

# Banka

## INTERIM FINANCIAL REPORT

SID Bank and SID Bank  
Group

January – September,  
2017



## Contents

---

<b>CONTENTS.....</b>	<b>1</b>
<b>STATEMENT OF MANAGEMENT'S RESPONSIBILITY .....</b>	<b>2</b>
<b>1 BASIC INFORMATION .....</b>	<b>3</b>
<b>2 FINANCIAL HIGHLIGHT AND PERFORMANCE INDICATORS.....</b>	<b>4</b>
<b>3 SIGNIFICANT EVENTS .....</b>	<b>6</b>
<b>4 NOTES TO SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS .....</b>	<b>7</b>
<b>5 STATEMENT OF FINANCIAL POSITION .....</b>	<b>8</b>
<b>6 STATEMENT OF PROFIT OR LOSS.....</b>	<b>9</b>
<b>7 INCOME STATEMENT – BY QUARTERS.....</b>	<b>10</b>
7.1 INCOME STATEMENT OF SID BANK – BY QUARTERS.....	10
7.2 INCOME STATEMENT OF SID BANK GROUP – BY QUARTERS .....	11
<b>8 STATEMENT OF COMPREHENSIVE INCOME.....</b>	<b>12</b>
<b>9 STATEMENT OF COMPREHENSIVE INCOME – BY QUARTERS .....</b>	<b>12</b>
9.1 STATEMENT OF COMPREHENSIVE INCOME OF SID BANK– BY QUARTERS.....	12
9.2 STATEMENT OF COMPREHENSIVE INCOME OF SID BANK GROUP– BY QUARTERS.....	13
<b>10 STATEMENT OF CHANGES IN EQUITY .....</b>	<b>14</b>
10.1 STATEMENT OF CHANGES IN EQUITY OF SID BANK .....	14
10.2 STATEMENT OF CHANGES IN EQUITY OF SID BANK GROUP .....	15
<b>11 STATEMENT OF CASH FLOWS.....</b>	<b>16</b>
<b>12 OTHER DISCLOSURES.....</b>	<b>17</b>
12.1 RELATED PARTY DISCLOSURES .....	17
12.2 SEGMENT REPORTING .....	17
12.3 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES.....	20
12.4 CONTINGENT AND POTENTIAL LIABILITIES .....	21
<b>13 EVENTS AFTER REPORTING DATE .....</b>	<b>21</b>

## Statement of management's responsibility

---

The Management Board hereby confirms its responsibility for the preparation of the financial statements of SID Bank and SID Bank Group for the period ended 30 September 2017.

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

The management's responsibilities are:

- to employ relevant accounting policies, and to ensure that they are consistently applied,
- to make use of reasonable and prudent accounting estimates and judgements,
- to appropriately disclose and clarify any material deviations from the accounting standards applied, to ensure that the financial statements are compiled on a going-concern basis for SID Bank and the SID Bank Group and the 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 Basic information

---

### Company ID

Company name	SID - Slovenska izvozna in razvojna banka, d.d., Ljubljana
Address	Ulica Josipine Turnograjske 6, 1000 Ljubljana
ID Number	5665493
Tax Number	82155135
VAT Identification Number	SI82155135
Account number	0100 0000 3800 058
BIC (SWIFT)	SIDRSI22
Telephone	01 200 75 00
Telefax	01 200 75 75
E-mail	info@sid.si
Website	<a href="http://www.sid.si">http://www.sid.si</a>

### SID Bank Group

SID Bank Group is consisted of the following companies:

	Relationship	Ownership of SID Bank in percent
SID banka, d.d., Ljubljana	Parent company	-
SID – Prva kreditna zavarovalnica, d.d., Ljubljana	Subsidiary company	100
Prvi faktor, faktoring družba d.o.o., v likvidaciji, Ljubljana	Joint venture	50
Centre for International Cooperation and Development, Ljubljana	Co-foundation	

## 2 Financial highlight and performance indicators

### Statement of Financial Position Summary

(In EUR thousand)	SID Bank		SID Bank Group	
	30.9.2017	31.12.2016	30.9.2017	31.12.2016
Total assets	2,377,741	2,548,643	2,422,244	2,596,076
Loans to banks	946,558	996,368	952,196	1,002,502
Loans to non-bank customers	578,172	610,563	578,172	610,563
Financial liabilities	1,966,146	2,135,023	1,966,562	2,135,753
Total equity	405,714	393,829	423,008	413,808

### Income Statement Summary

(In EUR thousand)	SID Bank		SID Bank Group	
	1-9/2017	1-9/2016	1-9/2017	1-9/2016
Net interest income	15,053	18,752	15,292	18,999
Net non-interest income	7,841	8,912	8,248	13,140
Operating costs	(9,481)	(8,543)	(12,722)	(11,719)
Impairment and Provisions	(1,468)	4,103	(1,290)	3,572
Profit on ordinary activities	11,945	23,224	9,528	23,992
Net profit for the financial period	10,313	19,291	7,692	19,883

### Selected indicators<sup>1</sup>

(in percent)	SID Bank			SID Bank Group		
	1-9/2017	1-12/2016	1-9/2016	1-9/2017	1-12/2016	1-9/2016
<b>Profitability</b>						
Interest margin	0.82	0.85	0.87	0.80	0.85	0.88
Financial intermediation margin <sup>2</sup>	1.24	1.60	1.27	1.03	1.57	1.28
After-tax return on assets	0.56	0.76	0.90	0.40	0.81	0.92
Pre-tax return on equity	4.00	6.60	8.14	3.04	6.80	8.01
After-tax return on equity	3.45	5.57	6.76	2.45	5.71	6.64
<b>Operating cost</b>						
Operating costs/ average assets	0.51	0.42	0.40	0.67	0.58	0.54
Operating costs/net income	41.41	26.39	31.09	54.04	31.94	36.46
<b>Capital</b>						
Capital adequacy ratio	37.19	33.63	34.38	-	33.98	32.69
Leverage ratio	15.92	14.03	13.85	-	14.53	13.76
<b>Quality assets of the statement of financial position and contingent liabilities</b>						
Level of coverage of classified items by impairments and provisions	9.76	10.48	10.84	-	11.42	11.31

<sup>1</sup> The selected indicators relating to the quarterly period are calculated on annual level. From 31 March 2017 the capital adequacy ratio and the level of coverage of classified items by impairments and provisions are calculated only for SID Bank, since SID Bank is no longer obligated to fulfil the requirements of Regulation CRR on a consolidated basis.

<sup>2</sup> The calculations of financial intermediation margin for SID Bank Group do not include income from SID – Prva kreditna zavarovalnica insurance transactions.

	SID Bank			SID Bank Group		
	30.9.2017	31.12.2016	30.9.2016	30.9.2017	31.12.2016	30.9.2016
<b>Number of employees</b>	168	162	158	265	277	289

	SID Bank		
	30.9.2017	31.12.2016	30.9.2016
<b>International credit rating</b>			
Standard & Poor's	A+	A	A

<b>Shares</b>			
	30.9.2017	31.12.2016	30.9.2016
Number of shareholders	1	1	1
Number of shares	3,121,741	3,121,741	3,121,741
The corresponding amount of par value shares in the share capital (in EUR)	96.10	96.10	96.10
Nominal value per share (in EUR)	130.74	126.91	127.35

### Operations Reflected in the Statement of Financial Position

At the end of the first three quarter of 2017 SID Bank's total assets amounted to EUR 2,377.7 million, accounting for 93.3% of the total assets from 2016.

Loans to banks still accounted for a major share among all investments in the Bank's total assets in the first three quarter of 2017. Loans to banks include loans and deposits at banks and were valued at EUR 946.6 million at the end of the period. That is a 5.0% decrease compared with the end of 2016. Loans to non-banking clients decreased by 5.3% in 2017, mainly due to the repayment of loans, and totalled EUR 578.2 million as at the end of September 2017. Investments in securities totalled EUR 790.8 million, which is a 1.7% increase compared with the end of 2016.

Deposits and borrowings from banks, including the liabilities to the central bank, accounted for a majority of liabilities at the end of the first three quarter of 2017. This share amounted to 49% of the Bank's liabilities. Liabilities to banks and the central bank totalled EUR 1,164.3 million, which is a EUR 20.5 million decrease compared to the end of 2016. Liabilities to

non-banking clients stood at EUR 448.4 million and compared to the previous year they have not changed significantly. Due to early redemption and payments, the liabilities from issued securities decreased by 23.6% and totalled EUR 351.8 million.

The total equity of SID Bank increased by EUR 11.9 million or 3% compared to the end of 2016 and totalled EUR 405.7 million as at the end of the period. Net profit for the financial period, including retained earnings, increased by EUR 0.2 million, accumulated other comprehensive income in connection to available-for-sale financial assets also increased in terms of value by EUR 1.6 million.

Considering SID Bank's predominant influence in SID Bank Group, the specific nature of the Group and mutual relationships in the Group, the total assets of SID Bank Group were only 1.9% higher than the total assets of SID Bank and at the end of the first three quarter of 2017 amounted to EUR 2,422.2 million; consequently the structure of the Group's assets and liabilities is very similar to those of the Bank.

### Operations Reflected in the Income Statement

SID Bank recorded a pre-tax profit of EUR 11.9 million in the first three quarters of 2017, a decrease of EUR 11.3 million compared to the first three quarters of 2016 and a net profit in the amount EUR 10.3 million. The reason for the lower profit compared to the first three quarters of 2016 is mainly in one-time effects of restructuring processes that influenced the relatively higher profit in the first three quarters of 2016. There were no such effects in the first three quarters of 2017.

Net interest income amounted to EUR 15.1 million and were 19.7% lower than in the first three quarters of 2016. Interest income in the previous year was also influenced by the completed restructuring processes, as EUR 3,6 million of income was recognized in this regard, this year there were no such one-off effects. This fact is the main reason for the reduction of net interest in this year. The fall in net interest was somewhat mitigated by the change in the method of recognizing fees and commissions for the granting of loans. In

2016, they were included in income and expenses from fees and commissions, but in 2017, considering that they constitute the effective interest rate, they are recognized in interest income and interest expenses. For this reason, in the first nine months of this year, the amount of net fees and commissions is lower and the amount of net interest is higher for EUR 0,8 million. Measured to the average assets, the interest margin was 0.82%.

Operating costs amounted to EUR 9.5 million, of which administrative expenses stood at EUR 8.9 million, and amortisation and depreciation totalled EUR 0.6 million.

Net expenses of impairments and provisions amounted to EUR 1.5 million in the first three quarters of 2017.

SID Bank Group recorded a pre-tax profit of EUR 9.5 million in the first three quarters of 2017, a EUR 14.5 million decrease compared to the first three quarters of 2016 and net profit amounted to EUR 7.7 million.

## 3 Significant events

---

In February 2017, SID Bank conducted an early partial redemption of own bonds with the ticker symbol SEDABI 0,875 08/04/18 in the amount of EUR 9.2 million and in March in the amount of EUR 1.1 million.

In March 2017 SID Bank obtained long-term refundable funds from the European Central Bank in the amount of EUR 173.1 million.

In the context of the strategic orientation of SID Bank, in March 2017 sales process and verification of the possibility to sell different packages of shares of the subsidiary SID – Prva kreditna zavarovalnica, d.d., Ljubljana started. SID Bank will carry out the process of sales in cooperation with financial advisor in accordance with customary international standards when selling the companies.

According to the process of liquidation and consequently the reduction in total assets of

the Prvi Faktor Group, as at 31 March 2017 SID Bank is no longer obligated to fulfill the requirements on a consolidated basis under EU Regulation No. 575/2013 (Regulation CRR), as the proportionate share of the total assets of the Prvi Faktor Group that belongs to SID Bank, is less than EUR 10 million.

On 5 April 2017 membership in the Supervisory Board ended for Deputy Chair Janez Tomšič and members Štefan Grosar and Marjan Divjak. The following new members of Supervisory Board were appointed: Aleš Berk Skok, Zlatko Vili Hodnjec and Marjan Divjak.

In April 2017, a 3-year bond SEDABI 2.25% 04/24/17 in the nominal amount of EUR 96,8 million ended. In addition, SID Bank also repayed a 10-year schuldschein loan in the nominal amount of EUR 77.0 million which was due May 2017.



In April, SID Bank introduced a new program for financing through commercial banks in the amount of EUR 150 million to finance SMEs and MID Cap companies.

Due to the increase in the credit rating of the Republic of Slovenija, the rating agency

Standard & Poor's Rating Services in June 2017 consequently increased the credit rating of SID Bank from A to A+. The outlook ratings of SID Bank remains stable. Short-term credit rating is A-1.

## 4 Notes to separate and consolidated financial statements

---

Separate and consolidated financial statements for the period from January to September 2017 are unaudited.

### Statement of Compliance

The financial statements of SID Bank (separate statements) and SID Bank Group (consolidated statements) are compiled in accordance with the International Standards of Financial Reporting and their notes, as adopted by the European Union, also taking into account the Companies Act and the regulations of the Bank of Slovenia.

Interim financial statements are prepared in a condensed form and include significant notes as requested in accordance with IAS 34 "Interim Financial Reporting". They need to be read in context with Annual Report of SID Bank and SID Bank Group for 2016.

### Accounting Policies

The accounting policies applied are presented in detail in the Annual Report of SID Bank and SID Bank Group for 2016.

The most important accounting policies, which serve as the measurement basis used for the compilation of financial statements of SID Bank and SID Bank Group and are relevant to the understanding of separate and consolidated financial statements have been consistently applied in both reporting periods.

### Consolidation

Consolidated financial statements include the following companies:

- by the full consolidation method, the parent company SID Bank and subsidiary SID – Prva kreditna zavarovalnica
- by the equity method Prvi Faktor Group.

Due to immateriality for the true and fair representation of financial statements of SID Bank Group SID Bank excluded the Centre for International Cooperation and Development from consolidation.

## 5 Statement of financial position

In EUR thousand	SID Bank		SID Bank Group	
	30.9.2017	31.12.2016	30.9.2017	31.12.2016
Cash on hand, balances with the central bank and demand deposits with banks	40,356	147,668	41,053	153,355
Financial assets held for trading	219	0	219	0
Available for sale financial assets	790,824	777,676	813,648	801,044
Loans and advances	1,525,503	1,608,458	1,531,139	1,614,591
Loans and advances to banks	946,558	996,368	952,196	1,002,502
Loans and advances to non-bank customers	578,172	610,563	578,172	610,563
Other financial assets	773	1,527	771	1,526
Property, plant and equipment	5,069	5,287	7,624	7,491
Intangible assets	729	805	1,244	1,292
Long-term interests in subsidiaries, associates and joint ventures	8,413	8,413	0	0
Corporate income tax assets	6,218	31	6,423	31
Current tax assets	3,059	0	3,264	0
Deferred tax assets	3,159	31	3,159	31
Other assets	410	305	20,894	18,272
<b>TOTAL ASSETS</b>	<b>2,377,741</b>	<b>2,548,643</b>	<b>2,422,244</b>	<b>2,596,076</b>
Financial liabilities held for trading	0	312	0	312
Financial liabilities measured at amortised cost	1,966,132	2,134,711	1,966,548	2,135,441
Deposits from banks and central banks	10,852	31,740	10,852	31,740
Deposits from non-bank customers	0	30,000	0	30,000
Loans from banks and central banks	1,153,492	1,153,125	1,153,492	1,153,125
Loans from non-bank customers	448,377	457,427	448,377	457,427
Debt securities issued	351,829	460,652	351,829	460,652
Other financial liabilities	1,582	1,767	1,998	2,497
Derivatives held for hedging	14	0	14	0
Provisions	2,216	15,546	25,855	38,957
Tax liabilities	3,556	4,105	3,679	4,568
Current tax liabilities	0	4,105	0	4,430
Deferred tax liabilities	3,556	0	3,679	138
Other liabilities	109	140	3,140	2,990
<b>TOTAL LIABILITIES</b>	<b>1,972,027</b>	<b>2,154,814</b>	<b>1,999,236</b>	<b>2,182,268</b>
Share capital	300,000	300,000	300,000	300,000
Share premium	1,139	1,139	1,139	1,139
Accumulated other comprehensive income	14,907	13,335	15,547	14,039
Profit reserves	80,679	70,531	99,954	83,188
Treasury shares	(1,324)	(1,324)	(1,324)	(1,324)
Retained earnings (including net profit for the period)	10,313	10,148	7,692	16,766
Equity attributable to owners of the parent	405,714	393,829	423,008	413,808
<b>TOTAL EQUITY</b>	<b>405,714</b>	<b>393,829</b>	<b>423,008</b>	<b>413,808</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,377,741</b>	<b>2,548,643</b>	<b>2,422,244</b>	<b>2,596,076</b>

## 6 Statement of profit or loss

In EUR thousand	SID Bank		SID Bank Group	
	1-9/2017	1-9/2016	1-9/2017	1-9/2016
Interest income	21,761	29,874	22,000	30,120
Interest expense	(6,708)	(11,122)	(6,708)	(11,121)
Net interest	15,053	18,752	15,292	18,999
Dividend income	87	27	87	27
Fee and commission income	129	1,443	129	1,443
Fee and commission expense	(323)	(533)	(337)	(545)
Net fees and commissions	(194)	910	(208)	898
Gains realised on financial assets and liabilities not measured at fair value through profit or loss	2,496	6,242	2,507	6,242
Net gains on financial assets and liabilities held for trading	400	0	400	0
Net gains/(losses) on financial assets and liabilities measured at fair value through profit or loss	1,652	(105)	1,652	(105)
Changes in fair value in hedge accounting	20	377	20	377
Exchange differences	(1,167)	(59)	(1,167)	(64)
Net (losses) on derecognition of assets	(5)	0	(5)	0
Other net operating gains	1,195	1,268	4,958	5,601
Administrative costs	(8,854)	(7,936)	(11,796)	(10,883)
Depreciation and amortisation	(627)	(607)	(926)	(836)
Provisions	(182)	(181)	66	(318)
Impairments	(1,286)	4,284	(1,356)	3,890
Share of the profit of investment in subsidiaries, associates and joint ventures	3,353	88	0	0
Total profit from non-current assets and disposal groups classified as held for sale	4	164	4	164
<b>Profit from ordinary operations</b>	<b>11,945</b>	<b>23,224</b>	<b>9,528</b>	<b>23,992</b>
Corporate income tax on ordinary operations	(1,632)	(3,933)	(1,836)	(4,109)
<b>Net profit for the financial period</b>	<b>10,313</b>	<b>19,291</b>	<b>7,692</b>	<b>19,883</b>
Attributable to owners of the parent	10,313	19,291	7,692	19,883
<b>Basic earnings per share/revised earnings per share in EUR</b>	<b>3.32</b>	<b>6.22</b>	<b>2.48</b>	<b>6.41</b>

## 7 Income statement – by quarters

### 7.1 Income statement of SID Bank – by quarters

In EUR thousand	SID Bank					
	Q3 2017	Q2 2017	Q1 2017	Q3 2016	Q2 2016	Q1 2016
Interest income	6,931	7,186	7,644	7,834	9,887	12,153
Interest expense	(2,078)	(2,162)	(2,468)	(2,445)	(3,123)	(5,554)
Net interest	4,853	5,024	5,176	5,389	6,764	6,599
Dividend income	0	87	0	0	27	0
Fee and commission income	31	35	63	402	575	466
Fee and commission expense	(66)	(148)	(109)	(153)	(232)	(148)
Net fees and commissions	(35)	(113)	(46)	249	343	318
Gains realised on financial assets and liabilities not measured at fair value through profit or loss	998	1,220	278	529	681	5,032
Net gains on financial assets and liabilities held for trading	99	212	89	0	0	0
Net gains/(losses) on financial assets and liabilities measured at fair value through profit or loss	450	1,646	(444)	573	914	(1,592)
Changes in fair value in hedge accounting	(3)	28	(5)	0	336	41
Exchange differences	(215)	(683)	(269)	(39)	100	(120)
Net gains/(losses) on derecognition of assets	3	0	(8)	0	0	0
Other net operating gains	400	389	406	462	385	421
Administrative costs	(2,844)	(3,361)	(2,649)	(2,593)	(2,876)	(2,467)
Depreciation and amortisation	(219)	(209)	(199)	(206)	(203)	(198)
Provisions	671	(852)	(1)	(100)	283	(364)
Impairments	(1,501)	(1,870)	2,085	1,335	1,391	1,558
Share of the profit of investment in subsidiaries, associates and joint ventures	3,353	0	0	88	0	0
Total profit from non-current assets and disposal groups classified as held for sale	4	0	0	0	11	153
<b>Profit from ordinary operations</b>	<b>6,014</b>	<b>1,518</b>	<b>4,413</b>	<b>5,687</b>	<b>8,156</b>	<b>9,381</b>
Corporate income tax on ordinary operations	(506)	(288)	(838)	(952)	(1,387)	(1,594)
<b>Net profit for the financial period</b>	<b>5,508</b>	<b>1,230</b>	<b>3,575</b>	<b>4,735</b>	<b>6,769</b>	<b>7,787</b>
Attributable to owners of the parent	5,508	1,230	3,575	4,735	6,769	7,787

## 7.2 Income statement of SID Bank Group – by quarters

In EUR thousand	SID Bank Group					
	Q3 2017	Q2 2017	Q1 2017	Q3 2017	Q2 2016	Q1 2016
Interest income	7,010	7,267	7,723	7,915	9,969	12,236
Interest expense	(2,079)	(2,160)	(2,469)	(2,444)	(3,123)	(5,554)
Net interest	4,931	5,107	5,254	5,471	6,846	6,682
Dividend income	0	87	0	0	27	0
Fee and commission income	31	35	63	402	575	466
Fee and commission expense	(70)	(154)	(113)	(157)	(236)	(152)
Net fees and commissions	(39)	(119)	(50)	245	339	314
Gains realised on financial assets and liabilities not measured at fair value through profit or loss	1,010	1,219	278	529	681	5,032
Net gains on financial assets and liabilities held for trading	99	212	89	0	0	0
Net gains/(losses) on financial assets and liabilities measured at fair value through profit or loss	450	1,646	(444)	573	914	(1,592)
Changes in fair value in hedge accounting	(4)	29	(5)	0	336	41
Exchange differences	(215)	(684)	(268)	(41)	95	(118)
Net gains/(losses) on derecognition of assets	3	0	(8)	0	0	0
Other net operating gains	536	2,173	2,249	1,286	2,043	2,272
Administrative costs	(3,773)	(4,393)	(3,630)	(3,587)	(3,895)	(3,401)
Depreciation and amortisation	(335)	(315)	(276)	(286)	(287)	(263)
Provisions	2,274	(1,586)	(622)	820	(187)	(951)
Impairments	(1,605)	(1,864)	2,113	1,085	1,354	1,451
Total profit from non-current assets and disposal groups classified as held for sale	4	0	0	0	11	153
<b>Profit from ordinary operations</b>	<b>3,336</b>	<b>1,512</b>	<b>4,680</b>	<b>6,095</b>	<b>8,277</b>	<b>9,620</b>
Corporate income tax on ordinary operations	(652)	(288)	(896)	(1,054)	(1,412)	(1,643)
<b>Net profit for the financial period</b>	<b>2,684</b>	<b>1,224</b>	<b>3,784</b>	<b>5,041</b>	<b>6,865</b>	<b>7,977</b>
Attributable to owners of the parent	2,684	1,224	3,784	5,041	6,865	7,977

## 8 Statement of comprehensive income

In EUR thousand	SID Bank		SID Bank Group	
	1-9/2017	1-9/2016	1-9/2017	1-9/2016
Net profit for the financial period after tax	10,313	19,291	7,692	19,883
Other comprehensive income after tax	1,571	11,736	1,507	12,095
Items that may be reclassified subsequently to profit or loss	1,571	11,736	1,507	12,095
Available-for-sale financial assets	1,940	14,140	1,861	14,572
Valuation gains taken to equity	4,306	20,283	4,238	20,715
Transferred to (profit)	(2,366)	(6,143)	(2,377)	(6,143)
Income tax relating to items that may be subsequently reclassified to profit or loss	(369)	(2,404)	(354)	(2,477)
<b>Total comprehensive income for the financial period after tax</b>	<b>11,884</b>	<b>31,027</b>	<b>9,199</b>	<b>31,978</b>
Attributable to owners of the parent	11,884	31,027	9,199	31,978

## 9 Statement of comprehensive income – by quarters

### 9.1 Statement of comprehensive income of SID Bank– by quarters

In EUR thousand	SID Bank					
	Q3 2017	Q2 2017	Q1 2017	Q3 2016	Q2 2016	Q1 2016
Net profit for the financial period after tax	5,508	1,230	3,575	4,735	6,769	7,787
Other comprehensive income after tax	1,169	887	(485)	3,764	3,883	4,089
Items that may be reclassified subsequently to profit or loss	1,169	887	(485)	3,764	3,883	4,089
Available-for-sale financial assets	1,444	1,095	(599)	4,535	4,678	4,927
Valuation gains taken to equity	2,164	1,654	488	5,064	5,340	9,879
Transferred to (profit)	(720)	(559)	(1,087)	(529)	(662)	(4,952)
Income tax relating to items that may be subsequently reclassified to profit or loss	(275)	(208)	114	(771)	(795)	(838)
<b>Total comprehensive income for the financial period after tax</b>	<b>6,677</b>	<b>2,117</b>	<b>3,090</b>	<b>8,499</b>	<b>10,652</b>	<b>11,876</b>
Attributable to owners of the parent	6,677	2,117	3,090	8,499	10,652	11,876

## 9.2 Statement of comprehensive income of SID Bank Group– by quarters

In EUR thousand	SID Bank Group					
	Q3 2017	Q2 2017	Q1 2017	Q3 2016	Q2 2016	Q1 2016
Net profit for the financial period after tax	2,684	1,224	3,784	5,041	6,865	7,977
Other comprehensive income after tax	1,174	854	(521)	3,921	3,932	4,242
Items that may be reclassified subsequently to profit or loss	1,174	854	(521)	3,921	3,932	4,242
Available-for-sale financial assets	1,450	1,054	(643)	4,724	4,737	5,111
Valuation gains taken to equity	2,181	1,613	444	5,253	5,399	10,063
Transferred to (profit)	(731)	(559)	(1,087)	(529)	(662)	(4,952)
Income tax relating to items that may be subsequently reclassified to profit or loss	(276)	(200)	122	(803)	(805)	(869)
<b>Total comprehensive income for the financial period after tax</b>	<b>3,858</b>	<b>2,078</b>	<b>3,263</b>	<b>8,962</b>	<b>10,797</b>	<b>12,219</b>
Attributable to owners of the parent	3,858	2,078	3,263	8,962	10,797	12,219

## 10 Statement of changes in equity

### 10.1 Statement of changes in equity of SID Bank

For the period 1 January 2017 to 30 September 2017

In EUR thousand	Share capital	Share premium account	Accumulated other comprehensive income	Profit reserves	Retained earnings (including net profit for the financial 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 financial period	0	0	0	0	10,313	0	10,313
Other comprehensive income	0	0	1,571	0	0	0	1,571
Total comprehensive income for the financial period after tax	0	0	1,571	0	10,313	0	11,884
Allocation of net profit to profit reserves	0	0	0	10,148	(10,148)	0	0
<b>CLOSING BALANCE AS AT 30 September 2017</b>	<b>300,000</b>	<b>1,139</b>	<b>14,906</b>	<b>80,679</b>	<b>10,313</b>	<b>(1,324)</b>	<b>405,713</b>

For the period 1 January 2016 to 30 September 2016

In EUR thousand	Share capital	Share premium account	Accumulated other comprehensive income	Profit reserves	Retained earnings (including net profit for the financial period)	Treasury shares	Total equity
OPENING BALANCE AS AT 1 Jan 2016	300,000	1,139	5,034	54,328	4,987	(1,324)	364,164
Net profit for the financial period	0	0	0	0	19,291	0	19,291
Other comprehensive income	0	0	11,736	0	0	0	11,736
Total comprehensive income for the financial period after tax	0	0	11,736	0	19,291	0	31,027
Allocation of net profit to profit reserves	0	0	0	4,987	(4,987)	0	0
<b>CLOSING BALANCE AS AT 30 September 2016</b>	<b>300,000</b>	<b>1,139</b>	<b>16,770</b>	<b>59,315</b>	<b>19,291</b>	<b>(1,324)</b>	<b>395,191</b>



## 10.2 Statement of changes in equity of SID Bank Group

For the period 1 January 2017 to 30 September 2017

In EUR thousand	Share capital	Share premium account	Accumulated other comprehensive income	Profit reserves	Retained earnings (including net profit for the financial period)	Treasury shares	Equity attributable to owners of the parent	Total equity
<b>OPENING BALANCE AS AT 1 Jan 2017</b>	300,000	1,139	14,039	83,187	16,766	(1,324)	413,807	413,807
Net profit for the financial period	0	0	0	0	7,692	0	7,692	7,692
Other comprehensive income	0	0	1,507	0	0	0	1,507	1,507
Total comprehensive income for the financial period after tax	0	0	1,507	0	7,692	0	9,199	9,199
Allocation of net profit to profit reserves	0	0	0	16,766	(16,766)	0	0	0
<b>CLOSING BALANCE AS AT 30 September 2017</b>	<b>300,000</b>	<b>1,139</b>	<b>15,546</b>	<b>99,953</b>	<b>7,692</b>	<b>(1,324)</b>	<b>423,006</b>	<b>423,006</b>

For the period 1 January 2016 to 30 September 2016

In EUR thousand	Share capital	Share premium account	Accumulated other comprehensive income	Profit reserves	Retained earnings (including net profit for the financial period)	Treasury shares	Equity attributable to owners of the parent	Total equity
<b>OPENING BALANCE (before adjustment) AS AT 1 Jan 2016</b>	300,000	1,139	5,597	71,319	5,794	(1,324)	382,525	382,525
Effects of accounting policy amendments	0	0	0	(5,232)	5,102	0	(130)	(130)
<b>OPENING BALANCE AS AT 1 Jan 2016</b>	300,000	1,139	5,597	66,087	10,896	(1,324)	382,395	382,395
Net profit for the financial period	0	0	0	0	19,883	0	19,883	19,883
Other comprehensive income	0	0	12,095	0	0	0	12,095	12,095
Total comprehensive income for the financial period after tax	0	0	12,095	0	19,883	0	31,978	31,978
Allocation of net profit to profit reserves	0	0	0	5,040	(5,040)	0	0	0
<b>CLOSING BALANCE AS AT 30 September 2016</b>	<b>300,000</b>	<b>1,139</b>	<b>17,692</b>	<b>71,127</b>	<b>25,739</b>	<b>(1,324)</b>	<b>414,373</b>	<b>414,373</b>

## 11 Statement of cash flows

In EUR thousand	SID Bank		SID Bank Group	
	1-9/2017	1-9/2016	1-9/2017	1-9/2016
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
a) Net profit before tax	11,945	23,224	9,528	23,992
Depreciation/amortisation	627	607	926	836
Impairments / (reversal of impairment) to loans	1,007	(4,284)	1,007	(4,284)
Impairments to property, plant and equipment, investment property, intangible assets and other assets	0	0	70	394
Impairments of capital investments in subsidiaries, associates and joint ventures	279	0	279	0
Net (gains) of investments in subsidiaries, associates and joint ventures	(3,353)	(88)	0	0
Net losses from foreign exchange differences	1,167	59	1,167	64
Other (gains) from investing activities	(87)	(27)	(87)	(27)
Net losses from sale of tangible assets and investment properties	5	0	5	0
Net unrealised (gains) from non-current assets held for sale and discontinuing operations and liabilities associated therewith	(4)	(164)	(4)	(164)
Other adjustments of net profit or loss before tax	(220)	(195)	(466)	(59)
Cash flows from operating activities before changes in operating assets and liabilities	11,366	19,132	12,425	20,752
b) Decrease in operating assets	66,715	711,311	65,105	688,737
Net (increase) in financial assets held for trading	(132)	0	(132)	0
Net (increase)/decrease in available-for-sale financial assets	(12,344)	84,628	(11,864)	82,928
Net decrease in loans	79,296	609,726	79,793	588,840
Net decrease in assets held for hedging	0	16,708	0	16,708
Net decrease in non-current assets held for sale	0	361	0	361
Net (increase) in other assets	(105)	(112)	(2,692)	(100)
c) (Decrease) in operating liabilities	(179,731)	(665,924)	(179,388)	(666,523)
Net (decrease) in financial liabilities held for trading	(4)	0	(4)	0
Net (decrease) in deposits and loans measured at amortised cost	(57,404)	(402,067)	(57,718)	(402,232)
Net (decrease) in debt securities measured at amortised cost	(108,812)	(263,796)	(108,812)	(263,796)
Net increase in liability held for hedging	24	0	24	0
Net (decrease) in other liabilities	(13,535)	(61)	(12,878)	(495)
d) Cash flows from operating activities (a+b+c)	(101,650)	64,519	(101,858)	42,966
e) (Paid)/refunded corporate income tax	(8,368)	5,740	(9,117)	5,608
f) Net cash flows from operating activities (d+e)	(110,018)	70,259	(110,975)	48,574
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
a) Receipts from investing activities	3,442	115	90	27
b) Cash payments on investing activities	(617)	(340)	(1,298)	(375)
c) Net cash flows from investing activities (a+b)	2,825	(225)	(1,208)	(348)
D. Effect of exchange rate difference on cash and cash equivalents	(119)	(81)	(119)	(81)
E. Net increase/(decrease) in cash assets and cash equivalents (Af+Bc)	(107,193)	70,034	(112,183)	48,226
F. Opening balance of cash and cash equivalents	147,668	13,786	153,355	42,881
G. Closing balance of cash and cash equivalents (D+E+F)	40,356	83,739	41,053	91,026

## 12 Other disclosures

### 12.1 Related party disclosures

#### Significant relations of SID Bank with subsidiaries and joint ventures

In EUR thousand	30.9.2017			31.12.2016		
	Subsidiaries	Joint ventures	Total	Subsidiaries	Joint ventures	Total
Receivables						
Loans and advances	0	3,297	3,297	0	17,934	17,934
Other financial assets	5	0	5	7	0	7
Gross exposure	5	3,297	3,302	7	17,934	17,941
Value adjustments	0	(1,735)	(1,735)	0	(2,527)	(2,527)
<b>Net exposure</b>	5	1,562	1,567	7	15,407	15,414
Provisions	0	0	0	0	14,618	14,618
<b>Total liabilities</b>	0	0	0	0	14,618	14,618

In EUR thousand	1-9/2017			1-9/2016		
	Subsidiaries	Joint ventures	Total	Subsidiaries	Joint ventures	Total
Interest income	0	37	37	0	623	623
Gains realised on loans	0	278	278	0	0	0
Revenues from other services	42	0	42	50	0	50
Fee and commission expense	0	0	0	0	(33)	(33)
Provisions	0	1,118	1,118	0	(1,178)	(1,178)
Impairments	0	792	792	0	2,156	2,156
Share of the profit of investment in subsidiaries, associates and joint ventures	3,353	0	3,353	88	0	88
<b>Total</b>	3,395	2,225	5,620	138	1,568	1,706

### 12.2 Segment reporting

Allocation and disclosure by operating segment is carried out on the basis of the attributes of individual business activities at SID Bank Group. The majority of SID Bank Group's operations are on the domestic market, therefore the Group does not disclose additional itemization by geographical segments.

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

- banking and
- credit and investment insurance.

Each operating segment is organised as a legal entity in the form of an independent

undertaking. Within SID Bank Group the banking services are provided by the controlling company SID Bank, while credit and investment insurance is carried out by SID – Prva kreditna zavarovalnica. 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 at normal commercial terms.

In the comparable financial period from January to September 2016 the business segments also included a separate business segment, namely factoring. The factoring

segment included a 50% proportionate share of the Prvi faktor Group.

For the period 1 January 2017 to 30 September 2017

In EUR thousand	Banking	Credit and investment insurance	Total	Interrelations in the Group	Relations to third parties
Interest income	21,761	239	22,000	0	22,000
Interest expenses	(6,708)	0	(6,708)	0	(6,708)
Net interest	15,053	239	15,292	0	15,292
Dividend income	87	0	87	0	87
Fee and commission income	129	0	129	0	129
Fee and commission expense	(323)	(14)	(337)	0	(337)
Net fee and commission	(194)	(14)	(208)	0	(208)
Net gains realised on financial assets and liabilities not measured at fair value through profit or loss	2,496	11	2,507	0	2,507
Net gains from financial assets and liabilities held for trading	400	0	400	0	400
Net gains from financial assets and liabilities designated at fair value through profit or loss	1,652	0	1,652	0	1,652
Changes in fair value in hedge accounting	20	0	20	0	20
Net (losses) from exchange differences	(1,167)	0	(1,167)	0	(1,167)
Net (losses) on derecognition of assets	(5)	0	(5)	0	(5)
Other net operating gains	1,195	3,767	4,962	(4)	4,958
NET INCOME	19,537	4,003	23,540	(4)	23,536
Other information by segment	(7,592)	(3,067)	(10,659)	(3,349)	(14,008)
Administrative expenses	(8,854)	(2,946)	(11,800)	4	(11,796)
Depreciation and amortisation	(627)	(299)	(926)	0	(926)
Provisions	(182)	248	66	0	66
Impairments	(1,286)	(70)	(1,356)	0	(1,356)
Share of the profit of investment in subsidiaries, associates and joint ventures	3,353	0	3,353	(3,353)	0
Total profit from non-current assets and disposal groups classified as held for sale	4	0	4	0	4
Profit from ordinary operations	11,945	936	12,881	(3,353)	9,528
Corporate income tax on ordinary operations	(1,632)	(204)	(1,836)	0	(1,836)
Net profit for the financial period	10,313	732	11,045	(3,353)	7,692
30.9.2017					
ASSETS AND LIABILITIES					
Total assets	2,377,741	52,921	2,430,662	(8,418)	2,422,244
Investments in subsidiaries, associates and joint ventures	8,413	0	8,413	(8,413)	0
Liabilities (other than equity) by segment	1,972,027	27,214	1,999,241	(5)	1,999,236
Total equity	405,714	25,707	431,421	(8,413)	423,008
Increase/(decrease) in property, plant and equipment and intangible assets	(294)	379	85	0	85

## For the period 1 January 2016 to 30 September 2016

In EUR thousand	Banking	Credit and investment insurance	Factoring	Total	Interrelations in the Group	Relations to third parties
Interest income	29,874	247	1,279	31,400	(328)	31,072
Interest expenses	(11,122)	0	(708)	(11,830)	311	(11,519)
Net interest	18,752	247	571	19,570	(17)	19,553
Dividend income	27	0	0	27	0	27
Fee and commission income	1,443	0	267	1,710	0	1,710
Fee and commission expenses	(533)	(12)	(49)	(594)	33	(561)
Net fee and commission	910	(12)	218	1,116	33	1,149
Net realised gains on financial assets and liabilities not measured at fair value through profit or loss	6,242	0	0	6,242	0	6,242
Net (losses) on financial assets and liabilities held for trading	0	0	(1)	(1)	0	(1)
Net (losses) on financial assets and liabilities recognised at fair value through the statement of profit or loss	(105)	0	0	(105)	0	(105)
Changes in fair value in hedge accounting	377	0	0	377	0	377
Net gains/(losses) from exchange differences	(59)	(5)	1,278	1,214	0	1,214
Net gains on derecognition of assets	0	0	13	13	0	13
Other net operating gains	1,268	4,337	55	5,660	(21)	5,639
<b>NET INCOME</b>	<b>27,412</b>	<b>4,567</b>	<b>2,134</b>	<b>34,113</b>	<b>(5)</b>	<b>34,108</b>
Other information by segments	(4,188)	(3,711)	(3,382)	(11,281)	(1,062)	(12,343)
Administrative costs	(7,936)	(2,951)	(1,773)	(12,660)	4	(12,656)
Depreciations and amortisation	(607)	(229)	(30)	(866)	0	(866)
Provisions	(181)	(137)	(116)	(434)	1,178	744
Impairments	4,284	(394)	(1,462)	2,428	(2,156)	272
Share of the profit of investment in subsidiaries, associates and joint ventures	88	0	(1)	87	(88)	(1)
Total profit from non-current assets and disposal groups classified as held for sale	164	0	0	164	0	164
Profit/(loss) from ordinary operations	23,224	856	(1,248)	22,832	(1,067)	21,765
Corporate income tax on ordinary operations	(3,933)	(176)	10	(4,099)	0	(4,099)
Net profit/(loss) for the financial period	19,291	680	(1,238)	18,733	(1,067)	17,666
31.12.2016						
<b>ASSETS AND LIABILITIES</b>						
Total assets	2,548,643	55,853	22,760	2,627,256	(25,983)	2,601,273
Long-term interests in subsidiaries, associates and joint ventures	8,413	0	0	8,413	(8,413)	0
Liabilities (other than equity) by segment	2,154,814	27,461	19,568	2,201,843	(23,591)	2,178,252
Total equity	393,829	28,392	3,192	425,413	(2,392)	423,021
(Decrease) in property, plant and equipment and intangible assets	(310)	(272)	(70)	(652)	0	(652)

## 12.3 Fair value of financial assets and liabilities

### Fair values of financial assets and liabilities measured at fair value

In EUR thousand	SID Bank							
	30.9.2017				31.12.2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Financial assets held for trading	0	219	0	219	0	0	0	0
Available-for-sale financial assets	35,728	694,729	60,367	790,824	18,332	724,069	35,275	777,676
Debt securities	35,728	685,290	54,022	775,040	18,332	718,237	28,871	765,440
Equity securities	0	9,439	6,345	15,784	0	5,832	6,404	12,236
<b>Total financial assets</b>	<b>35,728</b>	<b>694,948</b>	<b>60,367</b>	<b>791,043</b>	<b>18,332</b>	<b>724,069</b>	<b>35,275</b>	<b>777,676</b>
Financial liabilities measured at fair value								
Financial liabilities held for trading	0	0	0	0	0	312	0	312
Derivatives held for hedging	0	14	0	14	0	0	0	0
<b>Total financial liabilities</b>	<b>0</b>	<b>14</b>	<b>0</b>	<b>14</b>	<b>0</b>	<b>312</b>	<b>0</b>	<b>312</b>

In EUR thousand	SID Bank Group							
	30.9.2017				31.12.2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Financial assets held for trading	0	219	0	219	0	0	0	0
Available-for-sale financial assets	57,529	695,752	60,367	813,648	41,271	724,498	35,275	801,044
Debt securities	57,529	686,313	54,022	797,864	41,271	718,666	28,871	788,808
Equity securities	0	9,439	6,345	15,784	0	5,832	6,404	12,236
<b>Total financial assets</b>	<b>57,529</b>	<b>695,971</b>	<b>60,367</b>	<b>813,867</b>	<b>41,271</b>	<b>724,498</b>	<b>35,275</b>	<b>801,044</b>
Financial liabilities measured at fair value								
Financial liabilities held for trading	0	0	0	0	0	312	0	312
Derivatives held for hedging	0	14	0	14	0	0	0	0
<b>Total financial liabilities</b>	<b>0</b>	<b>14</b>	<b>0</b>	<b>14</b>	<b>0</b>	<b>312</b>	<b>0</b>	<b>312</b>

The financial instruments that SID Bank and SID Bank Group disclose in the statement of financial position at fair value are available-for-sale financial assets and derivative financial instruments.

Derivative financial instruments held for hedging include interest rate swaps, and derivative financial instrument held for trading include currency forward. They are valued on

the basis of an internal model, taking into account foreign exchange rates, interest rates and the yield curve.

The fair value of available-for-sale financial assets is determined by using quoted prices in active markets for identical assets, or by using quoted prices in active markets for similar assets and quoted prices for identical or similar assets in non-functioning markets.

Table of transfers between levels for the period 1 January 2017 to 30 September 2017

In EUR thousand	SID Bank		SID Bank Group	
	Transfers from level 2 to level 1	Transfers from level 1 to level 2	Transfers from level 2 to level 1	Transfers from level 1 to level 2
Financial assets measured at fair value				
Available-for-sale financial assets	18,669	575	18,669	
Debt securities	18,669	575	18,669	

## 12.4 Contingent and potential liabilities

### Contractual obligations of off-balance sheet financial instruments arising from commitments

In EUR thousand	SID Bank and SID Bank Group	
	30.9.2017	31.12.2016
Guarantees	14,908	32,871
Other off-balance-sheet liabilities	62,599	23,570
<b>Total commitments</b>	<b>77,507</b>	<b>56,441</b>
Provisions for off-balance-sheet risks - guarantees	(109)	(14,750)
Provisions for off-balance-sheet risks – other off-balance-sheet liabilities	(1,544)	(327)
<b>Total provisions for commitments</b>	<b>(1,653)</b>	<b>(15,077)</b>

SID Bank or SID Bank Group shows under the commitments item the value of guarantees issued and the value of other off-balance-sheet liabilities which include the value of unused loans and the value of uncalled unpaid capital. Loans granted to companies that have not

been drawn as at 30 September 2017 amount to EUR 25.6 million, while loans granted to the bank sector amount to EUR 25.0 million. The value of uncalled unpaid capital totals EUR 12.0 million.

## 13 Events after reporting date

There were no business events after the reporting date that would have an impact on

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