other comprehensive income and hedging derivatives.

Hedging derivatives that include interest rate swaps are valued taking account of market interest rates and yield curves.

The fair value of non-trading financial assets mandatorily at fair value through profit or loss and measured at fair value through other comprehensive income is determined using prices quoted on active markets for identical assets, prices quoted on active markets for similar assets and prices quoted for identical and similar assets on inactive markets.

The fair value of loans mandatorily at fair value is calculated through the discounting of estimated cash flows at a uniform interest rate upon recognition. Estimated future cash flows for loans to going concerns are calculated on the basis of contractual cash flows, the likelihood of repayment and macroeconomic forecasting factors. For loans to companies that are not going concerns, estimated future cash flows are calculated taking account of redemption of collateral, the haircut, collateral redemption period and macroeconomic forecasting factors.

Financial assets not measured at fair value

The carrying amounts for cash are assumed to be approximately equal to their fair values.

The fair values of loans are calculated using discount curves composed of probability of default values for large Slovenian corporates. The fair value of financial liabilities with variable interest rates is approximately equal to their carrying amounts as at the reporting date. Market interest rates are used to calculate the fair value of liabilities for variable interest rate loans measured at amortised cost. Loans with fixed interest rates account for 15.3% of liabilities for loans measured at amortised cost at SID Bank and the SID Bank Group, and they conclude that there are no material differences between the fair value of the loans and their carrying amounts.

SID Bank and SID Bank Group recognise and measure issued debt securities and loans according to amortised cost. For instruments included in the hedge ratio for purposes of calculation of the effects of the calculation of hedging, the fair value is calculated using valuation techniques and the expected current value. The expected current value is calculated using inputs that are not quoted prices and which can be observed, i.e. interest rates and yield curves. For instruments not included in hedging relationships, fair value is calculated through the use of quoted prices for similar liabilities on active markets, quoted prices for equivalent or similar liabilities on inactive markets, or inputs that are not quoted prices and can be observed, e.g. interest rates and yield curves.

Fair value hierarchy – financial assets measured at fair value

(EUR thousand)	SID Bank							
	30 June 2018				31 Dec 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Available-for-sale financial assets	N/A	N/A	N/A	N/A	32,048	628,282	70,191	730,521
Debt securities	N/A	N/A	N/A	N/A	32,048	618,393	63,846	714,287
Equity securities	N/A	N/A	N/A	N/A	0	9,889	6,345	16,234
Non-trading financial assets mandatorily at fair value through profit or loss	0	0	17,196	17,196	N/A	N/A	N/A	N/A
Financial assets measured at fair value through other comprehensive income	35,035	595,703	50,642	681,380	N/A	N/A	N/A	N/A
Debt securities	35,035	584,040	44,153	663,228	N/A	N/A	N/A	N/A
Equity securities	0	11,663	6,489	18,152	N/A	N/A	N/A	N/A
Total financial assets	35,035	595,703	67,838	698,576	32,048	628,282	70,191	730,521
Financial liabilities measured at fair value								
Hedging derivatives	0	1,935	0	1,935	0	93	0	93
Total financial liabilities	0	1,935	0	1,935	0	93	0	93

(EUR thousand)	SID Bank Group							
	30 June 2018				31 Dec 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Available-for-sale financial assets	N/A	N/A	N/A	N/A	50,513	629,300	70,191	750,004
Debt securities	N/A	N/A	N/A	N/A	50,513	619,411	63,846	733,770
Equity securities	N/A	N/A	N/A	N/A	0	9,889	6,345	16,234
Non-trading financial assets mandatorily at fair value through profit or loss	0	0	17,196	17,196	N/A	N/A	N/A	N/A
Financial assets measured at fair value through other comprehensive income	57,024	596.714	50.642	704.380	N/A	N/A	N/A	N/A
Debt securities	57,024	585.051	44.153	686.228	N/A	N/A	N/A	N/A
Equity securities	0	11.663	6.489	18.152	N/A	N/A	N/A	N/A
Total financial assets	57,024	596.714	67.838	721.576	50,513	629,300	70,191	750,004
Financial liabilities measured at fair value								
Hedging derivatives	0	1,935	0	1,935	0	93	0	93
Total financial liabilities	0	1,935	0	1,935	0	93	0	93

Table of transfers between levels

1-6/2018	SID Bank and SID Bank Group
(EUR thousand)	Transfers from level 3 to level 1
Financial assets measured at fair value	
Financial assets measured at fair value through other comprehensive income	3,193
Debt securities	3,193

1-6/2017	SID Bank	SID Bank Group	
(EUR thousand)	Transfers from level 2 to level 1	Transfers from level 1 to level 2	Transfers from level 2 to level 1
Financial assets measured at fair value			
Available-for-sale financial assets	18,544	575	18,544
Debt securities	18,544	575	18,544

Movement of financial assets measured at fair value classified as level 3

(EUR thousand)	Balance as at 1 Jan 2018	Recognition of new financial assets	Interest	Net revaluation through equity	Fair value changes	Derecognition of financial assets	Impairments through profit or loss	Transition to level 3	Balance as at 30 June 2018
Financial assets measured at fair value through other comprehensive income	70,191	3,789	46	(159)	0	(20,313)	281	(3,193)	50,642
Debt securities	63,846	3,789	46	(303)	0	(20,313)	281	(3,193)	44,153
Equities	6,345	0	0	144	0	0	0	0	6,489
Financial assets measured at fair value through profit or loss	18,019	0	0	0	918	(1,909)	0	168	17,196
Total financial assets at level 3	88,210	3,789	46	(159)	918	(22,222)	281	(3,025)	67,838

(EUR thousand)	Balance as at 1 Jan 2017	Recognition of new financial assets	Interest	Net revaluation through equity	Fair value changes	Derecognition of financial assets	Impairments through profit or loss	Transition to level 3	Balance as at 30 June 2017
Financial assets measured at fair value through other comprehensive income	35,275	41,980	113	17	0	(25,000)	0	0	52,385
Debt securities	28,871	41,980	113	76	0	(25,000)	0	0	46,040
Equities	6,404	0	0	(59)	0	0	0	0	6,345
Total financial assets at level 3	35,275	41,980	113	17	0	(25,000)	0	0	52,385

Table of fair values of financial assets not measured at fair value

(EUR thousand)	30 June 2018				31 Dec 2017			
	SID Bank		SID Bank Group		SID Bank		SID Bank Group	
	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount
Cash balances at central bank and demand deposits at banks	114,257	114,257	118,870	118,870	71,071	71,071	75,950	75,950
Loans	1,705,332	1,657,189	1,711,347	1,663,200	1,647,698	1,631,472	1,639,691	1,636,725
Loans and advances to banks	1,028,242	1,025,319	1,034,245	1,031,322	1,033,700	1,032,179	1,038,952	1,037,431
Loans and advances to non-bank customers	675,177	629,959	675,177	629,959	612,445	597,740	599,138	597,740
Other financial assets	1,913	1,911	1,925	1,919	1,553	1,553	1,601	1,554
Total financial assets	1,819,589	1,771,446	1,830,217	1,782,070	1,718,769	1,702,543	1,715,641	1,712,675
Financial liabilities measured at amortised cost	2,054,659	2,054,547	2,055,070	2,054,958	2,038,693	2,038,145	2,039,564	2,039,016
Deposits from banks and central banks	20,084	20,084	20,084	20,084	25,264	25,264	25,264	25,264
Deposits from non-bank customers	8,802	8,802	8,802	8,802	0	0	0	0
Loans from banks and central banks	1,186,317	1,185,911	1,186,317	1,185,911	1,205,968	1,205,542	1,205,968	1,205,542
Loans from non-bank customers	486,069	485,959	486,069	485,959	454,950	454,828	454,950	454,828
Debt securities	351,533	351,937	351,533	351,937	350,320	350,320	350,320	350,320
Other financial liabilities	1,854	1,854	2,265	2,265	2,191	2,191	3,062	3,062
Total financial liabilities	2,054,659	2,054,547	2,055,070	2,054,958	2,038,693	2,038,145	2,039,564	2,039,016

13.4 Contingent liabilities and assumed commitments

Contractual liabilities for off-balance sheet financial instruments arising from assumed commitments

(EUR thousand)	SID Bank and SID Bank Group	
	30 June 2018	31 Dec 2017
Guarantees	0	13,863
Other off-balance sheet liabilities	179,004	60,409
Total assumed commitments	179,004	74,272
Provisions for off-balance sheet risks – guarantees	0	(101)
Provisions for off-balance-sheet liabilities – other off-balance-sheet liabilities	(374)	(2,269)
Total provisions for assumed commitments	(374)	(2,370)

Under assumed commitments, SID Bank or the SID Bank Group disclose the value guarantees given and the value of other off-balance sheet liabilities, including the value of undrawn loans and the value of uncalled unpaid capital. Undrawn loans increased in the first half of 2018. The amount of loans and advances

approved for non-bank customers, undrawn as at 30 June 2018 amounts to EUR 130,919 thousand, while those approved for banks amount to EUR 36,085 thousand. The value of uncalled unpaid capital amounts to EUR 12,000 thousand.

13.5 Changes in impairments and provisions

Movement of impairments in the period 1-6/2018 (IFRS 9)

(EUR thousand)	SID Bank and SID Bank Group			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 Jan 2018	9,077	(6,100)	21,368	24,345
Increases due to origination and acquisitions	1,569	0	11	1,580
Decreases due to derecognition	(284)	(33)	(1,325)	(1,642)
Changes due to change in credit risk	(962)	(4,819)	183	(5,598)
Write-offs	0	0	(804)	(804)
Other adjustments	2	0	0	2
Balance as at 30 June 2018	9,402	(10,952)	19,433	17,883
Recoveries of previously written-off amounts recorded directly in profit or loss	0	0	0	0
Written-off amounts directly in profit or loss	0	0	0	0

Movement of provisions for assumed commitments and financial guarantees in the period 1-6/2018 (IFRS 9)

(EUR thousand)	SID Bank and SID Bank Group			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 Jan 2018	224	12	0	236
Increases due to origination and acquisitions	2,061	0	0	2,061
Decreases due to derecognition	(1,912)	(12)	0	(1,924)
Other adjustments	1	0	0	1
Balance as at 30 June 2018	374	0	0	374
Recoveries of previously written-off amounts recorded directly in profit or loss	0	0	0	0
Written-off amounts directly in profit or loss	0	0	0	0

Movement of impairments in the period 1-6/2017 (IAS 39)

(EUR thousand)	SID Bank and SID Bank Group		
	Individual impairments	Collective impairments	Total
Balance as at 1 Jan 2017	125,116	59,551	184,667
Impairments created	10,793	8,289	19,082
Reversal of impairments	(11,710)	(7,586)	(19,296)
Decreases due to amounts accepted with respect to impairments	(23,159)	0	(23,159)
Transfers	(86)	86	0
Other adjustments	245	(11)	234
Balance as at 30 June 2017	101,199	60,329	161,528
Impairments of amounts recorded directly in profit or loss	750	0	750

Movement of provisions for assumed commitments and financial guarantees in the period 1-6/2017 (IAS 39)

(EUR thousand)	SID Bank and SID Bank Group		
	Individual impairments	Collective impairments	Total
Balance as at 1 Jan 2017	14,618	459	15,077
Impairments created	246	9,181	9,427
Reversal of impairments	(1,364)	(7,466)	(8,830)
Use of provisions	(13,500)	0	(13,500)
Other adjustments	0	(2)	(2)
Balance as at 30 June 2017	0	2,172	2,172
Recoveries recorded directly in profit or loss	0	0	0
Impairments of amounts recorded directly in profit or loss	0	0	0

Movement of provisions for retirement benefits and loyalty bonuses and provisions from insurance contracts

(EUR thousand)	SID Bank	SID Bank Group	
	Provisions for retirement benefits and loyalty bonuses	Provisions for retirement benefits and loyalty bonuses	Movements in liabilities from insurance contracts
Balance as at 1 Jan 2018	576	727	24,040
Additions	296	296	18,982
Disposals	0	0	(6,774)
Utilised	(4)	(6)	(5,698)
Balance as at 30 June 2018	868	1,017	30,550
Balance as at 1 Jan 2017	469	639	23,241
Additions	256	256	32,554
Disposals	0	0	(7,444)
Utilised	(2)	(2)	(5,505)
Balance as at 30 June 2017	723	893	42,846

14 Disclosures pursuant to the Guidelines on disclosure requirements under Part Eight of Regulation (EU) No. 575/2013 (EBA GL / 2016/11)

14.1 LCR disclosure to complement the disclosure of liquidity risk management under Article 435 of CRR Regulation

Currency and units	On an individual basis		On an individual basis	
	in EUR 000		in EUR 000	
Number of data points used in the calculation of averages	12		12	
Quarter ending on	30.06.2018		31.03.2018	
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
	Total adjusted value		Total adjusted value	
21 Liquidity buffer		359,680		420,875
22 Total net cash outflows		18,430		19,238
23 Liquidity coverage ratio (%)		2960%		3086%

14.2 The main features of the capital instruments issued by the Bank

1 Issuer	SID - Slovenska izvozna in razvojna banka, d.d., Ljubljana
2 Unique identifier	SIDR, ISIN SI0021102932
3 Governing law(s) of the instrument	Slovene
Regulatory treatment	
4 Transitional CRR rules	Common Equity Tier 1
5 Post-transitional CRR rules	Common Equity Tier 1
6 Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	Solo
7 Instrument type	Ordinary shares
8 Amount recognised in regulatory capital	EUR 300 million
9 Nominal amount of instrument	No nominal amount - per value shares
9a Issue price	No nominal amount - per value shares
9b Redemption price	N/A
10 Accounting classification	Shareholders' equity
11 Original date of issuance	20 June 1997
12 Perpetual or dated	Perpetual
13 Original maturity date	No maturity
14 Issuer call subject to prior supervisory approval	No
15 Optional call date, contingent call dates, and redemption amount	N/A
16 Subsequent call dates, if applicable	N/A
Coupons / dividends	
N/A	

N/A – Not applicable

SID Bank has no Additional Tier 1 items or Tier 2 items. In accordance with the provisions of Article 4 of the ZSIRB the Bank cannot use the

distributable profit for dividends, but is allocated to other profit reserves.

14.3 Disclosure of own funds, regulatory adjustments and prudential filters

	30.06.2018	30.06.2018 (C) Amounts subject to pre-CRR treatment or CRR prescribed residual amount	31.12.2017	31.12.2017 (C) Amounts subject to pre-CRR treatment or CRR prescribed residual amount
Common Equity Tier 1 capital: instruments and reserves	(A) Amount at disclosure date		(A) Amount at disclosure date	
1 Capital instruments and the related share premium accounts	299,815		299,815	
of which: Paid up capital instruments	300,000		300,000	
of which: Share premium	1,139		1,139	
of which: Own CET1 instruments	(1,324)		(1,324)	
2 Retained earnings	9,557		0	
3 Accumulated other comprehensive income (and any other reserves)	106,401		96,123	
6 Common Equity Tier 1 (CET1) capital before regulatory adjustments	415,773		395,938	
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7 Additional value adjustments (negative amount)	(701)		(731)	
8 Intangible assets (net of related tax liability) (negative amount)	(1,117)		(804)	
26a Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468			(8,784)	(6,660)
of which: filter for unrealised gains - debt securities measured at fair value, others			(434)	(1,737)
of which: filter for unrealised gains - debt securities measured at fair value, central governments			(7,119)	0
of which: filter for unrealised loss - debt securities measured at fair value, others			9	36
of which: filter for unrealised loss - debt securities measured at fair value, central government			10	40
of which: filter for unrealised gains - equity instruments measured at fair value			(1,250)	(4,999)
28 Total regulatory adjustments to Common Equity Tier 1 (CET1)	(1,818)		(10,319)	(6,660)
29 Common Equity Tier 1 (CET1) capital	413,955		385,619	(6,660)
45 Tier 1 capital (T1 = CET1 + AT1)	413,955		385,619	(6,660)
59 Total capital (TC = T1 + T2)	413,955		385,619	(6,660)
60 Total risk - weighted assets	1,103,488		1,049,055	
Capital ratios and buffers				
61 Common Equity Tier 1 (CET1) capital (as a percentage of total risk exposure amount)	37.51%		36.76%	(0.63%)
62 Tier 1 (as a percentage of total risk exposure amount)	37.51%		36.76%	(0.63%)
63 Total capital (as a percentage of total risk exposure amount)	37.51%		36.76%	(0.63%)

INTERIM FINANCIAL REPORT OF SID BANK AND OF THE SID BANK GROUP JUNE 2018

	30.06.2018	30.06.2018	31.12.2017	31.12.2017
	(A)	(C)	(A)	(C)
Common Equity Tier 1 capital: instruments and reserves	Amount at disclosure date	Amounts subject to pre-CRR treatment or CRR prescribed residual amount	Amount at disclosure date	Amounts subject to pre-CRR treatment or CRR prescribed residual amount
64 Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements plus a systemic risk buffer, plus systemically important institution buffer expressed as a percentage of total risk exposure amount)	1.886%	2.125%	1.263%	1.500%
65 of which: capital conservation buffer requirement	1.875%	1.875%	1.250%	1.250%
66 of which: countercyclical buffer requirement	0.011%	0%	0.013%	0%
67 of which: systemic risk buffer requirement	0%	0.250%	0%	0.250%
67a of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0%	0.250%	0%	0.250%
68 Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)				
Amounts below the thresholds for deduction (before risk - weighting)				
72 Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	6,489		6,345	
73 Direct and indirect holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	8,413		8,413	

14.4 EU OV1 – Overview of RWAs

		RWAs		Minimal capital requirements		
		30.06.2018	31.03.2018	30.06.2018	31.03.2018	
	1	Credit risk (excluding CCR)	1,033,128	994,876	82,650	79,590
Article 438(c)(d)	2	Of which the standardised approach	1,033,128	994,876	82,650	79,590
Article 438(c)(d), Article 107	6	CCR	15,254	15,627	1,220	1,250
Article 438(c)(d)	12	Of which CVA	15,254	15,627	1,220	1,250
Article 438(f)	23	Operational risk	55,106	55,106	4,409	4,409
	24	Of which basic indicator approach	55,106	55,106	4,409	4,409
	29	Total	1,103,488	1,065,610	88,279	85,249
Article 437(2), Article 48 and Article 60	27	Amounts below the thresholds for deduction (subject to 250% risk weight)	30,001	29,630	2,400	2,370

14.5 EU INS1 - Participation in insurance undertakings

	30.06.2018 Value	31.12.2017 Value
Holdings of own funds instruments of a financial sector entity where the institution has a significant investment not deducted from own funds (before risk-weighting)	8,413	8,413
Total risk - weighted assets	21,032	21,032

14.6 EU CR1-A – Credit quality of exposures by exposure classes and instruments

Further, within the gross carrying amount of defaulted exposures are included also loans measured at fair values, which gross carrying

amount is reduced by credit and other risk deviation in total amount of 42,851 thousand EUR per 30 June 2018.

		Gross carrying values of				Credit risk adjustments charges of the period	Net values
30.06.2018		Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	Accumulated write-offs		
16	Central governments or central banks	0	591,923	15	0	0	591,909
17	Regional governments or local authorities	0	47,166	42	0	2	47,124
18	Public sector entities	0	32,734	5	0	(1)	32,729
19	Multilateral development banks	0	13,000	0	0	0	13,000
21	Institutions	0	1,199,323	644	0	54	1,198,679
22	Corporates	0	720,267	(1,882)	0	4,246	722,149
23	Of which: SMEs	0	220,523	7,099	0	(1,411)	213,424
28	Exposures in default	55,382	0	19,433	0	0	35,949
33	Equity exposures	0	42,181	15,616	0	0	26,565
34	Other exposures	0	5,334	0	0	1	5,334
35	Total standardized approach	55,382	2,651,928	33,873	0	4,303	2,673,438
36	Total	55,382	2,651,928	33,873	0	4,303	2,673,438
37	Of which: Loans	55,382	1,635,938	16,935	0	4,206	1,674,385
38	Of which: Debt securities	0	664,175	947	0	97	663,228
39	Of which: Off-balance-sheet exposures	0	179,004	374	0	(138)	178,630

14.7 EU CR1-B – The amount of impaired exposures, past due exposures and credit risk adjustments by significant industry type

		Gross carrying values of				Credit risk adjustments charges of the period	Net values
30.06.2018		Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	General credit risk adjustment		
Sector							
	Public administration and defence, compulsory social security	0	534,579	57	0	0	534,522
	Financial and insurance activities	1,610	1,419,123	16,626	0	0	1,404,107
	Electricity, gas, steam and air conditioning supply	0	128,827	1,624	0	0	127,202
	Manufacturing	10,433	239,403	(5,585)	0	0	255,420
	Trade; maintenance and repair of motor vehicles	17,253	100,951	3,502	0	0	114,702
	Other	26,086	229,046	17,648	0	0	237,484
Total		55,382	2,651,928	33,873	0	0	2,673,438

31.12.2017 Sector	Gross carrying values of					Accumulated write-offs	Credit risk adjustments charges of the period	Net values
	Defaulted exposures	Non- defaulted exposures	Specific credit risk adjustment	General credit risk adjustment				
Financial and insurance activities	10,297	790,234	33,264	0	659	250	767,268	
Public administration and defence, compulsory social security	0	522,520	1,125	0	0	186	521,395	
Manufacturing	13,830	220,017	30,989	0	0	19,346	202,858	
Electricity, gas, steam and air conditioning supply	0	136,092	2,834	0	0	787	133,258	
Transportation and storage	15,831	98,944	13,016	0	0	2,136	101,759	
Other	86,256	793,959	82,815	0		(16,169)	797,401	
Total	126,214	2,561,767	164,043	0	659	6,536	2,523,938	

14.8 EU CR1 - C - The amount of the impaired exposures and past due exposures, provided separately, broken down by significant geographical areas including the amounts of credit risk adjustments

30.06.2018 Area	Gross carrying values of			Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
	Defaulted exposures	Non-defaulted exposures						
Slovenia	44,800	2,017,453	28,877	0	0	4,111	2,033,376	
Other EU members	5,955	549,137	182	0	0	90	554,911	
Other non-EU	4,627	35,984	4,647	0	0	166	35,964	
European countries								
Other countries	0	49,355	168	0	0	(64)	49,187	
Total	55,382	2,651,928	33,873	0	0	4,303	2,673,438	

31.12.2017 Area	Gross carrying values of			Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustments charges of the period	Net values
	Defaulted exposures	Non-defaulted exposures						
Slovenia	97,001	1,825,016	138,164	0	659	15,572	1,783,854	
Other EU members	20,095	663,120	15,408	0	0	(8,625)	667,807	
Other non-EU	9,117	35,446	10,123	0	0	(79)	23,440	
European countries								
Other countries	0	49,184	348	0	0	(332)	48,836	
Total	126,214	2,561,767	164,043	0	659	6,536	2,523,938	

14.9 EU CR1 - D - Ageing of past - due exposures

30.06.2018	Gross carrying values of						Net values	
	≤ 30 days		> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year		> 1 year
1 Loans	133	4	0	994	3,107	15,297		
2 Debt securities	0	0	0	0	0	0		
3 Total exposure	133	4	0	994	3,107	15,297		

		Gross carrying values of					
31.12.2017		≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year
1	Loans	3,369	189	361	1,566	349	23,136
2	Debt securities	0	0	0	0	0	0
3	Total exposure	3,369	189	361	1,566	349	23,136

14.10 EU CR1 - E - Non - performing and forborne exposures

30.06.2018	Gross carrying values of performing and non-performing exposures							Accumulated impairment and provisions and negative fair value adjustments due to credit risk			Collaterals and financial guarantees received		
	Of which performing but past due > 30 days and ≤ 90 days	Of which performing forborne	Of which non-performing			On performing exposures		On non-performing exposures		On non-performing exposures	Of which forborne exposures		
			Of which defaulted	Of which impaired	Of which forborne	Of which forborne	Of which forborne						
Debt securities	664,175	0	0	0	0	0	0	(947)	0	0	0	0	0
Loans and advances	1,848,428	133	19,403	98,233	98,233	38,186	87,581	2,498	14,831	(62,284)	(10,830)	31,097	33,182
Off-balance-sheet exposures	179,004	0	0	0	0	0	0	374	0	0	0	0	0

14.11 EU CR3 - CRM techniques - Overview

	30.06.2018			31.12.2017		
	Exposures unsecured Carrying amount	Exposures secured Carrying amount	Exposures secured by financial guaranties	Exposures unsecured Carrying amount	Exposures secured Carrying amount	Exposures secured by financial guaranties
1 Total loans	1,611,743	62,642	62,642	1,609,503	21,969	21,969
2 Total debt securities	715,478	8,020	8,020	705,405	8,881	8,881
3 Total exposures	2,327,221	70,662	70,662	2,314,908	30,850	30,850
4 Of which defaulted	35,724	225	225	37,494	771	771

As insured exposures are shown only exposures insured with financial guarantees which bank used by decreasing credit risk for calculating capital requirements. For this purpose, bank by

decreasing capital risk does not use any other insurances, not even credit derivative financial instruments or property insurance.

14.12 EU CR4 - Standardised approach – Credit risk exposure and CRM effect

30.06.2018 Exposure class	Exposures before CCF and CRM		Exposures post CCF and CRM		RWA	RWA density
	On- Balance Sheet amount	Off- Balance Sheet amount	On- Balance Sheet amount	Off- Balance Sheet amount		
Central governments or central banks	526,040	65,869	555,642	32,935	15,514	1.5%
Regional governments or local authorities	40,858	6,266	40,746	3,133	9,427	0.9%
Public sector entities	32,729	0	32,729	0	6,546	0.6%
Multilateral Development Banks	1,000	12,000	1,000	12,000	2,400	0.2%
Institutions	1,155,195	43,484	1,144,328	24,946	243,089	23.5%
Corporates	663,738	58,411	646,578	29,082	675,681	65.4%
Exposures in default	35,949	0	35,724	0	35,953	3.5%
Equity	26,565	0	26,565	0	39,184	3.8%
Other items	5,334	0	5,334	0	5,334	0.5%
Total	2,487,408	186,030	2,488,646	102,096	1,033,128	100.0%

31.12.2017 Exposure class	Exposures before CCF and CRM		Exposures post CCF and CRM		RWA	RWA density
	On- Balance Sheet amount	Off- Balance Sheet amount	On- Balance Sheet amount	Off- Balance Sheet amount		
Central governments or central banks	541,743	0	564,097	0	21,343	2.2%
Regional governments or local authorities	38,551	2,528	38,407	1,264	8,582	0.9%
Public sector entities	34,386	0	34,386	0	6,877	0.7%
Multilateral Development Banks	1,050	12,000	1,050	12,000	2,400	0.2%
Institutions	1,155,885	37,946	1,145,424	26,454	239,782	24.7%
Corporates	610,974	20,627	600,214	10,204	610,598	63.0%
Exposures in default	38,265	0	37,494	0	37,601	3.9%
Equity	24,647	0	24,647	0	37,266	3.8%
Other items	5,336	0	5,336	0	5,336	0.6%
Total	2,450,836	73,101	2,451,056	49,922	969,785	100.0%

14.13 EU CR5 - Standardised approach - The breakdown of exposures under the standardised approach by asset class and risk weight

30.06.2018	Risk weight						Total	Of which unrated	Deducted
	0%	20%	50%	100%	150%	250%			
Exposure class									
Central governments or central banks	572,042	0	12,806	141	0	3,588	588,577	588,577	(405)
Regional governments or local authorities	0	43,378	0	0	501	0	43,879	43,879	(2)
Public sector entities	0	32,729	0	0	0	0	32,729	32,729	(14)
Multilateral Development Banks	1,000	12,000	0	0	0	0	13,000	13,000	0
Institutions	0	1,157,731	0	11,543	0	0	1,169,274	1,169,274	(129)
Corporates	0	0	0	675,618	42	0	675,660	675,660	(113)
Exposures in default	0	0	0	35,265	459	0	35,724	35,724	(17)
Equity	0	0	0	18,152	0	8,413	26,565	26,565	(18)
Other items	0	0	0	5,334	0	0	5,334	5,334	(1,117)
Total	573,042	1,245,838	12,806	746,054	1,001	12,001	2,590,742	2,590,742	(1,816)

31.12.2017	Risk weight						Total	Of which unrated	Deducted
	0%	20%	50%	100%	150%	250%			
Exposure class									
Central governments or central banks	519,153	4,080	40,672	191	0	0	564,097	564,097	(462)
Regional governments or local authorities	0	39,172	0	0	498	0	39,671	39,671	0
Public sector entities	0	34,386	0	0	0	0	34,386	34,386	(14)
Multilateral Development Banks	1,050	12,000	0	0	0	0	13,050	13,050	0
Institutions	0	1,167,721	0	0	4,158	0	1,171,879	1,171,879	(123)
Corporates	0	0	0	610,057	361	0	610,418	610,418	(115)
Exposures in default	0	0	0	37,279	215	0	37,494	37,494	0
Equity	0	0	0	16,234	0	8,413	24,647	24,647	(16)
Other items	0	0	0	6,140	0	0	5,336	5,336	(804)
Total	520,203	1,257,360	40,672	669,902	5,232	8,413	2,500,977	2,500,977	(1,535)

14.14 EU CCR1 - Analysis of CCR exposure by approach

30.06.2018		Notional	EAD post CRM	RWAs
2	Original exposure	85,000	7,400	1,480
11	Total	85,000	7,400	1,480

31.12.2017		Notional	EAD post CRM	RWAs
2	Original exposure	15,000	1,200	240
11	Total	15,000	1,200	240

14.15 EU CCR2 - CVA capital charge

30.06.2018		Exposure value	RWAs
4	All portfolios subject to the standardised method – RWA	7,400	15,254
5	Total subject to the CVA capital charge	0	1,220

31.12.2017		Exposure value	RWAs
4	All portfolios subject to the standardised method – RWA	1,200	2,117
5	Total subject to the CVA capital charge	1,220	169

14.16 The geographical distribution of its credit exposures relevant for the calculation of its countercyclical capital buffer – breakdown by country

(Article 440(1)(a) of the CRR Regulation)

	General credit exposures		Own funds requirements		(110) Own funds requirements weights	(120) Countercyclical
	(010) Exposure value under the Standardised Approach	(070) of which:	(010) Exposure value under the Standardised Approach	(010) Exposure value under the Standardised Approach		
30.06.2018						
Country Code						
SI	665,632	54,278	54,278		0.90	0.00%
US	25,854	2,068	2,068		0.03	0.00%
NL	14,823	1,186	1,186		0.02	0.00%
HR	9,428	754	754		0.01	0.00%
IE	7,398	592	592		0.01	0.00%
CK	6,489	519	519		0.01	0.00%
AT	4,390	351	351		0.01	0.00%
GB	4,030	322	322		0.01	0.50%
NO	3,300	264	264		0.00	2.00%
FR	1,501	120	120		0.00	0.00%
RS	272	22	22		0.00	0.00%
ME	42	5	5		0.00	0.00%
BA	36	3	3		0.00	0.00%
DE	31	2	2		0.00	0.00%
TR	27	2	2		0.00	0.00%
BE	19	2	2		0.00	0.00%
SN	9	1	1		0.00	0.00%
Total	743,283	60,492	60,492		1.00	

	General credit exposures		Own funds requirements		(110) Own funds requirements weights	(120) Countercyclical
	(010) Exposure value under the Standardised Approach	(070) of which:	(010) Exposure value under the Standardised Approach	(010) Exposure value under the Standardised Approach		
31. 12. 2017						
Country Code						
SI	600,103	48,961	48,961		0.89	0.00%
US	29,382	1,836	1,836		0.03	0.00%
NL	21,094	1,688	1,688		0.03	0.00%
HR	12,462	828	828		0.01	0.00%
CK	6,345	508	508		0.01	0.00%
AT	4,396	352	352		0.01	0.00%
NO	4,379	350	350		0.01	2.00%
IE	3,487	279	279		0.01	0.00%
SN	3,174	254	254		0.00	0.00%
FR	1,503	120	120		0.00	0.00%
RS	1,330	38	38		0.00	0.00%
TR	935	3	3		0.00	0.00%
ME	578	7	7		0.00	0.00%
BA	306	37	37		0.00	0.00%
GB	45	4	4		0.00	0.00%
BE	8	1	1		0.00	0.00%
DE	4	0	0		0.00	0.00%
AE	2	0	0		0.00	0.00%
IT	1	0	0		0.00	0.00%
Total	689,536	55,264	55,264		1.00	

(440 (1)(b) Article of CRR regulation)
An institution - specific countercyclical capital buffer rate

		30.06.2018	31.12.2017
010	Total Risk exposure amount	1,103,488	1,049,055
020	Institution specific countercyclical capital buffer rate	0.011%	0.013%
030	Institution specific countercyclical capital buffer requirement	126	133

14.17 Leverage ratios
(Article 451 of the CRR Regulation)
Summary reconciliation of accounting assets and leverage ratio exposures

		30.06.2018		31.12.2017	
		Transitional definition	Fully phased in definition	Transitional definition	Fully phased in definition
1	Total assets as per published financial statements	2,667,529	2,667,529	2,571,574	2,571,574
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	0	0	(54,079)	(54,079)
4	Adjustments for derivative financial instruments	(7,400)	(7,400)	(1,200)	(1,200)
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	(84,308)	(84,308)	(25,549)	(25,549)
7	Other adjustments	11,779	11,779	(1,412)	(1,412)
8	Total leverage ratio exposure	2,587,600	2,587,600	2,489,334	2,498,118

Leverage ratio - common disclosure

		30.06.2018		31.12.2017	
		Transitional definition	Fully phased in definition	Transitional definition	Fully phased in definition
On - balance sheet exposures (excluding derivatives and SFTs)					
1	On - balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	2,488,646	2,488,646	2,451,056	2,451,056
2	(Asset amounts deducted in determining Tier 1 capital)	(3,142)	(3,142)	(11,644)	(2,859)
3	Total on - balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	2,485,504	2,485,504	2,439,412	2,448,186
Derivative exposures					
EU-5a	Exposure determined under Original Exposure Method	7,400	7,400	1,200	1,200
11	Total derivative exposures (sum of lines 4 to 10)	7,400	7,400	1,200	1,200
Other off - balance sheet exposures					
17	Off - balance sheet exposures at gross notional amount	179,004	179,004	74,271	74,271
18	(Adjustments for conversion to credit equivalent amounts)	(84,308)	(84,308)	(25,549)	(25,549)
19	Other off-balance sheet exposures (sum of lines 17 to 18)	94,696	94,696	48,722	48,722
Capital and total exposures					
20	Tier 1 capital	413,955	413,955	385,619	394,403

		30.06.2018		31.12.2017	
		Transitional definition	Fully phased in definition	Transitional definition	Fully phased in definition
21	Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	2,587,600	2,587,600	2,489,334	2,498,118
Leverage ratio					
22	Leverage ratio	16.0%	16.0%	15.5%	15.8%

Split-up of on balance sheet exposures

		30.06.2018		31.12.2017	
		Transitional definition	Fully phased in definition	Transitional definition	Fully phased in definition
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	2,488,646	2,488,646	2,451,056	2,451,056
EU-3	Trading book exposures	2,488,646	2,488,646	2,451,056	2,451,056
EU-5	Banking book exposures, of which:	556,642	556,642	565,147	565,147
EU-6	Exposures treated as sovereigns	73,475	73,475	72,793	72,793
EU-7	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	1,144,328	1,144,328	1,145,425	1,145,425
EU-10	Institutions	646,578	646,578	600,214	600,214
EU-11	Corporates	35,724	35,724	37,494	37,494
EU-12	Exposures in default	31,899	31,899	29,983	29,983

15 Significant events after the accounting period

There were no events after the date of the statement of financial position that could have an impact on the individual and consolidated

financial statements of SID Bank and of the SID Bank Group.