



## **MID-YEAR FINANCIAL STATEMENTS**

**1. 1. 2010 - 30. 9. 2010**

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## • **BASIC INFORMATION**

SID - Slovenska izvozna in razvojna banka d.d., Ljubljana (hereinafter: SID Bank) with registered office at Ulica Josipine Turnograjske 6, 1000 Ljubljana, Slovenia.

SID Bank's share capital stood at EUR 300,000,090.70 divided into 3,121,741 ordinary registered no-par value shares issued in several issues. The Republic of Slovenia is the sole shareholder of the bank.

Financial services performed by SID Bank for own account pursuant to the acquired authorization, are mainly:

- granting of loans, financing of business transactions,
- issuing of bonds and other guarantees,
- dealing for its own account or for the account of clients with foreign currencies, including exchange transactions, futures contracts and options, currency and interest financial instruments, transferable securities,
- dealing for its own account with money market instruments,
- credit rating services: collection, analysis and provision of information on credit status of legal entities.

In accordance with Slovene Export and Development Bank Act (ZSIRB) and after its applicability, SID Bank used the above indicated services and financial instruments for the promotion of economic, structural, social and other policies in the areas defined in the 1st item of Article 11 of this act; for example:

- international business transactions and international business cooperation,
- business incentives with a special emphasis on small and medium enterprises, entrepreneurship and risk capital,
- research and development,
- education and employment,
- environmental protection and energy efficiency,
- regional development,
- commercial and public infrastructure.

Pursuant to a statutory authorization (Slovene Export and Development Bank Act - ZSIRB), SID Bank has a status of authorized institution in accordance with Act Governing Insurance and Financing of International Commercial Transactions (ZZFMGP). For the account of the Republic of Slovenia SID Bank carries out the following activities:

- short-term export credit insurance and reinsurance 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).



**SID Bank Group is constituted by:**

**1. Parent 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 OOD, 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 – faktoring d.o.o., Belgrade, Serbia,
  - PRVI FAKTOR d.o.o., Sarajevo, Bosnia and Herzegovina,
  - PRVI FAKTOR d.o.o.e.l., Skopje, Macedonia.

**4. Co-foundation:**

- 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 nine months of 2010 were not subject to audit.

As at 30 September 2010, total assets of SID Bank stood at EUR 3,640 million, showing an increase of 20.3% compared to the end of year 2009.

Pre-tax profit of SID Bank in the first nine months of 2010 stood at EUR 6.3 million. In the first nine months of 2009 it stood at EUR 3.9 million.

Net interest of SID Bank in the first nine months of 2010 stood at EUR 27.7 million. In the first nine months of 2009 it stood at EUR 14.0 million.

Net non-interest income of SID Bank in the first nine months of 2010 stood at EUR 3.6 million. In the first nine months of 2009 it stood at EUR 3.3 million.

Interest margin stood at 1.08%.

Financial intermediation margin stood at 1.22%.

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

	September 30, 2010	December 31, 2009
<i>Shares</i>		
- Number of shareholders	1	1
- Number of shares	3,121,741	3,121,741
- Nominal value per share (in EUR)	96.10	96.10
- Book value of a share (in EUR)	105.52	103.75
<i>Selected indicators</i>		
Quality assets of the statement of financial position and contingent liabilities:		
- Impairments of financial assets measured at amortized cost, and provisions for contingent liabilities/classified on-balance sheet assets and classified off-balance-sheet items	1.83%	1.46%
Profitability:		
- Interest margin	1.08%	0.87%
- Financial intermediation margin	1.22%	1.15%
- Return on assets before taxation	0.24%	0.05%
- Return on equity before taxation	2.56%	0.53%
- Return on equity after taxation	2.05%	0.42%
Operating costs:		
- Operating costs / average assets	0.20%	0.26%
Value of concluded loan agreements (in million EUR)	529.4	1,516.9
Number of employees	93	87

*The calculations consider key figures on yearly level.*

## STATEMENT OF FINANCIAL POSITION OF SID BANK, INC., LJUBLJANA

In thousands of EUR	September 30, 2010	December 31, 2009
Cash and balances of transaction accounts with the state and the central bank	78	1,073
Financial assets held for trading	0	248
Financial assets held for hedging	27,886	2,101
Available-for-sale financial assets	108,184	50,051
Loans	3,485,958	2,954,952
- Loans to banks	2,721,093	2,292,668
- Loans to clients other than banks	764,865	662,284
Property, plant and equipment	4,221	4,441
Intangible assets	295	395
Long-term investments in equity of subsidiaries, associates and joint ventures	11,919	7,712
Corporate income tax assets	510	1,019
- Assets for corporate income tax	147	656
- Assets for deferred taxes	363	363
Other assets	452	2,902
<b>TOTAL ASSETS</b>	<b>3,639,503</b>	<b>3,024,894</b>
Financial liabilities held for trading	69	271
Derivative financial instruments held for hedging	0	1,202
Financial liabilities measured at amortized cost	3,299,956	2,693,134
- Bank deposits	0	155,066
- Deposits of clients other than banks	1,006	91,870
- Loans of banks	1,867,679	1,799,948
- Loans of clients other than banks	99,530	99,108
- Debt securities	1,331,741	547,142
Provision	8,011	4,382
Corporate income tax liabilities	1,390	138
- Tax liabilities	1,252	0
- Non-current deferred tax liabilities	138	138
Other liabilities	2,613	3,785
<b>TOTAL LIABILITIES</b>	<b>3,312,039</b>	<b>2,702,912</b>
Share capital	300,000	300,000
Capital reserves	1,139	1,139
Revaluation surplus	457	(18)
Reserves from profit (including retained profit)	22,185	21,735
Treasury shares	(1,324)	(1,324)
Net profit/loss for the period	5,007	450
<b>EQUITY</b>	<b>327,464</b>	<b>321,982</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,639,503</b>	<b>3,024,894</b>
<b>CONTINGENCY RESERVES</b>	<b>128,369</b>	<b>125,428</b>
<b>INTEREST RATE EQUALIZATION PROGRAMME</b>	<b>7,792</b>	<b>7,627</b>



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

In thousands of EUR	Jan. – Sept. 2010	Jan. – Sept. 2009
Interest income and similar income	74,383	64,121
Interest expense and similar expense	(46,695)	(50,137)
Net interest	27,688	13,984
Dividend income	0	138
Fees and commissions received	1,655	1,259
Fees and commissions paid	(590)	(259)
Net fees and commissions	1,065	1,000
Realized profits/losses from financial assets and liabilities not measured at fair value through profit or loss	424	201
Net profits/losses from financial assets and liabilities held for trading	(34)	37
Changes in fair value when calculating risk insurance	(68)	0
Net foreign exchange gains/losses	16	32
Net profits/losses from derecognition of assets, excluding non-current assets held for sale	(4)	(4)
Other net operating profits/losses	2,212	1,869
Administrative costs	(4,717)	(4,353)
Depreciation, amortization	(463)	(483)
Provision	(3,527)	(994)
Impairments	(16,333)	(7,517)
<b>Profit/loss on ordinary activities</b>	<b>6,259</b>	<b>3,910</b>
Corporate income tax on ordinary activities	(1,252)	(792)
Deferred taxes	-	-
<b>Net profit/loss for the period</b>	<b>5,007</b>	<b>3,118</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 financial statements of first nine months of 2010 were not subject to audit.

#### **Companies included in consolidation**

The companies are included in the financial statements using:

- The full consolidation method:
  - Parent company: SID Bank, Inc., Ljubljana;
  - 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 September 2010, total assets of SID Bank Group stood at EUR 3,837 million, showing an increase of 19.3% compared to the end of year 2009.

Pre-tax profit of SID Bank Group in the first nine months of 2010 stood at EUR 10.9 million. In the first nine months of 2009 it stood at EUR 4.1 million.

Net interest of SID Bank Group in the first nine months of 2010 stood at EUR 31.4 million. In the first nine months of 2009 it stood at EUR 19.0 million.

Net non-interest income of SID Bank Group in the first nine months of 2010 stood at EUR 8.8 million. In the first nine months of 2009 it stood at EUR 7.9 million.

Interest margin stood at 1.19%.

Financial intermediation margin stood at 1.41%.

#### **KEY FIGURES OF SID BANK GROUP**

	<b>September 30, 2010</b>	<b>December 31, 2009</b>
<b>Profitability:</b>		
- Interest margin	1.19%	1.03%
- Financial intermediation margin	1.41%	1.50%
- Return on assets before taxation	0.41%	-
- Return on equity before taxation	4.31%	-
- Return on equity after taxation	3.17%	-
<b>Operating costs:</b>		
- Operating costs/ average assets	0.35%	0.43%
Insurance coverage of the Slovenian export of goods*	18.29%	17.34%

*The calculations consider key figures on yearly level.*

*\*This item includes only data of first eight months of 2010*

## STATEMENT OF FINANCIAL POSITION OF SID BANK GROUP

In thousands of EUR	September 30, 2010	December 31, 2009
Cash and balances of transaction accounts with the state and the central bank	6,051	3,636
Financial assets held for trading	0	248
Financial assets held for hedging	27,886	2,101
Available-for-sale financial assets	129,979	72,390
Loans	3,619,839	3,091,499
- Loans to banks	2,749,741	2,306,883
- Loans to clients other than banks	870,098	784,616
Property, plant and equipment	4,592	4,845
Investment property	185	80
Intangible assets	944	1,078
Long-term investments in equity of subsidiary companies	419	419
Corporate income tax assets	1,605	2,155
- Assets for corporate income tax	662	1,180
- Assets for deferred taxes	943	975
Other assets	45,911	37,182
<b>TOTAL ASSETS</b>	<b>3,837,411</b>	<b>3,215,633</b>
Financial liabilities held for trading	69	271
Derivative financial instruments held for hedging	0	1,202
Financial liabilities measured at amortized cost	3,416,936	2,814,538
- Bank deposits	0	155,066
- Deposits of clients other than banks	1,006	91,870
- Loans of banks	1,984,623	1,921,338
- Loans of clients other than banks	99,566	99,122
- Debt securities	1,331,741	547,142
Provisions	62,672	56,695
Corporate income tax liabilities	2,551	138
- Tax liabilities	2,413	0
- Non-current deferred tax liabilities	138	138
Other liabilities	12,784	9,063
<b>TOTAL LIABILITIES</b>	<b>3,495,012</b>	<b>2,881,907</b>
Share capital	300,000	300,000
Capital reserves	1,139	1,139
Revaluation surplus	728	126
Reserves from profit (including retained profit)	33,809	39,667
Treasury shares	(1,324)	(1,324)
Net profit/loss for the period	8,047	(5,882)
<b>CAPITAL OF MAJORITY SHAREHOLDERS</b>	<b>342,399</b>	<b>333,726</b>
Capital of minority shareholders	0	0
<b>EQUITY</b>	<b>342,399</b>	<b>333,726</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,837,411</b>	<b>3,215,633</b>
<b>CONTINGENCY RESERVES</b>	<b>128,369</b>	<b>125,428</b>
<b>INTEREST RATE EQUALISATION PROGRAMME</b>	<b>7,792</b>	<b>7,627</b>





## INCOME STATEMENT OF SID BANK GROUP

In thousands of EUR	Jan. – Sept. 2010	Jan. – Sept. 2009
Interest income and similar income	82,872	73,922
Interest expense and similar expense	(51,456)	(54,971)
Net interest	31,416	18,951
Dividend income	0	0
Fees and commissions received	4,482	4,522
Fees and commissions paid	(1,244)	(897)
Net fees and commissions	3,238	3,625
Realized profits/losses from financial assets and liabilities not measured at fair value through profit or loss	429	365
Net profits/losses from financial assets and liabilities held for trading	(34)	37
Changes in fair value when calculating risk insurance	(68)	0
Net foreign exchange gains/losses	550	641
Net profits/losses from derecognition of assets, excluding non-current assets held for sale	(5)	(4)
Other net operating profits/losses	4,650	3,228
Administrative costs	(8,570)	(8,104)
Depreciation, amortization	(640)	(661)
Provision	1,490	(3,044)
Impairments	(21,519)	(10,897)
<b>Profit/loss on ordinary activities</b>	<b>10,937</b>	<b>4,137</b>
Corporate income tax on ordinary activities	(2,890)	(850)
Deferred taxes	-	-
<b>Net profit/loss for the period</b>	<b>8,047</b>	<b>3,287</b>



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

#### **INSURANCE AGAINST NON-MARKETABLE RISKS**

Certain commercial and non-commercial or political risks (non-marketable risks) of the nature and level for which private reinsurance market lacks either willingness or capacity to cover, are insured by SID Bank as an authorised institution on behalf and for the account of the Republic of Slovenia. According to the EU legislation, non-marketable risks are defined as commercial and political risks of a time horizon exceeding two years in the OECD countries and all risks in countries which are not OECD members.

Services:


- short-term export credit insurance,
- medium-term export credit insurance,
- investment insurance.

In thousands of EUR	Jan. – Sept. 2010	Jan. – Sept. 2009
Business insured	1,218,056	622,647
Premiums	5,806	3,031
Claims paid	2,311	26
	September 30, 2010	December 31, 2009
Contingency reserve as at September 30	128,369	125,428

#### **INTEREST RATE EQUALISATION PROGRAMME**

In accordance with the Act Governing Insurance and Financing of International Commercial Transactions (hereinafter ZZFMGP) and on behalf and for the account of the Republic of Slovenia, SID Bank implements the Interest Rate Equalization Programme (IREP) for export credits in euros and American dollars falling within the scope of the OECD Arrangements on Officially Supported Export Credits. SID Bank and the Ministry of Finance of RS have concluded an Agreement on Implementation of the Interest Rate Equalization Programme.

In thousands of EUR	September 30, 2010	December 31, 2009
IREP Assets	7,792	7,627



Company name: SID – Slovenska izvozna in razvojna banka, d.d., Ljubljana  
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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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