



**MID-YEAR FINANCIAL STATEMENTS OF SID BANK
(1. 1. 2008 - 31. 3. 2008)**

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Company name: SID – Slovenska izvozna in razvojna banka, d.d., Ljubljana
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Management Board: 01/ 200 75 53
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Companies of SID Bank Group

SID – Prva kreditna zavarovalnica d.d., Ljubljana, Slovenia
SID – First Credit Insurance Company Inc., Ljubljana
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Center za mednarodno sodelovanje in razvoj
Centre for International Cooperation and Development
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- **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 financial statements of first trimester 2008 were not subject to audit.

As at 31 March 2008, total assets of SID Bank stood at EUR 1,317 million, showing an increase of 55 % compared to the end of year 2007.

Pre-tax profit of SID Bank in the first trimester in 2008 stood at EUR 0.5 million. In the year 2007 it stood at EUR 4.1 million.

Net interest of SID Bank in the first trimester in 2008 stood at EUR 2.9 million. In the year 2007 it stood at EUR 8.7 million.

Net non-interest income of SID Bank in the first trimester in 2008 stood at EUR 0.8 million. In the year 2007 it stood at EUR 3.8 million.

Interest margin stood at 0.89 %.

Financial intermediation margin stood at 1.14 %.

KEY FIGURES OF SID BANK, INC., LJUBLJANA

	31.03.2008	31.12.2007
<i>Shares</i>		
- number of shareholders	85	85
- number of shares	932,354	932,354
- nominal value per share (in SIT thousand)	96.10	96.10
- book value of a share (in SIT thousand)	118.12	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*	2.16%	1.36%
Profitability:		
interest margin	0.89%	0.93%
financial intermediation margin	1.14%	1.34%
return on assets before taxation	0.17%	0.44%
return on equity before taxation	2.03%	4.21%
return on equity after taxation	1.58%	3.72%
Operating costs:		
operating costs / average assets	0.41%	0.62%
Number of employees	73	69

The calculations consider key figures on yearly level.

BALANCE SHEET OF SID BANK, INC., LJUBLJANA

in thousands of EUR	31.03.2008	31.12.2007
Cash and balances with the central bank	579	298
Financial assets held for trading	255	129
Available-for-sale financial assets	39,679	40,728
Loans	1,260,766	1,192,496
- <i>Loans to banks</i>	945,438	915,674
- <i>Loans to clients other than banks</i>	315,328	276,822
Property, plant and equipment	5,072	5,091
Intangible fixed assets	563	600
Long-term investments in equity of subsidiaries, associates and joint ventures	7,712	7,712
Corporate income tax assets	1,907	1,373
- <i>Tax assets</i>	1,768	1,229
- <i>Non-current deferred tax assets</i>	139	144
Other assets	249	290
TOTAL ASSETS OF SID BANK	1,316,782	1,248,717
INVESTMENTS FROM CONTINGENCY RESERVES	107,817	107,278
INVESTMENTS – INTEREST RATE EQUALISATION PROGRAMME (IREP)	5,418	5,395
Financial liabilities held for trading	172	186
Financial liabilities measured at amortised cost	1,204,421	1,137,069
- <i>Bank deposits</i>	25,274	26,205
- <i>Deposits of clients other than banks</i>	28,515	32,880
- <i>Loans of banks</i>	1,138,104	1,069,125
- <i>Loans of clients other than banks</i>	3,603	0
- <i>Debt securities</i>	8,925	8,859
Provision	1,209	883
Corporate income tax liabilities	2,310	2,190
- <i>Tax liabilities</i>	2,283	2,163
- <i>Non-current deferred tax liabilities</i>	27	27
Other liabilities	722	835
TOTAL LIABILITIES	1,208,834	1,141,163
Equity	89,600	89,600
Capital reserves	1,139	1,139
Revaluation surplus	(363)	(331)
Reserves from profit (including retained profit)	17,566	17,566
Own stakes	(1,324)	(1,324)
Net profit for the period*	1,330	904
TOTAL CAPITAL	107,948	107,554
TOTAL LIABILITIES AND CAPITAL OF SID BANK	1,316,782	1,248,717
LIABILITIES FOR CONTINGENCY RESERVES	107,817	107,278
INTEREST RATE EQUALISATION PROGRAMME (IREP)	5,418	5,395

* 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	1-3/2008	1-12/2007
Interest income and similar income	16,875	47,547
Interest expense and similar expense	(14,013)	(38,810)
Net interest	2,862	8,737
Dividend income	0	1,031
Fees and commissions received	194	566
Fees and commissions paid	(26)	(101)
Net fees and commissions	168	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	103	20
Net foreign exchange gains/losses	(94)	(258)
Net profits/losses from derecognition of assets, excluding non-current assets held for sale	5	0
Other net operating profits/losses	585	2,593
Administrative costs	(1,170)	(5,240)
Depreciation, amortisation	(147)	(562)
Provision	327	709
Impairments	(1,452)	(3,387)
Profit on ordinary activities	546	4,091
Corporate income tax on ordinary activities	(120)	(451)
Deferred taxes	0	(24)
Net profit on ordinary activities	426	3,616
Net profit for the period	426	3,616



- **FINANCIAL STATEMENTS OF SID BANK GROUP**

Consolidated financial statements of SID Bank Group have been compiled in accordance with International Financial Reporting Standards. The financial statements of first trimester 2008 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 accounts 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 31 March 2007, total assets of SID Bank Group stood at EUR 1,524 million, showing an increase of 6 % compared to the end of year 2007.

Pre-tax profit of SID Bank Group in the first trimester 2008 stood at EUR 2.4 million. In the year 2007 it stood at EUR 8.3 million.

Net interest of SID Bank Group in the first trimester 2008 stood at EUR 4.0 million. In the year 2007 it stood at EUR 13.0 million.

Net non-interest income of SID Bank in the first trimester 2008 stood at EUR 4.2 million. In the year 2007 it stood at EUR 13.4 million.

Interest margin stood at 1.08 %.

Financial intermediation margin stood at 2.21 %.

KEY FIGURES OF SID BANK GROUP

	31.03.2008	31.12.2007
Profitability:		
- interest margin	1.08 %	1.10 %
- financial intermediation margin	2.21 %	1.65 %
- return on assets before taxation	0.65 %	0.70 %
- return on equity before taxation	7.55 %	6.67 %
- return on equity after taxation	6.49 %	5.45 %
Operating costs:		
- operating costs/ average assets	0.68 %	0.91 %

The calculations consider key figures on yearly level.

BALANCE SHEET OF SID BANK GROUP

in thousands of EUR	31.03.2008	31.12.2007
Cash and balances with the central bank	580	299
Financial assets held for trading	255	129
Financial assets designated at fair value through financial statements	1	0
Available-for-sale financial assets	60,996	63,034
Derivative financial instruments held for security	0	0
Loans	1,427,575	1,346,026
- Loans to banks	956,937	922,927
- Loans to clients other than banks	470,638	423,099
Property, plant and equipment	5,553	5,569
Intangible assets	1,281	1,237
Long-term investments in equity of subsidiary companies	419	419
Corporate income tax assets	2,876	2,269
- Tax assets	2,170	1,491
- Non-current deferred tax assets	706	778
Other assets	24,017	18,052
TOTAL ASSETS	1,523,553	1,437,034
INVESTMENTS FROM CONTINGENCY RESERVES	107,817	107,278
INVESTMENTS – INTEREST RATE EQUALISATION PROGRAMME (IREP)	5,418	5,395
Financial liabilities held for trading	172	186
Financial liabilities measured at amortised cost	1,345,826	1,274,967
- Bank deposits	25,274	22,637
- Deposits of clients other than banks	24,912	32,878
- Loans of banks	1,284,127	1,211,554
- Loans of clients other than banks	3,561	0
- Debt securities	7,952	7,898
Provisions	29,931	26,956
Corporate income tax liabilities	2,567	2,427
- <i>Tax liabilities</i>	2,540	2,400
- <i>Non-current deferred tax liabilities</i>	27	27
Other liabilities	16,114	4,908
TOTAL LIABILITIES	1,394,610	1,309,444
Equity	89,600	89,600
Capital reserves	1,139	1,139
Revaluation surplus	(683)	(396)
Reserves from profit (including retained profit)	38,130	31,835
Own stakes	(1,324)	(1,324)
Net profit for the period	2,081	6,736
CAPITAL OF MAJORITY SHAREHOLDERS	128,943	127,590
Capital of minority shareholders	0	0
TOTAL CAPITAL	128,943	127,590
TOTAL LIABILITIES AND CAPITAL	1,523,553	1,437,034
LIABILITIES FOR CONTINGENCY RESERVES	107,817	107,278
INTEREST RATE EQUALISATION PROGRAMME (IREP)	5,418	5,395



FINANCIAL STATEMENTS OF SID BANK GROUP

in thousands of EUR	1-3/2008	1-12/2007
Interest income and similar income	20,107	57,635
Interest expense and similar expense	(16,096)	(44,614)
Net interest	4,011	13,021
Dividend income	0	0
Fees and commissions received	1,460	4,168
Fees and commissions paid	(497)	(1,583)
Net fees and commissions	963	2,585
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	104	20
Fair value adjustments in hedge accounting	0	0
Net foreign exchange gains/losses	728	1,487
Net profits/losses from derecognition of assets, excluding non-current assets held for sale	6	0
Other net operating profits/losses	2,339	9,379
Administrative costs	(2,299)	(10,036)
Depreciation, amortisation	(204)	(746)
Provision	(1,635)	(2,818)
Impairments	(1,604)	(4,564)
PROFIT ON ORDINARY ACTIVITIES	2,422	8,250
Corporate income tax on ordinary activities	(341)	(1,514)
NET PROFIT OF THE PERIOD	2,081	6,736



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

INSURANCE

in thousands of EUR	1-3/2008	1-12/2007
Business insured	9,142	530,172
Premiums	78	3,999
Claims paid	7	349
Contingency reserve	104,680	102,965

INTEREST RATE EQUALISATION PROGRAMME (IREP)

in thousands of EUR	31.03.2008	31.12.2007
IREP Assets	5,418	5,395