



**INTERIM FINANCIAL REPORT OF
SID BANK AND SID BANK GROUP
MARCH 31st, 2013**

Edition: May 31st, 2013



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STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The Management Board hereby confirms its responsibility for the preparation of the financial statements of SID Bank and the SID Bank Group for three months, ended March 31st, 2013.

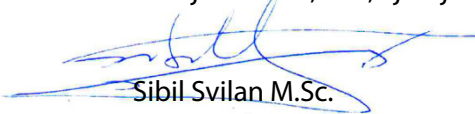
The Management Board is responsible for the preparation and presentation of these interim financial report in accordance with the IAS 34 "Interim financial reporting".

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


Jožef Bradeško
Member


Sibil Svilan M.Sc.
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	+386 1 200 75 00
Telefax	+386 1 200 75 75
E-mail	info@sid.si
Website	http://www.sid.si

SID Bank Group

SID Bank Group is consisted of the following companies:

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



2 NOTES TO SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

Separate and consolidated financial statements for the period from January to March 2013 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 IFRS 34 "Interim Financial Reporting". They need to be read in context with Annual Report of SID Bank and SID Bank Group for 2012.

Accounting policies

The accounting policies applied are presented in detail in the Annual Report of SID Bank and SID Bank Group for 2012.

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 method of full consolidation SID banka and SID – Prva kreditna zavarovalnica
- By the proportional consolidation method Prvi Faktor Group.

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

Significant events after the end of reporting period

On February 21st, 2013 Matej Runjak and Robert Ličen M.Sc. were recalled as members of Supervisory Board; Monika Pintar Mesarič and Leo Knez M. Sc. were appointed as new members.

In March 2013 SID Bank successfully issued long term bond SEDABI Float 03/28/16. On March 18th, 2013 SID Bank issued the bond in the amount of EUR 150 million and on March 20th, 2013 increased the issue in the amount of EUR 50 million due to a large investor interest.

Following the downgrade of the Slovenian government's rating, in May 2013, Moody's Investors Service downgraded the ratings of SID Bank from Baa2 to Ba1 with a negative outlook.

3 FINANCIAL HIGHLIGHTS AND PERFORMANCE INDICATORS

Income Statement Summary

(in EUR thousand)	SID Bank		SID Bank Group	
	1-3/2013	1-3/2012	1-3/2013	1-3/2012
Net interest income	14,183	15,687	15,544	16,670
Net non-interest income	2,513	1,238	3,755	2,491
Operating costs	(2,382)	(1,961)	(4,018)	(3,495)
Impairment and Provisions	(5,927)	(10,082)	(7,099)	(9,959)
Profit on ordinary activities	8,387	4,882	8,182	5,707
Net profit for the financial period	7,203	3,906	6,459	4,470

Statement of Financial Position Summary

(in EUR thousand)	31.3.2013	31.12.2012	31.3.2013	31.12.2012
Total assets	4,293,341	4,088,662	4,463,176	4,258,813
Loans to banks	3,239,216	3,031,156	3,263,366	3,057,451
Loans to non-bank customers	640,384	649,294	732,359	738,831
Financial liabilities	3,934,748	3,733,520	4,040,657	3,840,866
Total equity	345,700	340,224	367,696	363,175

Selected indicators¹

(in percent)	SID Bank			SID Bank Group		
	1-3/2013	1-12/2012	1-3/2012	1-3/2013	1-12/2012	1-3/2012
Profitability						
Interest margin	1.37	1.53	1.54	1.43	1.55	1.55
Financial intermediation margin ²	1.61	2.27	1.66	1.77	2.43	1.72
Return on assets before tax	0.81	0.14	0.48	0.75	0.21	0.53
Return on equity before tax	9.73	1.72	5.78	8.96	2.51	6.40
Return on equity after tax	8.35	1.48	4.63	7.07	1.89	5.01
Operating cost						
Operating costs/ average assets	0.23	0.20	0.19	0.37	0.35	0.32
Operating costs/net income	14.26	8.73	11.59	20.82	14.40	18.24
Capital						
Capital adequacy ratio ³	14.22	14.23	13.94	13.75	13.83	13.41
Quality assets of the statement of financial position and contingent liabilities						
Impairments of financial assets measured at amortised cost, and provisions for contingent liabilities/classified on-balance-sheet items and classified off-balance-sheet items ³	5.03	4.91	3.26	5.37	5.23	3.29

¹ The selected indicators relating to the quarterly period are converted on annual level.

² The computations of financial intermediation margin for SID Bank Group do not consider income from PKZ insurance business.

³ The computations of capital adequacy and the ratio of impairments and classified items for SID Bank Group considered the assets of SID Bank and 50 percent of assets of the PRVI FAKTOR Group (banking group of SID Bank).



	SID Bank			SID Bank Group		
	31.3.2013	31.12.2012	31.3.2012	31.3.2013	31.12.2012	31.3.2012
International credit rating (Moody's)	Ba1	Baa2	A2			
Number of employees	125	124	113	353	351	337
Shares						
Number of shareholders	1	1	1			
Number of shares	3,121,741	3,121,741	3,121,741			
Nominal value per share (in EUR)	96.10	96.10	96.10			
Book value per share (in EUR)	111.40	109.63	109.49			

4 INCOME STATEMENT

In EUR thousand	SID Bank		SID Bank Group	
	1-3/2013	1-3/2012	1-3/2013	1-3/2012
Interest income	31,080	43,165	33,685	45,918
Interest expenses	(16,897)	(27,478)	(18,141)	(29,248)
Net interest income	14,183	15,687	15,544	16,670
Dividend income	1,422	0	0	352
Fee and commission income	802	411	1,429	1,159
Fee and commission expenses	(156)	(203)	(298)	(368)
Fee and commission net income	646	208	1,131	791
Realised gains on financial assets and liabilities not measured at fair value through profit and loss	81	115	82	115
Gains and losses on financial assets and liabilities held for trading	9	0	3	(3)
Losses on financial assets and liabilities designated at fair value through profit or loss	(557)	0	(557)	0
Fair value adjustments in hedge accounting	364	358	364	358
Exchange differences	2	(3)	60	(251)
Other operating net income	546	560	2,672	1,129
Administration costs	(2,235)	(1,824)	(3,758)	(3,253)
Depreciation	(147)	(137)	(260)	(242)
Provisions	2,560	(160)	2,141	306
Impairment	(8,487)	(9,922)	(9,240)	(10,265)
Profit on ordinary activities	8,387	4,882	8,182	5,707
Tax expense (income) related to profit from continuing operations	(1,184)	(976)	(1,723)	(1,237)
Net profit for the financial period	7,203	3,906	6,459	4,470
Basic earnings per share⁴	2.32	1.26		

⁴ Basic earnings per share are equal to the revised earnings per share because the SID Bank has no dilutive instruments.

5 STATEMENT OF COMPREHENSIVE INCOME

In EUR thousand	SID Bank		SID Bank Group	
	1-3/2013	1-3/2012	1-3/2013	1-3/2012
Net profit for the financial period after tax	7,203	3,906	6,459	4,470
Other comprehensive income after tax	(1,727)	3,082	(1,941)	3,251
Available for sale financial assets	(2,031)	3,853	(2,321)	4,139
Other items	0	0	33	(51)
Income tax relating to components of other comprehensive income	303	(771)	347	(837)
Total comprehensive income for the financial period after tax	5,476	6,988	4,518	7,721

6 STATEMENT OF FINANCIAL POSITION

In EUR thousand	SID Bank		SID Bank Group	
	31.3.2013	31.12.2012	31.3.2013	31.12.2012
Cash and cash balances with the central banks	2,840	408	2,841	409
Financial assets held for trading	1	1	1	1
Available-for-sale financial assets	311,437	309,755	337,304	333,854
Loans	3,882,837	3,680,998	3,998,804	3,798,186
– Loans to banks	3,239,216	3,031,156	3,263,366	3,057,451
– Loans to non - bank customers	640,384	649,294	732,359	738,831
– Other financial assets	3,237	548	3,079	1,904
Derivatives – hedge accounting	76,795	78,003	76,795	78,003
Property, plant and equipment	3,600	3,664	7,257	7,396
Investment property	0	0	889	848
Intangible assets	530	491	1,632	1,611
Investments in subsidiaries, associates and joint ventures	11,919	11,919	419	419
Tax assets	331	439	3,096	2,978
– Current tax assets	0	439	1,241	1,456
– Deferred tax assets	331	0	1,855	1,522
Other assets	333	266	31,420	32,390
Non-current assets classified as held for sale	2,718	2,718	2,718	2,718
TOTAL ASSETS	4,293,341	4,088,662	4,463,176	4,258,813
Deposits from central banks	206,976	206,592	206,976	206,592
Financial liabilities held for trading	43	44	43	44
Financial liabilities measured at amortised cost	3,727,729	3,526,884	3,833,638	3,634,230
– Deposits from banks	43,121	44,301	43,121	44,301
– Deposits from non-bank customers	5	5	5	5
– Loans and advances from banks	1,607,025	1,924,619	1,705,543	2,030,232
– Loans and advances from non-bank customers	464,011	150,063	464,011	150,063
– Debt securities	1,610,167	1,406,725	1,610,167	1,406,725
– Other financial liabilities	3,400	1,171	10,791	2,904
Provisions	12,151	14,713	43,049	44,587
Tax liabilities	528	28	615	229
– Current tax liabilities	473	0	560	201
– Deferred tax liabilities	55	28	55	28
Other liabilities	214	177	11,159	9,956
TOTAL LIABILITIES	3,947,641	3,748,438	4,095,480	3,895,638
Share capital	300,000	300,000	300,000	300,000
Share premium	1,139	1,139	1,139	1,139
Revaluation reserve	(725)	1,003	(1,076)	897
Reserves from profit	37,012	37,012	58,350	57,434
Treasury shares	(1,324)	(1,324)	(1,324)	(1,324)
Retained earnings (including income from the reporting period)	9,598	2,394	10,607	5,029
TOTAL EQUITY	345,700	340,224	367,696	363,175
TOTAL LIABILITIES AND EQUITY	4,293,341	4,088,662	4,463,176	4,258,813

7 STATEMENT OF CHANGES IN EQUITY

7.1 Statement of changes in equity of SID Bank

For the period January 1st, 2013 to March 31st, 2013

In EUR thousand	Share capital	Share premium	Revaluation reserves	Reserves from profit	Retained earnings (including income from the reporting period)	Treasury shares	Total equity
Balance as at January 1st, 2013	300,000	1,139	1,003	37,012	2,394	(1,324)	340,224
Comprehensive income for the financial period after tax	0	0	(1,727)	0	7,203	0	5,476
Balance as at March 31st, 2013	300,000	1,139	(725)	37,012	9,598	(1,324)	345,700

For the period January 1st, 2012 to March 31st, 2012

In EUR thousand	Share capital	Share premium	Revaluation reserves	Reserves from profit	Retained earnings (including income from the reporting period)	Treasury shares	Total equity
Balance as at January 1st, 2012	300,000	1,139	(2,173)	31,300	3,066	(1,324)	332,008
Comprehensive income for the financial period after tax	0	0	3,853	0	3,906	0	7,759
Balance as at March 31st, 2012	300,000	1,139	1,681	31,300	6,971	(1,324)	339,767

7.2 Statement of changes in equity of SID Bank Group

For the period January 1st, 2013 to March 31st, 2013

In EUR thousand	Share capital	Share premium	Revaluation reserves	Reserves from profit	Retained earnings (including income from the reporting period)	Treasury shares	Total equity
Balance as at January 1st, 2013	300,000	1,139	897	57,434	5,029	(1,324)	363,175
Comprehensive income for the financial period after tax	0	0	(1,941)	0	6,459	0	4,518
Transfer of net profit to reserves from profit	0	0	0	916	(915)	0	1
Other ⁵	0	0	(32)	0	33	0	1
Balance as at March 31st, 2013	300,000	1,139	(1,076)	58,350	10,607	(1,324)	367,696

For the period January 1st, 2012 to March 31st, 2012

In EUR thousand	Share capital	Share premium	Revaluation reserves	Reserves from profit	Retained earnings (including income from the reporting period)	Treasury shares	Total equity
Balance as at January 1st, 2012	300,000	1,139	(3,194)	50,132	5,686	(1,324)	352,439
Comprehensive income for the financial period after tax	0	0	4,022	0	4,470	0	8,492
Other ⁵	0	0	50	0	(51)	0	(1)
Balance as at March 31st, 2012	300,000	1,139	878	50,132	10,105	(1,324)	360,930

⁵ Foreign currency translation differences in the consolidation.

8 STATEMENT OF CASH FLOWS⁶

In EUR thousand	SID Bank		SID Bank Group	
	31.3.2013	31.3.2012	31.3.2013	31.3.2012
A. CASH FLOWS FROM OPERATING ACTIVITIES				
a) Total profit before tax	8,387	4,882	8,182	5,707
Depreciation	147	137	260	242
Impairments of tangible fixed assets, investment property, intangible long-term assets and other assets	8,487	(9,922)	9,240	10,265
Net (gains)/losses from exchange differences	(2)	3	(60)	251
Other (gains) from investment activities	(1,422)	0	0	(352)
Other adjustments to total profit before tax	(2,932)	(198)	(2,511)	(664)
Cash flows from operating activities before changes in operating assets and liabilities	12,664	(5,098)	15,111	15,449
b) Decreases in operating assets	(40,936)	(9,602)	(42,501)	(36,146)
c) Increases in operating liabilities	208,295	164,154	208,629	169,621
d) Cash flow from operating activities (a+b+c)	180,023	149,454	181,239	148,924
e) Income taxes (paid)/refunded	(576)	(389)	(1,456)	(1,147)
f) Net cash flow from operating activities (d+e)	179,447	149,065	179,783	147,777
B. CASH FLOWS FROM INVESTING ACTIVITIES				
a) Receipts from investing activities	1,422	0	0	352
b) Cash payments on investing activities	(121)	(118)	(183)	(1,065)
c) Net cash flow from investing activities (a-b)	1,301	(118)	(183)	(713)
D. Effects of change in exchange rates on cash and cash equivalents	4	0	4	0
E. Net increase in cash and cash equivalents (Af+Bc)	180,748	148,947	179,600	147,064
F. Cash and cash equivalents at beginning of the year	317,641	172,352	341,968	194,171
G. Cash and cash equivalents at end of the year(D+E+F)	498,393	321,299	521,572	341,235

⁶ Condensed statement of cash flows.