



**MID-YEAR FINANCIAL STATEMENTS OF SID BANK  
(1. 1. 2008 - 30. 6. 2008)**

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Company name: SID – Slovenska izvozna in razvojna banka, d.d., Ljubljana  
SID Bank, Inc., Ljubljana  
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ID Number: 5665493  
VAT Identification Number: SI 82155135  
Telephone: 01/ 200 75 00  
Management Board: 01/ 200 75 53  
Telefax: 01/ 200 75 75  
E-mail: info@sid.si  
Website: <http://www.sid.si>

#### Companies of SID Bank Group

SID – Prva kreditna zavarovalnica d.d., Ljubljana, Slovenia  
SID – First Credit Insurance Company Inc., Ljubljana  
Ulica Josipine Turnograjske 6, 1000 Ljubljana, Slovenia  
tel: 01/200 78 00; fax:01/425 84 45  
<http://www.sid-pkz.si>

PRO KOLEKT, družba za izterjavo, d.o.o.  
Ulica Josipine Turnograjske 6, 1000 Ljubljana, Slovenia  
tel: 01/200 75 90, fax: 01/421 06 21  
<http://www.prokolekt.si>

PRO KOLEKT d.o.o.  
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tel. +385 1 617 70 08, fax: +385 1 617 72 16  
<http://www.prokolekt.hr>

PRO KOLEKT d.o.o.  
Bulevar Goce Delčev 11, 1000 Skopje, Macedonia  
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PRO KOLEKT d.o.o.  
Bulevar Mihajla Pupina 10ž/222, 11070 New Belgrade, Serbia  
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S.C. Pro Kolekt Credit Management Services Bucuresti s.r.l.  
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Pro Kolekt d.o.o. Sarajevo  
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PRVI FAKTOR, faktoring družba, d.o.o.,  
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PRVI FAKTOR, faktoring društvo, d.o.o.  
Hektorovićeva 2/V, 10000 Zagreb, Croatia  
tel.: +385 1 617 78 05; fax: +385 1 617 66 29  
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PRVI FAKTOR - faktoring d.o.o.  
Bulevar Mihajla Pupina 165/v, 11070 New Belgrade, Serbia  
tel.: +381 11 2225 400; fax: +381 11 2225 444  
<http://www.prvifaktor.co.yu>

PRVI FAKTOR d.o.o., finansijski inženjering, Džemala Bijedića bb,  
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tel.: +387 33 767 210, fax: +387 33 767 211  
<http://www.prvifaktor.ba>

Center za mednarodno sodelovanje in razvoj  
Centre for International Cooperation and Development  
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tel.: 01 568 13 96, fax.: 568 13 72  
<http://www.cmsr.si>



## • **BASIC INFORMATION**

SID Bank, Inc., Ljubljana (Slovenian: SID – Slovenska izvozna in razvojna banka, d.d., Ljubljana; short: SID banka, d.d., Ljubljana; hereinafter: SID Bank) was established as Slovenska izvozna družba, družba za zavarovanje in financiranje izvoza Slovenije, d.d., Ljubljana on 22 October 1992.

The nominal capital of SID Bank is 89,600,000 Euro and is divided into 932,354 no-par value shares, which were issued in several issues. The majority shareholder of SID Bank is the Republic of Slovenia (91.15% share). Other shareholders of SID Bank are banks, insurance companies, Chamber of Commerce and Industry of Slovenia and slovenian companies.

### **For its own account** SID Bank:

- Provides pre-shipment and post-shipment financing of international business transactions and international business cooperation.
- Issues guarantees.
- Enters into money, currency, capital and derivative market transactions.
- Provides credit rating and other credit information.

**On behalf of the Republic of Slovenia**, SID Bank as an authorised export-credit agency (hereinafter: ECA) provides:

- Short-term export credit insurance against non-commercial and other non-marketable risks.
- Investment insurance against non-commercial risks.
- Medium-term export credit insurance against commercial and/or non-commercial risks.
- Interest Rate Equalization Programme (IREP).
- Other transactions on special authorisations.

### **SID Bank Group is constituted by:**

#### **1. Controlling company:**

- SID – Slovenska izvozna in razvojna banka, d.d., Ljubljana (SID Bank, Inc., Ljubljana).

#### **2. Subsidiary companies:**

- SID – Prva kreditna zavarovalnica d.d., Ljubljana, Slovenia (SID – First Credit Insurance Company Inc., Ljubljana), in which SID Bank holds 100% ownership share.
- PRO KOLEKT, družba za izterjavo, d.o.o. Ljubljana, Slovenia, a debt-collection company in which SID Bank holds a 100% ownership share and which has six affiliated companies:
  - PRO KOLEKT d.o.o. Zagreb, Croatia.
  - PRO KOLEKT d.o.o. Skopje, Macedonia.
  - PRO KOLEKT d.o.o. Belgrade, Serbia.
  - PRO KOLEKT CMSB S.R.L., Bucharest, Romania.
  - PRO KOLEKT SOFIA EOOD, Sofia, Bulgaria.
  - PRO KOLEKT d.o.o., Sarajevo, Bosnia and Herzegovina.

#### **3. Joint ventures:**

- PRVI FAKTOR, faktoring družba, d.o.o., Ljubljana, Slovenia, a factoring company in which SID Bank holds a 50% ownership share and which has four affiliated companies:
  - PRVI FAKTOR d.o.o., Zagreb, Croatia.
  - PRVI FAKTOR d.o.o., Belgrade, Serbia.
  - PRVI FAKTOR d.o.o., Sarajevo, Bosnia and Herzegovina.
  - PRVI FAKTOR d.o.o. Skopje, Macedonia.
- Centre for International Cooperation and Development, Ljubljana, public institute for business and entrepreneurial consulting.



- **FINANCIAL STATEMENTS OF SID BANK, INC., LJUBLJANA**

Financial statements of SID Bank have been compiled in accordance with International Financial Reporting Standards. The semi-annual 2008 financial statements were not subject to audit.

As at 30 June 2008, total assets of SID Bank stood at EUR 1,569 million, showing an increase of 26 % compared to the end of year 2007.

The 2008 semi-annual pre-tax profit of SID Bank stood at EUR 2.3 million. In the year 2007 it stood at EUR 4.1 million.

The 2008 semi-annual net interest of SID Bank stood at EUR 5.9 million. In the year 2007 it stood at EUR 8.7 million.

The 2008 semi-annual net non-interest income of SID Bank stood at EUR 1.6 million. In the year 2007 it stood at EUR 3.8 million.

Interest margin stood at 0.84 %.

Financial intermediation margin stood at 1.06 %.

#### **KEY FIGURES OF SID BANK, INC., LJUBLJANA**

|  | <b>30.06.2008</b> | <b>31.12.2007</b> |
|--|-------------------|-------------------|
| <i>Shares</i>  |                   |                   |
| - Number of shareholders   | 79                | 85                |
| - Number of shares   | 932,354           | 932,354           |
| - Nominal value per share (in EUR)   | 96.10             | 96.10             |
| - book value of a share (in EUR)   | 119.65            | 117.69            |
| <i>Selected indicators</i>   |                   |                   |
| Quality assets of on-balance sheet and contingent liabilities:   |                   |                   |
| - Impairments of financial assets measured at amortised cost, and provisions for contingent liabilities/classified on-balance sheet assets and classified off-balance-sheet items* | 1.97%             | 1.36%             |
| Profitability:   |                   |                   |
| - Interest margin  | 0.84%             | 0.93%             |
| - Financial intermediation margin  | 1.06%             | 1.34%             |
| - Return on assets before taxation   | 0.33%             | 0.44%             |
| - Return on equity before taxation   | 4.31%             | 4.21%             |
| - Return on equity after taxation  | 3.36%             | 3.72%             |
| Operating costs:   |                   |                   |
| - Operating costs / average assets   | 0.42%             | 0.62%             |
| Number of employees  | 76                | 69                |

The calculations consider key figures on yearly level.

## BALANCE SHEET OF SID BANK, INC., LJUBLJANA

| In thousands of EUR  | 30.06.2008       | 31.12.2007       |
|--|------------------|------------------|
| Cash and balances with the central bank  | 237              | 298              |
| Financial assets held for trading  | 126              | 129              |
| Available-for-sale financial assets  | 31,229           | 40,728           |
| Loans  | 1,522,937        | 1,192,496        |
| - Loans to banks   | 1,087,744        | 915,674          |
| - Loans to clients other than banks  | 435,193          | 276,822          |
| Property, plant and equipment  | 4,966            | 5,091            |
| Intangible assets  | 556              | 600              |
| Long-term investments in equity of subsidiaries, associates and joint ventures | 7,712            | 7,712            |
| Corporate income tax assets  | 450              | 1,373            |
| - Tax assets   | 311              | 1,229            |
| - Non-current deferred tax assets  | 139              | 144              |
| Other assets   | 383              | 290              |
| <b>TOTAL ASSETS OF SID BANK</b>  | <b>1,568,596</b> | <b>1,248,717</b> |
| <b>INVESTMENTS FROM CONTINGENCY RESERVES</b>                                   | <b>110,293</b>   | <b>107,278</b>   |
| <b>INVESTMENTS – INTEREST RATE EQUALISATION PROGRAMME (IREP)</b>               | <b>5,498</b>     | <b>5,395</b>     |
| Financial liabilities held for trading   | 33               | 186              |
| Financial liabilities measured at amortised cost                               | 1,454,170        | 1,137,069        |
| - Bank deposits  | 18,088           | 26,205           |
| - Deposits of clients other than banks   | 6,187            | 32,880           |
| - Loans of banks   | 1,425,369        | 1,069,125        |
| - Loans of clients other than banks  | 3,542            | 0                |
| - Debt securities  | 984              | 8,859            |
| Provision  | 1,592            | 883              |
| Corporate income tax liabilities   | 2,704            | 2,190            |
| - Tax liabilities  | 2,677            | 2,163            |
| - Non-current deferred tax liabilities   | 27               | 27               |
| Other liabilities  | 744              | 835              |
| <b>TOTAL LIABILITIES</b>   | <b>1,459,243</b> | <b>1,141,163</b> |
| Share capital  | 89,600           | 89,600           |
| Capital reserves   | 1,139            | 1,139            |
| Revaluation surplus  | (353)            | (331)            |
| Reserves from profit (including retained profit)                               | 17,566           | 17,566           |
| Own stakes   | (1,324)          | (1,324)          |
| Net profit for the period*   | 2,725            | 904              |
| <b>EQUITY</b>  | <b>109,353</b>   | <b>107,554</b>   |
| <b>TOTAL LIABILITIES AND EQUITY OF SID BANK</b>                                | <b>1,568,596</b> | <b>1,248,717</b> |
| <b>LIABILITIES FOR CONTINGENCY RESERVES</b>                                    | <b>110,293</b>   | <b>107,278</b>   |
| <b>INTEREST RATE EQUALISATION PROGRAMME (IREP)</b>                             | <b>5,498</b>     | <b>5,395</b>     |

\* This item for the year 2007 includes only undivided profit, which is also included in net profit for the year 2008.



## INCOME STATEMENT OF SID BANK, INC., LJUBLJANA

| In thousands of EUR  | 1-6/2008     | 1-12/2007    |
|--|--------------|--------------|
| Interest income and similar income   | 35,440       | 47,547       |
| Interest expense and similar expense   | (29,552)     | (38,810)     |
| Net interest   | 5,888        | 8,737        |
| Dividend income  | 0            | 1,031        |
| Fees and commissions received  | 484          | 566          |
| Fees and commissions paid  | (179)        | (101)        |
| Net fees and commissions   | 305          | 465          |
| Profits/losses from financial assets and liabilities not measured at fair value through profit or loss | 13           | (17)         |
| Net profits/losses from financial assets and liabilities held for trading                              | 89           | 20           |
| Net foreign exchange gains/losses  | (90)         | (258)        |
| Net profits/losses from derecognition of assets, excluding non-current assets held for sale            | 2            | 0            |
| Other net operating profits/losses   | 1,280        | 2,593        |
| Administrative costs   | (2,639)      | (5,240)      |
| Depreciation, amortisation   | (300)        | (562)        |
| Provision  | 1,592        | 709          |
| Impairments  | (1,599)      | (3,387)      |
| <b>Profit on ordinary activities</b>   | <b>2,335</b> | <b>4,091</b> |
| Corporate income tax on ordinary activities  | (514)        | (451)        |
| Deferred taxes   | 0            | (24)         |
| <b>Net profit on ordinary activities</b>   | <b>1,821</b> | <b>3,616</b> |
| <b>Net profit for the period</b>   | <b>1,821</b> | <b>3,616</b> |



## • FINANCIAL STATEMENTS OF SID BANK GROUP

Consolidated financial statements of SID Bank Group have been compiled in accordance with International Financial Reporting Standards. The 2008 semi-annual financial statements were not subject to audit.

### Companies included in consolidation

The companies are included in the financial statements using:

- The full consolidation method:
  - the controlling company: SID Bank, Inc., Ljubljana;
  - a subsidiary: SID – First Credit Insurance Company Inc., Ljubljana, in which SID Bank holds a 100% ownership interest.
- The proportionate consolidation method:
  - PRVI FAKTOR Group.

Companies of PRO KOLEKT Group were excluded from consolidation by SID Bank because total assets of the group account for less than 1 % of total assets of SID Bank. In the consolidated financial statements the investment into PRO KOLEKT d.o.o., Ljubljana has been evaluated using the investment method.

Also excluded from consolidation is Centre for International Cooperation and Development, in which SID Bank does not hold an ownership interest, but has the role of the founder of the institute.

As at 30 June 2007, total assets of SID Bank Group stood at EUR 1,788 million, showing an increase of 24 % compared to the end of year 2007.

The 2008 semi-annual pre-tax profit of SID Bank Group stood at EUR 4.8 million. In the year 2007 it stood at EUR 8.3 million.

The 2008 semi-annual net interest of SID Bank Group stood at EUR 9.5 million. In the year 2007 it stood at EUR 13.0 million.

The 2008 semi-annual net non-interest income of SID Bank stood at EUR 7.1 million. In the year 2007 it stood at EUR 13.4 million.

Interest margin stood at 1.18 %.

Financial intermediation margin stood at 1.49 %.

### KEY FIGURES OF SID BANK GROUP

|                                    | 30.06.2008 | 31.12.2007 |
|------------------------------------|------------|------------|
| Profitability:                     |            |            |
| - Interest margin                  | 1.18%      | 1.10 %     |
| - Financial intermediation margin  | 1.49%      | 1.65 %     |
| - Return on assets before taxation | 0.60%      | 0.70 %     |
| - Return on equity before taxation | 7.44%      | 6.67 %     |
| - Return on equity after taxation  | 5.79%      | 5.45 %     |
| Operating costs:                   |            |            |
| - Operating costs/ average assets  | 0.69%      | 0.91 %     |

The calculations consider key figures on yearly level.

## BALANCE SHEET OF SID BANK GROUP

| In thousands of EUR  | 30.06.2008       | 31.12.2007       |
|--|------------------|------------------|
| Cash and balances with the central bank                                | 239              | 299              |
| Financial assets held for trading                                      | 126              | 129              |
| Financial assets designated at fair value through financial statements | 1                | 0                |
| Available-for-sale financial assets                                    | 51,153           | 63,034           |
| Derivative financial instruments held for security                     | 0                | 0                |
| Loans  | 1,703,684        | 1,346,026        |
| - Loans to banks   | 1,099,393        | 922,927          |
| - Loans to clients other than banks                                    | 604,291          | 423,099          |
| Property, plant and equipment  | 5,481            | 5,569            |
| Intangible assets  | 1,285            | 1,237            |
| Long-term investments in equity of subsidiary companies                | 419              | 419              |
| Corporate income tax assets  | 1,174            | 2,269            |
| - Tax assets   | 402              | 1,491            |
| - Non-current deferred tax assets                                      | 772              | 778              |
| Other assets   | 24,453           | 18,052           |
| <b>TOTAL ASSETS</b>  | <b>1,788,015</b> | <b>1,437,034</b> |
| <b>INVESTMENTS FROM CONTINGENCY RESERVES</b>                           | <b>110,293</b>   | <b>107,278</b>   |
| <b>INVESTMENTS – INTEREST RATE EQUALISATION PROGRAMME (IREP)</b>       | <b>5,498</b>     | <b>5,395</b>     |
| Financial liabilities held for trading                                 | 33               | 186              |
| Financial liabilities measured at amortised cost                       | 1,606,578        | 1,274,967        |
| - Bank deposits  | 18,088           | 22,637           |
| - Deposits of clients other than banks                                 | 2,645            | 32,878           |
| - Loans of banks   | 1,582,303        | 1,211,554        |
| - Loans of clients other than banks                                    | 3,542            | 0                |
| - Debt securities  | 0                | 7,898            |
| Provisions   | 32,955           | 26,956           |
| Corporate income tax liabilities                                       | 3,045            | 2,427            |
| - <i>Tax liabilities</i>   | 3,018            | 2,400            |
| - <i>Non-current deferred tax liabilities</i>                          | 27               | 27               |
| Other liabilities  | 13,538           | 4,908            |
| <b>TOTAL LIABILITIES</b>   | <b>1,656,149</b> | <b>1,309,444</b> |
| Share capital  | 89,600           | 89,600           |
| Capital reserves   | 1,139            | 1,139            |
| Revaluation surplus  | (663)            | (396)            |
| Reserves from profit (including retained profit)                       | 39,361           | 31,835           |
| Own stakes   | (1,324)          | (1,324)          |
| Net profit for the period  | 3,753            | 6,736            |
| <b>CAPITAL OF MAJORITY SHAREHOLDERS</b>                                | <b>131,866</b>   | <b>127,590</b>   |
| Capital of minority shareholders                                       | 0                | 0                |
| <b>EQUITY</b>  | <b>131,866</b>   | <b>127,590</b>   |
| <b>TOTAL LIABILITIES AND EQUITY</b>                                    | <b>1,788,015</b> | <b>1,437,034</b> |
| <b>LIABILITIES FOR CONTINGENCY RESERVES</b>                            | <b>110,293</b>   | <b>107,278</b>   |
| <b>INTEREST RATE EQUALISATION PROGRAMME (IREP)</b>                     | <b>5,498</b>     | <b>5,395</b>     |





## FINANCIAL STATEMENTS OF SID BANK GROUP

| In thousands of EUR  | 1-6/2008     | 1-12/2007     |
|--|--------------|---------------|
| Interest income and similar income   | 43,488       | 57,635        |
| Interest expense and similar expense   | (33,994)     | (44,614)      |
| <b>Net interest</b>  | <b>9,494</b> | <b>13,021</b> |
| Dividend income  | 0            | 0             |
| Fees and commissions received  | 1,887        | 4,168         |
| Fees and commissions paid  | (858)        | (1,583)       |
| <b>Net fees and commissions</b>  | <b>1,029</b> | <b>2,585</b>  |
| Profits/losses from financial assets and liabilities not measured at fair value through profit or loss | 13           | (78)          |
| Net profits/losses from financial assets and liabilities held for trading                              | 90           | 20            |
| Fair value adjustments in hedge accounting   | 0            | 0             |
| Net foreign exchange gains/losses  | 1,384        | 1,487         |
| Net profits/losses from derecognition of assets, excluding non-current assets held for sale            | 8            | 0             |
| Other net operating profits/losses   | 4,622        | 9,379         |
| Administrative costs   | (5,131)      | (10,036)      |
| Depreciation, amortisation   | (419)        | (746)         |
| Provision  | (2,918)      | (2,818)       |
| Impairments  | (3,343)      | (4,564)       |
| <b>PROFIT ON ORDINARY ACTIVITIES</b>   | <b>4,829</b> | <b>8,250</b>  |
| Corporate income tax on ordinary activities  | (1,076)      | (1,514)       |
| <b>NET PROFIT OF THE PERIOD</b>  | <b>3,753</b> | <b>6,736</b>  |



- **BUSINESS TRANSACTIONS OF SID BANK, INC., LJUBLJANA ON BEHALF AND FOR THE ACCOUNT OF THE REPUBLIC OF SLOVENIA**

**INSURANCE**

| In thousands of EUR | <b>1-6/2008</b> | <b>1-12/2007</b> |
|---------------------|-----------------|------------------|
| Business insured    | 421,604         | 530,172          |
| Premiums            | 1,801           | 3,999            |
| Claims paid         | 8               | 349              |
| Contingency reserve | 107,049         | 102,965          |

**INTEREST RATE EQUALISATION PROGRAMME (IREP)**

| In thousands of EUR | <b>30.06.2008</b> | <b>31.12.2007</b> |
|---------------------|-------------------|-------------------|
| IREP Assets         | 5,498             | 5,395             |