



**UNAUDITED
FINANCIAL STATEMENTS
OF SID BANK AND SID BANK GROUP 2014**

Edition: March 17th 2015



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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 the period, ended December 31st, 2014.


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 FINANCIAL HIGHLIGHTS AND PERFORMANCE INDICATORS

Statement of Financial Position Summary

In EUR thousand	SID Bank		SID Bank Group	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Total assets	3,577,036	3,787,565	3,631,383	3,844,997
Loans to banks	2,180,886	2,614,462	2,186,274	2,624,659
Loans to non-bank customers	637,327	601,136	637,327	601,135
Financial liabilities	3,178,962	3,432,422	3,179,560	3,433,948
Total equity	355,275	345,793	372,666	362,790

Income Statement Summary

In EUR thousand	SID Bank		SID Bank Group	
	2014	2013	2014	2013
Net interest income	43,247	52,544	43,716	53,242
Net non-interest income	12,890	24,067	17,299	28,223
Operating costs	(10,419)	(9,370)	(14,468)	(13,374)
Impairment and Provisions	(33,568)	(61,541)	(34,331)	(62,145)
Profit on ordinary activities	12,150	5,700	12,216	5,946
Net profit for the financial year	4,544	4,866	4,392	4,408

Selected indicators

In percent	SID Bank		SID Bank Group	
	2014	2013	2014	2013
Profitability				
Interest margin	1.17	1.31	1.17	1.32
Financial intermediation margin ¹	1.52	1.90	1.45	1.85
Return on assets before tax	0.12	0.12	0.12	0.11
Return on equity before tax	3.42	1.66	3.29	1.65
Return on equity after tax	1.28	1.41	1.18	1.22
Operating cost				
Operating costs/ average assets	0.28	0.23	0.39	0.33
Operating costs/net income	18.56	12.23	23.71	16.07
Capital				
Capital adequacy ratio ²	26.1	16.4	25.8	16.1
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	8.51	6.45	9.15	6.92

¹ The computations of financial intermediation margin for SID Bank Group do not consider income from PKZ insurance business.

² Due to the transition to the new regulation on Capital Requirements, the data per 31 December 2014 are not comparable with data for year 2013.

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	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Number of employees	147	139	356	369

	SID Bank	
	31.12.2014	31.12.2013
International credit rating		
Standard & Poor's	A-	
Moody's	Baa3	Ba1

Shares

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 per share (in EUR)	114.48	111.43

Operations Reflected in the Statement of Financial Position

SID Bank's total assets amounted to EUR 3,577 million at the end of 2014, accounting for 94.4% of total assets from 2013.

Loans to banks accounted for a majority share among all investments in the Bank's total assets in 2014. Loans to banks include loans and deposits at banks; these totalled EUR 2,180.9 million as at the end of 2014, down 16.6% on the end of 2013. Loans to non-banking clients increased by 6.0% in 2014 to end the year at EUR 637.3 million. The main reason for the drop in the balance of the loan portfolio is a result of early repayment of loans in the total amount of EUR 313.5 million. Investments in securities totalled EUR 711 million and were up EUR 366.6 million at the end of 2014 compared to the end of 2013. Their share in the Bank's total assets increased from 9.1% to 19.9%.

SID Bank's liabilities and equity as at the end of 2014 comprised liabilities in the amount of EUR 3,221.8 million, and total equity in the amount of EUR 355.3 million.

Deposits and borrowings from banks accounted for a majority of liabilities at the end of 2014, including the liabilities to the central bank. This share amounted to 52.1%. Liabilities to banks and the central bank totalled EUR 1,865.3 million. Liabilities to non-banking clients stood at EUR 381.5 million at the end of 2014. The debt securities balance stood at EUR 930.4 million at the end of 2014, down 18% or EUR 204.4 million at the end of 2013.

Considering SID Bank's predominant influence in the SID Bank Group, the specific nature of the Group, and mutual relationships in the Group, the total assets of the SID Bank Group were only 1.5% higher than the total assets of SID Bank, thus the structure of the Group's assets and liabilities is very similar to those of the Bank.

The SID Bank Group's total equity increased by 2.7% or EUR 9.9 million in 2014. Profit reserves were up EUR 5.1 million, accumulated other comprehensive income in relation to available-for-sale financial assets was up by EUR 5.5 million, the net profit for the financial year, including retained earnings, decreased in terms of value by EUR 0.7 million.



Operations Reflected in the Income Statement

SID Bank recorded a pre-tax profit of EUR 12.2 million in 2014, up EUR 6.5 million on the year 2013 and net profit in the amount EUR 4.5 million, down EUR 0.4 million on the year 2013.

Net interest income amounted to EUR 43.2 million, down 17.7% on 2013. Measured to the average assets, the interest margin was 1.2%. Net interest income accounted for 77% of the total net income.

Net non-interest income amounted to EUR 12.9 million in 2014. Gains from financial assets and liabilities in the amount of EUR 8.6 million accounted for a majority part of non-interest income, recognised at fair value through the income statement, followed by net fee and commission income in the amount of EUR 2.8 million, fee for exercising of operations under authorisation in the amount of EUR 1.9 million, and dividend income in the amount of EUR 0.9 million.

Operating costs amounted to 10.4 million, of which administrative expenses stood at EUR 9.8 million, and amortisation and depreciation totalled EUR 0.6 million. Labour costs amounted to EUR 6.6 million, up 7.5% on 2013. Higher labour costs are primarily a result of recruitments of new employees. Cost of material and services together totalled EUR 3.2 million. The cost-to-income ratio (CIR) remained low in 2014 (18.6%), which points to effective cost management.

Net impairment and provisioning costs amounted to EUR 33.6 million in 2014, which represents 54.5% of net impairments and provisions from 2013. Net impairments totalled EUR 6.3 million, and provisions totalled EUR 27.2 million.

The SID Bank Group recorded a pre-tax profit of EUR 12.2 million in 2014, up EUR 6.3 million on 2013 and net profit amounted to EUR 4.4 million.


3 SIGNIFICANT EVENTS

In January 2014, SID Bank and NLB Bank (owners of the Prvi faktor Group) signed the shareholders' agreement with FIMBank allowing the latter to purchase a 40% stake in Prvi faktor Group with the possibility to increase the share to 60%, thereby reducing SID Bank's stake in the Prvi faktor Group to 30%. In accordance with the agreement the FIMBank joined the Prvi faktor company, Ljubljana on 30 June 2014. The procedure was not completed until that date.

Due to the poor financial standing of the Prvi faktor Group in January 2014, SID Bank assumed the risk for a part of their portfolio totaling EUR 12.2 million and under this title has already generated loss in the amount of EUR 1.7 million.

In February 2014, SID Bank was awarded a credit rating by Standard & Poor's Rating Services, namely the long-term credit rating, of A- with stable future prospects and a short-term credit rating of A-2. SID Bank's rating is at the same level as the credit rating of the Republic of Slovenia. That same month Moody's Investors Service credit rating agency published the rating for SID Bank, which remains Ba1, while the future prospects of the credit rating changed from negative to stable.

In April, SID Bank conducted an early partial redemption of own issued bonds with the symbol SEDABI 3 04/21/15, namely with the possibility of payment in cash or replacement



with SID Bank's new bond. For this purpose SID Bank issued a new 3-year bond in the amount of EUR 96.8 million with an annual 2.25% coupon interest rate. All offers have been accepted for the purchase of the bond, namely for payment in cash of the total nominal value of EUR 53.1 million and for the replacement of the new bond with a total nominal value of EUR 95.2 million. With both transactions, the offered redemption price totalled 101.50 percent of the nominal amount of the bond. The amount of the existing bond SEDABI 3 04/21/15 fell below EUR 500 million following the transaction, which further reduced SID Bank's refinancing risk for 2015.

Ernest Ribič and Matej Špragar, directors of the company Prvi faktor, Ljubljana, were discharged at the General Meeting of Prvi faktor, Ljubljana on 29 May 2014, and Tomaž Kačar, the director of the company Prvi faktor Zagreb, was appointed as acting director.

Due to a change in future prospects of the Republic of Slovenia's credit rating from stable to negative as of 27 June 2014, Standard & Poor's credit rating agency as of 1 July 2014 consequently changed the future prospects of the credit rating of SID Bank, d.d., Ljubljana from stable to negative.

In the field of direct lending to companies with the help of EU funds or funds of the Republic of Slovenia an annex to the agreement with the Ministry of Economic Development and Technology was signed which extended deadlines for the implementation of the Development-incentive program of SID Bank for microfinancing operations of small and medium-sized enterprises 2013-2014 and for financing municipalities infrastructure and environmental projects. SID Bank may approve loans up to 30 June 2015. In July 2014, it was also concluded as a supplement to the contract with the Ministry of Economic Development and Technology, which has extended the deadline for spending the first loan fund by one year as well as the related deadlines because of the expiry of the deadline for the approval of loans under the credit line of the Development-incentive program of SID Bank to fund the operations of technological development projects 2011-2013 for one year.

Prior to assuming full responsibility for the supervision of credit institutions from the ECB in the context of a single supervisory mechanism (SSM), which was realised in November 2014, a Comprehensive Assessment of performance of important credit institutions took place, which consists of an Assets Quality Review and Stress Tests. The SID Bank's review was carried out by ECB in cooperation with the Bank of Slovenia and the PWC audit firm.

The ECB has published the results on 26 October 2014. The SID Bank has successfully completed the comprehensive assessment because no capital deficit has been established. This applies both to the Common Equity Tier ratio which at a 8% threshold for SID Bank stands at 22.8% (adjustment for the Assets Quality Review), as well as to meet the 8% threshold in the baseline scenario, which amounts to 23.80% as well as to meet the 5.5% threshold in an unfavourable scenario, which as the result of a comprehensive review stands at 14.45%.

In December, SID Bank issued additional bank guarantees to the Prvi faktor Group in the total amount of EUR 24 million, and under this title also established provisions in the same amount.

4 NOTES TO SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

Separate and consolidated financial statements for the period from January to December 2014 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, Banking 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 2013.

Accounting Policies

The accounting policies applied are presented in detail in the Annual Report of SID Bank and SID Bank Group for 2013.

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, with the exception of the adoption of new standards and amendments which came into force on January 1st 2014.

The newly adopted standards and amendments: IFRS 10 Consolidated Financial Statements , IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, a revised version of IAS 27 Separate Financial Statements, which has been amended for the issuance of IFRS 10 but retains the current guidance for separate financial statements and the revised version of IAS 28 Investments in Associates and Joint Ventures, which has been amended for conforming changes based on the issuance of IFRS 10 and IFRS 11; amendments to IFRS 10 Consolidated Financial Statements , IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities – Transition Guidance; amendments to IFRS 10 Consolidated Financial Statements , IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities - Investment Entities; amendments to IAS 39 – Novation of derivatives and Continuation of Hedge Accounting; amendments to IAS 36 - Disclosure of the recoverable amount for non-financial assets; amendments to IAS 32 - Offsetting Financial Assets and Financial Liabilities.

Newly adopted standards and amendments of existing standards did not represent any significant changes in accounting policies of SID Bank and SID Bank Group. The exception is IFRS 11 - Joint Arrangements, which replaces IAS 31 - Investments in joint ventures. IFRS 11 provides that a joint venturer's share in their joint venture is recognized as a financial investment, which is accounted for using the equity method. In accordance with the newly adopted standards, by 1 January 2014 SID Bank Group included investment in the Prvi Faktor Group in the consolidated financial statements of the Group using the equity method.

Consolidation

Consolidated financial statements include the following companies:

- By the method of full consolidation SID Bank and 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 from consolidation Pro Kolekt Group and Centre for International Cooperation and Development.

In 2014 new standards had become effective, which had been adopted by the Group and impact on the presentation of its consolidated financial statements.

In accordance with the newly adopted standard IFRS 11 – Joint Arrangements SID Bank Group included the investment in Prvi Faktor Group in the consolidated financial statements using the equity method. The transition from proportionate consolidation to the equity method was made as at the beginning of the first prior period i.e. 1 January 2013.

Comparison of the summaries of consolidated financial statements of SID Bank Group, the use of the equity method and proportionate consolidation as at 31 December 2013 and the year 2013

In EUR thousand	SID Bank Group	
	Equity method	Proportionate consolidation
	31.12.2013	31.12.2013
Statement of financial position summary		
Total assets	3,844,997	3,939,577
Loans to banks	2,624,659	2,631,103
Loans to clients other than banks	601,135	682,212
Financial liabilities	3,433,948	3,517,075
Equity	362,790	373,964
	2013	2013
Statement of profit or loss summary		
Net interest	53,242	56,321
Net non-interest income	28,223	32,641
Operating costs	(13,374)	(16,585)
Impairments and provisions	(62,145)	(58,851)
Profit from ordinary operations	5,946	13,526
Net profit of the financial year	4,408	9,996
Total comprehensive income for the financial year after taxation	5,159	10,789

5 STATEMENT OF FINANCIAL POSITION

In EUR thousand	SID Bank		SID Bank Group	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Cash and cash balances with the central banks and demand deposits with banks	3,051	177,458	7,554	179,745
Available-for-sale financial assets	710,983	344,433	733,053	364,941
Loans	2,818,627	3,216,220	2,824,019	3,226,413
Loans to banks	2,180,886	2,614,462	2,186,274	2,624,659
Loans to clients other than banks	637,327	601,136	637,327	601,135
Other financial assets	414	622	418	619
Derivatives held for hedging	28,394	36,095	28,394	36,095
Property, plant and equipment	6,190	3,324	9,229	6,643
Intangible assets	713	677	1,318	1,258
Long-term interests in subsidiaries, associates and joint ventures	8,831	8,831	419	419
Corporate income tax assets	0	307	427	338
Tax assets	0	0	427	0
Deferred tax assets	0	307	0	338
Other assets	247	220	26,970	29,145
TOTAL ASSETS	3,577,036	3,787,565	3,631,383	3,844,997
Financial liabilities held for trading	3	17	3	17
Financial liabilities measured at amortised cost	3,178,959	3,432,405	3,179,557	3,433,931
Bank deposits	23,827	40,497	23,827	40,497
Deposits of clients other than banks	6	6	6	6
Loans and advances from banks and central bank	1,841,494	1,782,721	1,841,494	1,783,667
Loans and advances from non-bank customers	381,461	472,965	381,461	472,965
Debt securities	930,353	1,134,713	930,353	1,134,713
Other financial liabilities	1,818	1,503	2,416	2,083
Derivatives held for hedging	0	129	0	129
Provisions	35,468	8,246	67,435	38,832
Corporate income tax liabilities	7,025	785	7,103	1,014
Tax liabilities	6,466	785	6,465	1,014
Deferred tax liabilities	559	0	638	0
Other liabilities	306	190	4,619	8,284
TOTAL LIABILITIES	3,221,761	3,441,772	3,258,717	3,482,207
Share capital	300,000	300,000	300,000	300,000
Share premium	1,139	1,139	1,139	1,139
Accumulated other comprehensive income	6,644	1,706	7,132	1,648
Profit reserves	46,658	41,961	63,749	58,621
Treasury shares	(1,324)	(1,324)	(1,324)	(1,324)
Retained earnings (including net profit for the reporting year)	2,158	2,311	1,970	2,706
TOTAL EQUITY	355,275	345,793	372,666	362,790
TOTAL LIABILITIES AND EQUITY	3,577,036	3,787,565	3,631,383	3,844,997

6 STATEMENT OF PROFIT OR LOSS

In EUR thousand	SID Bank		SID Bank Group	
	2014	2013	2014	2013
Interest income	97,604	117,832	98,093	118,551
Interest expenses	(54,357)	(65,288)	(54,377)	(65,309)
Net interest	43,247	52,544	43,716	53,242
Dividend income	910	1,422	0	0
Fees and commissions received	3,528	3,017	3,528	3,017
Fees and commissions paid	(690)	(626)	(703)	(640)
Net fees and commissions	2,838	2,391	2,825	2,377
Gains/(losses) realised on financial assets and liabilities not measured at fair value through profit or loss	(1,148)	15,568	(1,148)	15,569
Net gain on financial assets and liabilities held for trading	13	26	13	26
Gains on financial assets and liabilities measured at fair value through profit or loss	8,632	1,579	8,632	1,579
Changes in fair value in hedge accounting	134	1,053	133	1,053
Net exchange differences loss	(10)	(4)	(7)	(4)
Net gain or loss on derecognition of assets other than non-current assets held for sale	(5)	0	(5)	0
Other net operating gains	1,526	2,032	6,856	9,385
Administrative costs	(9,806)	(8,781)	(13,484)	(12,429)
Depreciation and amortisation	(613)	(589)	(984)	(945)
Provisions	(27,238)	6,454	(27,705)	6,704
Impairments	(6,330)	(67,995)	(6,626)	(68,849)
Loss from interests in associates and joint ventures calculated by the equity method	0	0	0	(1,762)
Profit from ordinary operations	12,150	5,700	12,216	5,946
Corporate income tax on ordinary operations	(7,606)	(834)	(7,824)	(1,538)
Net profit for the financial year	4,544	4,866	4,392	4,408
Basic earnings per share in EUR⁴	1.46	1.57	1.42	1.42

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

7 STATEMENT OF COMPREHENSIVE INCOME

In EUR thousand	SID Bank		SID Bank Group	
	2014	2013	2014	2013
Net profit for the financial year after tax	4,544	4,866	4,392	4,408
Other comprehensive income after tax	4,938	703	5,485	751
Items not reclassified into profit or loss	0	0	(17)	0
Actuarial gains or losses in connection to pension plans with defined benefit plans	0	0	(21)	0
Corporate income tax in connection to items not reclassified to profit or loss	0	0	4	0
Items which may be subsequently reclassified to profit or loss	4,938	703	5,502	751
Gain/loss in connection to available-for-sale financial assets	5,949	877	6,628	931
Valuation gains taken to equity	7,296	1,431	7,975	1,486
Transfer of gains or losses into profit or loss	(1,347)	(554)	(1,347)	(555)
Corporate income tax in connection to items which may be subsequently reclassified to profit or loss	(1,011)	(174)	(1,126)	(180)
Total comprehensive income for the financial year after taxation	9,482	5,569	9,877	5,159

8 STATEMENT OF CHANGES IN EQUITY

8.1 Statement of Changes in Equity of SID Bank

For the 2014 financial year

In EUR thousand	Share capital	Share premium account	Accumulated other comprehensive income	Profit reserves	Retained earnings (including net profit for the financial year)	Treasury shares	Total equity
OPENING BALANCE FOR THE FINANCIAL YEAR (before adjustment) 1 JAN 2014	300,000	1,139	1,706	41,961	2,311	(1,324)	345,793
OPENING BALANCE FOR THE FINANCIAL YEAR 1 JAN 2014	300,000	1,139	1,706	41,961	2,311	(1,324)	345,793
Total comprehensive income for the financial year after taxation	0	0	4,938	0	4,544	0	9,482
Distribution of net profit to profit reserves	0	0	0	4,697	(4,697)	0	0
CLOSING BALANCE FOR THE FINANCIAL YEAR 31 DEC 2014	300,000	1,139	6,644	46,658	2,158	(1,324)	355,275
DISTRIBUTABLE PROFIT FOR THE FINANCIAL YEAR					2,158		

For the 2013 financial year

In EUR thousand	Share capital	Share premium account	Accumulated other comprehensive income	Profit reserves	Retained earnings (including net profit for the financial year)	Treasury shares	Total equity
OPENING BALANCE FOR THE FINANCIAL YEAR (before adjustment) 1 JAN 2013	300,000	1,139	1,003	37,012	2,394	(1,324)	340,224
OPENING BALANCE FOR THE FINANCIAL YEAR 1 JAN 2013	300,000	1,139	1,003	37,012	2,394	(1,324)	340,224
Total comprehensive income for the financial year after taxation	0	0	703	0	4,866	0	5,569
Distribution of net profit to profit reserves	0	0	0	4,949	(4,949)	0	0
CLOSING BALANCE FOR THE FINANCIAL YEAR 31 DEC 2013	300,000	1,139	1,706	41,961	2,311	(1,324)	345,793
DISTRIBUTABLE PROFIT FOR THE FINANCIAL YEAR					2,311		

8.2 Statement of Changes in Equity of SID Bank Group

For the 2014 financial year

In EUR thousand	Share capital	Share premium account	Accumulated other comprehensive income	Profit reserves	Retained earnings (including net profit for the financial year)	Treasury shares	Total equity
OPENING BALANCE FOR THE FINANCIAL YEAR (before adjustment) 1 JAN 2014	300,000	1,139	1,648	58,621	2,706	(1,324)	362,790
OPENING BALANCE FOR THE FINANCIAL YEAR 1 JAN 2014	300,000	1,139	1,648	58,621	2,706	(1,324)	362,790
Total comprehensive income for the financial year after taxation	0	0	5,484	0	4,393	0	9,877
Distribution of net profit to profit reserves	0	0	0	5,129	(5,129)	0	0
CLOSING BALANCE FOR THE FINANCIAL YEAR 31 DEC 2014	300,000	1,139	7,132	63,750	1,970	(1,324)	372,667

For the 2013 financial year

In EUR thousand	Share capital	Share premium account	Accumulated other comprehensive income	Profit reserves	Retained earnings (including net profit for the financial year)	Treasury shares	Total equity
OPENING BALANCE FOR THE FINANCIAL YEAR (before adjustment) 1 JAN 2013	300,000	1,139	897	52,028	4,891	(1,324)	357,631
OPENING BALANCE FOR THE FINANCIAL YEAR 1 JAN 2013	300,000	1,139	897	52,028	4,891	(1,324)	357,631
Total comprehensive income for the financial year after taxation	0	0	751	0	4,408	0	5,159
Distribution of net profit to profit reserves	0	0	0	6,593	(6,593)	0	0
CLOSING BALANCE FOR THE FINANCIAL YEAR 31 DEC 2013	300,000	1,139	1,648	58,621	2,706	(1,324)	362,790

9 CASH FLOW STATEMENT

In EUR thousand	SID Bank		SID Bank Group	
	2014	2013	2014	2013
A. CASH FLOWS FROM OPERATING ACTIVITIES				
a) Net profit or loss before tax	12,150	5,700	12,216	5,946
Depreciation and amortisation	613	589	984	945
Impairments of available-for-sale financial assets	828	460	828	460
Loan impairment	5,502	64,448	5,502	64,447
Impairment of property, plant and equipment, investment property, intangible assets and other assets	0	0	296	855
Impairment of interests in subsidiaries, associates and joint ventures	0	3,087	0	3,087
Loss from interests in associates and joint ventures calculated by the equity method	0	0	0	1,762
Net exchange differences loss	10	4	7	4
Net losses on disposal of property, plant and equipment and investment property	5	0	5	0
Other (gains) from investment activities	(910)	(1,422)	0	0
Other adjustments in pre-tax net profit or loss	27,092	(7,531)	27,558	(7,782)
Cash flows from operating activities before changes in operating assets and liabilities	45,290	65,335	47,396	69,724
b) Decrease in operating assets	8,510	97,341	10,065	97,155
Net decrease in financial assets held for trading	0	1	0	1
Net (increase) in available-for-sale financial assets	(365,301)	(31,490)	(366,316)	(38,067)
Net decrease in loans	369,097	107,190	369,760	111,501
Net decrease in assets held for hedging	4,741	18,876	4,741	18,876
Net decrease in non-current assets held for sale	0	2,718	0	2,718
Net (increase)/decrease in other assets	(27)	46	1,880	2,126
c) (Decrease) in operating liabilities	(253,928)	(274,353)	(257,720)	(275,228)
Net (decrease) in financial liabilities held for trading	(1)	(1)	(1)	(1)
Net (decrease) in deposits and loans measured at amortised cost	(52,629)	(26,557)	(53,557)	(26,898)
Net (decrease) in debt securities measured at amortised cost	(201,267)	(247,796)	(201,267)	(247,796)
Net (decrease) in derivative financial liabilities held for hedging	(129)	(2)	(129)	(2)
Net increase/(decrease) in other liabilities	98	3	(2,766)	(531)
d) Cash flows from operating activities (a+b+c)	(200,128)	(111,677)	(200,259)	(108,349)
e) (Paid)/refunded corporate income tax	(1,059)	54	(1,824)	233
f) Net cash flows from operating activities (d+e)	(201,187)	(111,623)	(202,083)	(108,116)
B. CASH FLOWS FROM INVESTING ACTIVITIES				
a) Inflows from investing activities	910	1,422	0	0
Other inflows from investment activities	910	1,422	0	0
b) Outflows from investing activities	(3,520)	(435)	(3,635)	(508)
(Cash payments for the acquisition of property, plant and equipment and investment property)	(3,331)	(159)	(3,365)	(208)
(Cash payments for the acquisition of intangible long-term assets)	(189)	(276)	(270)	(300)
c) Net cash flows from investing activities (a+b)	(2,610)	987	(3,635)	(508)
D. Effect of exchange rate difference on cash and cash equivalents	6	(163)	6	(163)
E. Net increase in cash assets and cash equivalents (Af+Bc+Cb)	(203,797)	(110,636)	(205,718)	(108,624)
F. Opening balance of cash and cash equivalents	206,842	317,641	218,654	327,441
G. Closing balance of cash and cash equivalents (D+E+F)	3,051	206,842	12,942	218,654

10 OTHER DISCLOSURES

10.1 Related party disclosures

Significant relations with subsidiaries and joint ventures:

In EUR thousand	2014			2013		
	Subsidiaries	Joint ventures	Total	Subsidiaries	Joint ventures	Total
Receivables						
Loans	36	94,122	94,158	55	94,590	94,645
Other financial assets	13	0	13	13	0	13
Gross exposure	49	94,122	94,171	68	94,590	94,658
Value adjustments	(2)	(12,174)	(12,176)	(4)	(21,252)	(21,256)
Net exposure	47	81,948	81,995	64	73,338	73,402
Other financial liabilities	8	125	133	0	0	0
Provisions	2	31,625	31,627	0	0	0
Total tax liabilities	10	31,750	31,760	0	0	0

In EUR thousand	2014			2013		
	Subsidiaries	Joint ventures	Total	Subsidiaries	Joint ventures	Total
Interest income	1	4,286	4,287	1	4,203	4,204
Dividend income	910	0	910	1,422	0	1,422
Fee and commission income	0	55	55	0	86	86
Income from rents and other services	90	0	90	120	0	120
Fee and commission expense	0	(125)	(125)	0	0	0
Expense for rents and other services	(20)	0	(20)	(7)	(1)	(8)
Expense for provisions	(13)	(31,625)	(31,638)	0	0	0
Total	968	(27,409)	(26,441)	1,536	4,288	5,824

10.2 Segment Reporting

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

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

- banking,
- credit and investment insurance, and
- factoring.

Each operating segment is organised as a legal entity in the form of an independent undertaking. Within the SID Bank Group banking services are provided by the controlling company SID Bank credit and investment insurance is carried out at PKZ, and factoring is the domain of the Prvi faktor Group. The factoring segment includes 50% proportionate share of the Prvi faktor Group. 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.

For the 2014 financial year

In EUR thousand	Banking	Credit and investment insurance	Factoring	Total	Interrelations in the Group	Relations to third parties
Interest income	97,604	489	7,272	105,365	(2,209)	103,156
Interest expense	(54,357)	(20)	(5,445)	(59,822)	2,138	(57,684)
Net interest	43,247	469	1,827	45,543	(71)	45,472
Dividend income	910	0	0	910	(910)	0
Fees and commissions received	3,528	0	2,030	5,558	(27)	5,531
Fees and commissions paid	(690)	(13)	(494)	(1,197)	197	(1,000)
Net fees and commissions	2,838	(13)	1,536	4,361	170	4,531
Gains or losses realised on financial assets and liabilities not measured at fair value through profit or loss	(1,148)	0	296	(852)	1,763	911
Net gains or losses from financial assets and liabilities held for trading	13	0	(2)	11	0	11
Gains on financial assets and (liabilities) recognised at fair value through the statement of profit or loss	8,632	0	0	8,632	0	8,632
Changes in fair value in hedge accounting	134	0	0	134	0	133
Net exchange differences gain or loss	(10)	3	882	875	0	875
Net profits/losses from derecognition of assets, excluding non-current assets held for sale	(5)	0	8	3	0	3
Other net operating gains or losses	1,526	5,334	(26)	6,834	(113)	6,721
NET INCOME	56,137	5,793	4,521	66,451	839	67,289
Other information by segment	(43,987)	(4,818)	(3,301)	(52,106)	22,551	(29,554)
Administrative costs	(9,806)	(3,684)	(2,814)	(16,304)	5	(16,298)
Depreciation and amortisation	(613)	(371)	(67)	(1,051)	0	(1,051)
Provisions	(27,238)	(467)	0	(27,705)	31,625	3,920
Impairments	(6,330)	(296)	(420)	(7,046)	(9,079)	(16,125)
Profit from ordinary operations	12,150	975	1,220	14,345	23,390	37,735
Corporate income tax on ordinary operations	(7,606)	(218)	(691)	(8,515)	0	(8,515)
Net profit for the financial year	4,544	757	529	5,830	23,390	29,219
ASSETS AND LIABILITIES						
Total assets	3,577,036	62,768	102,116	3,741,920	(52,878)	3,689,042
Long-term interests in subsidiaries, associates and joint ventures	8,831	0	0	8,831	(8,413)	418
Liabilities (other than equity) by segment	3,221,761	36,964	100,366	3,359,091	(78,756)	3,280,335
Total equity	355,275	25,804	1,750	382,829	25,878	408,707
Increase/decrease in property, plant and equipment and intangible assets	2,902	(256)	(26)	2,620	0	2,620

For the 2013 financial year

In EUR thousand	Banking	Credit and investment insurance	Factoring	Total	Interrelations in the Group	Relations to third parties
Interest income and similar income	117,832	719	9,806	128,357	(2,058)	126,299
Interest expense and similar expense	(65,288)	(21)	(6,798)	(72,107)	2,129	(69,978)
Net interest	52,544	698	3,008	56,250	71	56,321
Dividend income	1,422	0	0	1,422	(1,422)	0
Fees and commissions received	3,017	0	3,824	6,841	(42)	6,799
Fees and commissions paid	(626)	(14)	(606)	(1,246)	153	(1,093)
Net fees and commissions	2,391	(14)	3,218	5,595	111	5,706
Gains realised on financial assets and liabilities not measured at fair value through profit or loss	15,568	1	0	15,569	0	15,569
Net gains or losses from financial assets and liabilities held for trading	26	0	(8)	18	0	18
Gains from financial assets (and liabilities) recognised at fair value through the statement of profit or loss	1,579	0	0	1,579	0	1,579
Changes in fair value in hedge accounting	1,053	0	0	1,053	0	1,053
Net exchange differences gain or loss	(4)	0	(315)	(319)	0	(319)
Net profits from derecognition of assets, excluding non-current assets held for sale	0	0	6	6	0	6
Other net operating gains or losses	2,032	7,358	(245)	9,145	(116)	9,029
NET INCOME/EXPENSE	76,611	8,043	5,664	90,318	(1,356)	88,962
Other information by segment	(70,911)	(4,614)	(18,226)	(93,751)	18,315	(75,436)
Administrative costs	(8,781)	(3,653)	(3,133)	(15,567)	5	(15,562)
Depreciation and amortisation	(589)	(356)	(78)	(1,023)	0	(1,023)
Provisions	6,454	250	0	6,704	0	6,704
Impairments	(67,995)	(855)	(15,015)	(83,865)	18,310	(65,555)
Profit/loss from ordinary operations	5,700	3,429	(12,562)	(3,433)	16,959	13,526
Corporate income tax on ordinary operations	(835)	(703)	(1,993)	(3,531)	0	(3,531)
Net profit/loss for the financial year	4,865	2,726	(14,555)	(6,964)	16,959	9,995
ASSETS AND LIABILITIES						
Total assets	3,787,565	65,852	120,551	3,973,968	(34,393)	3,939,575
Long-term interests in subsidiaries, associates and joint ventures	8,831	0	0	8,831	(8,412)	419
Liabilities (other than equity) by segment	3,441,772	40,442	130,701	3,612,915	(47,303)	3,565,612
Total equity	345,793	25,410	(10,151)	361,052	12,911	373,963
Increase/decrease in property, plant and equipment and intangible assets	(154)	(283)	4	(433)	(488)	(921)

10.3 Fair Values of Financial Assets and Liabilities

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

In EUR thousand	SID Bank						
	31.12.2014				31.12.2013		
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Total
Financial assets measured at fair value							
Available-for-sale financial assets	531,775	163,221	15,987	710,983	337,221	7,212	344,433
Debt securities	531,775	157,375	15,987	705,137	337,221	5,037	342,258
Equity securities	0	5,846	0	5,846	0	2,175	2,175
Derivatives held for hedging	0	28,394	0	28,394	0	36,095	36,095
Total financial assets	531,775	191,615	15,987	739,377	337,221	43,307	380,528
Financial liabilities measured at fair value							
Financial liabilities held for trading	0	3	0	3	0	17	17
Derivatives held for hedging	0	0	0	0	0	129	129
Total financial liabilities	0	3	0	3	0	146	146

In EUR thousand	SID Bank Group						
	31.12.2014				31.12.2013		
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Total
Financial assets measured at fair value							
Available-for-sale financial assets	551,949	165,116	15,987	733,052	357,729	7,212	364,941
Debt securities	551,949	159,270	15,987	727,206	357,729	5,037	362,766
Equity securities	0	5,846	0	5,846	0	2,175	2,175
Derivatives held for hedging	0	28,394	0	28,394	0	36,095	36,095
Total financial assets	551,949	193,510	15,987	761,446	357,729	43,307	401,036
Financial liabilities measured at fair value							
Financial liabilities held for trading	0	3	0	3	0	17	17
Derivatives held for hedging	0	0	0	0	0	129	129
Total financial liabilities	0	3	0	3	0	146	146

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

Financial assets and liabilities held for trading and derivative financial instruments held for hedging, which include interest rate swaps, are valued with regard to market 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 in 2014

In EUR thousand	SID Bank and SID Bank Group	
	Transfers from Level 1 to Level 2	
Financial assets measured at fair value		
Available-for-sale financial assets		12,147
Debt securities		12,147
Equity securities		0
Derivatives held for hedging		0

10.4 Contingent liabilities and commitments

In EUR thousand	SID Bank and SID Bank Group	
	31.12.2014	31.12.2013
Guarantees	58,384	25,936
Liabilities from approved unused loans	54,786	28,927
Total commitments	113,170	54,863
Provisions for off-balance-sheet risks	(35,155)	(7,981)

SID Bank and SID Bank Group disclose the value of unused loans approved for domestic banks and corporates and the value of guarantees given in the item commitments. The amount of approved loans that had not yet been disbursed as at 31 December 2014 totalled EUR 29.4 million for corporates, and EUR 25.4 million for banks. In 2014, the value of guarantees given, namely guarantees given to Prvi Faktor Group, increased in the total amount of EUR 33.2 million.

11 EVENTS AFTER THE REPORTING PERIOD

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.

In January 2015 SID Bank obtained a credit rating by Standard & Poor's Rating Services, which remains a long-term credit rating of A- with a stable future outlook, while the short-term credit rating is A-2. The credit rating of SID Bank is on the same level as the credit rating of the Republic of Slovenia.

At the end of January 2015 Moody's credit rating agency increased the credit rating of SID Bank from Ba1 to Baa3, with the outlook remaining stable. The increase in ratings from speculative to investment level is the result of the better rating of the Republic of Slovenia due to progress in fiscal consolidation and stabilization of the banking sector. The achieved stabilization of the banking sector reduces future risks for any additional pressures on public finances.