

2016

Unaudited financial
statements of SID Bank and
SID Bank Group 2016



Ljubljana, March 17th, 2017

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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 SID Bank Group for the year, ended December 31st, 2016.

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

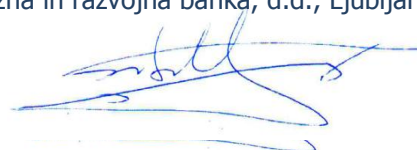
The management's responsibilities are:

- 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



Goran Katušin
Member



mag. Sibil Svilan
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	01 200 75 00
Telefax	01 200 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 of SID Bank in percent
5 SID banka, d.d., Ljubljana	Parent company	-
SID – Prva kreditna zavarovalnica, d.d., Ljubljana	Subsidiary company	100
Prvi faktor, faktoring družba d.o.o., v likvidaciji, Ljubljana	Joint venture	50
Centre for International Cooperation and Development, Ljubljana	Co-foundation	

2. Financial highlight and performance indicators

Statement of Financial Position Summary

In EUR thousand	SID Bank		SID Bank Group	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Total assets	2,548,643	3,198,967	2,596,076	3,247,397
Loans to banks	996,368	1,606,153	1,002,502	1,612,787
Loans to non-bank customers	610,563	605,465	610,563	605,465
Financial liabilities	2,135,023	2,799,577	2,135,753	2,800,189
Total equity	393,829	364,164	413,808	382,525

Income Statement Summary

In EUR thousand	SID Bank		SID Bank Group	
	2016	2015	2016	2015
Net interest income	23,841	22,246	24,166	22,608
Net non-interest income	21,213	9,659	27,192	13,850
Operating costs	(11,823)	(11,017)	(16,403)	(15,198)
Impairment and Provisions	(7,914)	(8,220)	(7,619)	(7,454)
Profit on ordinary activities	25,317	12,668	27,336	13,806
Net profit for the financial year	21,363	10,499	22,965	11,395

Selected indicators

In percent	SID Bank		SID Bank Group	
	2016	2015	2016	2015
Profitability				
Interest margin	0.85	0.69	0.85	0.68
Financial intermediation margin ¹	1.60	1.00	1.57	0.94
After-tax return on assets	0.76	0.33	0.81	0.34
Pre-tax return on equity	6.60	3.52	6.80	3.67
After-tax return on equity	5.57	2.92	5.71	3.03
Operating cost				
Operating costs/ average assets	0.42	0.34	0.58	0.46
Operating costs/net income	26.39	34.53	32.04	41.69
Capital				
Capital adequacy ratio	33.63	29.48	33.98	29.12
Leverage ratio	14.03	10.65	14.53	11.11
Quality assets of the statement of financial position and contingent liabilities				
Level of coverage of classified items by impairments and provisions ²	10.48	9.74	11.42	10.50

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

² 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	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Number of employees	162	158	277	349

	SID Bank	
	31.12.2016	31.12.2015
International credit rating Standard & Poor's	A	A-

Shares

	31.12.2016	31.12.2015
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)	126.91	117.35

Operations Reflected in the Statement of Financial Position

SID Bank's total assets amounted to EUR 2,548.6 million at the end of 2016, accounting for 80% of total assets from 2015. The falling trend in total assets from 2015 continued in the year 2016 and is due to market conditions, by reducing the need for resources of SID Bank, which is directly reflected in a substantial fall in loans to bank.

Loans to banks accounted for a major share among all investments in the Bank's total assets in 2016. Loans to banks include loans and deposits at banks and were valued at the end of the year at EUR 996.4 million. That is 38% less compared with the end of 2015. Loans to non-banking clients increased by 0.8% in 2016 and totalled EUR 610.6 million as at the end of 2016. Investments in securities totalled EUR 777.7 million. That is 17.1% less compared with the end of 2015.

Deposits and borrowings from banks accounted for a majority of liabilities at the end of 2016, including the liabilities to the central bank. This share amounted to 46.5%. Liabilities to banks and the central bank totalled EUR 1,184.9 million, which is EUR

469.0 million less compared to the end of 2015. Liabilities to non-banking clients stood at EUR 487.4 million and increased by 16% compared with the end of 2015. Liabilities from issued securities have fell for 36.3 % because of the payment and totalled EUR 460.7 million.

The SID Bank total equity increased by EUR 29.7 million or 8.1% compared to the end of 2015 and totalled EUR 393.8 million as at the end of 2016. Net profit for the financial year, including retained earnings increased for EUR 5.2 million, profit reserves increased by EUR 16.2 million, accumulated other comprehensive income in connection to available-for-sale financial assets, increased by EUR 8.3 million.

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 1.9% higher than the total assets of SID Bank and at the end of 2016 amounted to EUR 2,596.1 million, consequently the structure of the Group's assets and liabilities is very similar to those of the Bank.

Operations Reflected in the Income Statement

SID Bank recorded a pre-tax profit of EUR 25.3 million in 2016, which is EUR 12.6 million more than in the year 2015 and net profit in the amount EUR 21.4 million.

Net interest income amounted to EUR 23.8 million which is despite the reducing in total assets 7.2% more than in the year 2015. The reason for the increase is in a one-time effects of the completion of the restructuring, when all interest paid from the payments of bad debts were recognized in the profit or loss. Measured to the average assets, the interest margin was 0.85%, without one-time effects it would be 0.72%. Net interest income accounted for 52.9% of the total net income.

Net non-interest income amounted to EUR 21.2 million in 2016.

Operating costs amounted to EUR 11.8 million, of which administrative expenses stood at EUR 11.0 million, and amortisation and depreciation totalled EUR 0.8 million.

Net expenses from impairments and provisions amounted to EUR 7.9 million in 2016, while in the last year the SID Bank had EUR 8.2 million expenses arising therefrom.

The SID Bank Group recorded a pre-tax profit of EUR 27.3 million in 2016 and net profit amounted to EUR 23.0 million.

3. Significant events

In February 2016, SID Bank has according to the financing agreement and the implementation of financial engineering measures to encourage investment, operating and capital consolidation SMEs, established a new lending fund in which were established two credit lines, namely Development incentive program of SID Bank to finance operations and capital consolidation of SMEs and Development incentive program of SID Bank to finance investments and equity consolidation of SMEs, each to the extent of EUR 100 million.

In the same month, SID Bank has successfully completed the sales process by signing the sales contract for the total proportion of the subsidiary company Pro Kolekt, Ljubljana and transfer of the total purchase price.

SEDABI Float 03/29/16 in the nominal amount of EUR 200 million and SEDABI 4.12 03/31/16 in the nominal amount of EUR 60 million issued on international capital markets, ended in March 2016.

At the end of March 2016 the sales process of the company Trimo was successfully completed, in which SID bank had equity from the conversion of receivables into equity in the process of company restructuring.

The Supervisory Board of SID bank has at its 146th. meeting on 19. 5. 2016 appointed a two-member Management Board for a new

term, which enters into force on 1. 1. 2017. For the president of the SID bank Management Board the Supervisory Board appointed mag. Sibil Svilan, the current president, for a term of five years. For a member of the Management Board of SID Bank for a term of five years was named Goran Katušin, Executive Director for risk management at SID bank.

Due to the increase in the credit rating of the Republic of Slovenia, the rating agency Standard & Poor's Rating Services in June 2016 consequently increased the credit rating of SID Bank from A- to A. The outlook ratings of SID Bank remains stable. Short-term credit rating is A-1.

For managing interest rate positions of the Bank, SID Bank in June 2016 broke interest rate swaps.

The Government of the Republic of Slovenia at its session on 28. 7. 2016, named Marko Tišma as a new member of the Supervisory Board of SID Bank.

In July and September 2016, SID Bank signed two new loan agreements with EIB in the amount of EUR 50 million for the financing of infrastructure, energy efficiency and environment and EUR 50 million for financing projects and operations for SMEs and Mid Cap companies.

With a view to providing additional and specific needs of municipalities, SID Bank has developed specific instruments and development incentive program long-term funding to stimulate investment in local public infrastructure, local energy efficiency measures as well as local residential care for vulnerable populations. The program is implemented in cooperation with the European Investment Bank (EIB) and the Council of Europe Development Bank (CEB), a total of to EUR 100 million.

In December 2016, the rating agency Standard & Poor's changed the future outlook of the credit rating of SID Bank from stable to positive. The credit rating remained unchanged

(A/A-1). Again, this change in credit ratings or the future prospects for SID Bank was followed by a change in credit rating or future prospects of the Republic of Slovenia, so that both are at the same level.

On autumn general meeting EAPB, the European association of public banks, which member is also SID Bank, as a new member of the Management Board appointed Chairman of the Board of SID Bank mag. Sibila Svilar, who will be responsible for Central and Eastern Europe.

4. Notes to separate and consolidated financial statements

Separate and consolidated financial statements for the year 2016 are unaudited.

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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 IAS 34 "Interim Financial Reporting". They need to be read in context with Annual Report of SID Bank and SID Bank Group for 2015.

Accounting Policies

The accounting policies applied are presented in detail in the Annual Report of SID Bank and SID Bank Group for 2015.

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.

By January 2016 entered into force Insurance Act (ZZavar-1), which no longer allows up equalization reserves, the change has affected the financial position of the subsidiary SID – Prva kreditna zavarovalnica and, consequently, the SID Bank Group. The transition was made as at January 1st 2016 as an adjustment to the opening balance on the capital and corporate income tax liabilities.

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 Centre for International Cooperation and Development.

5. Statement of financial position

In EUR thousand	SID Bank		SID Bank Group	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Cash on hand, balances with the central bank and demand deposits with banks	147,668	13,786	153,355	17,459
Available for sale financial assets	777,676	938,604	801,044	961,653
Derivatives held for hedging	0	14,312	0	14,312
Loans and receivables	1,608,458	2,212,013	1,614,591	2,218,645
Loans to banks	996,368	1,606,153	1,002,502	1,612,787
Loans to non-bank customers	610,563	605,465	610,563	605,465
Other financial assets	1,527	395	1,526	393
Non-current assets held for sale	0	197	0	197
Property, plant and equipment	5,287	5,665	7,491	8,032
Intangible assets	805	737	1,292	1,333
Long-term interests in subsidiaries, associates and joint ventures	8,413	8,413	0	0
Corporate income tax assets	31	4,861	31	4,861
Current tax assets	0	4,861	0	4,861
Deferred tax assets	31	0	31	0
Other assets	305	379	18,272	20,905
TOTAL ASSETS	2,548,643	3,198,967	2,596,076	3,247,397
Financial liabilities held for trading	312	0	312	0
Financial liabilities measured at amortised cost	2,134,711	2,799,577	2,135,441	2,800,189
Bank deposits	31,740	14,913	31,740	14,913
Deposits from non-bank customers	30,000	6	30,000	6
Loans from banks and central banks	1,153,125	1,638,908	1,153,125	1,638,908
Loans from non-bank customers	457,427	420,532	457,427	420,532
Debt securities	460,652	723,527	460,652	723,527
Other financial liabilities	1,767	1,691	2,497	2,303
Provisions	15,546	34,922	38,957	60,672
Corporate income tax liabilities	4,105	120	4,568	253
Current tax liabilities	4,105	0	4,430	42
Deferred tax liabilities	0	120	138	211
Other liabilities	140	184	2,990	3,758
TOTAL LIABILITIES	2,154,814	2,834,803	2,182,268	2,864,872
Share capital	300,000	300,000	300,000	300,000
Share premium account	1,139	1,139	1,139	1,139
Accumulated other comprehensive income	13,335	5,034	14,039	5,597
Profit reserves	70,531	54,328	83,188	71,319
Treasury shares	(1,324)	(1,324)	(1,324)	(1,324)
Retained earnings (including net profit for the financial year)	10,148	4,987	16,766	5,794
Equity attributable to owners of the parent	393,829	364,164	413,808	382,525
TOTAL EQUITY	393,829	364,164	413,808	382,525
TOTAL LIABILITIES AND EQUITY	2,548,643	3,198,967	2,596,076	3,247,397

6. Statement of profit or loss

In EUR thousand	SID Bank		SID Bank Group	
	2016	2015	2016	2015
Interest income	37,501	53,641	37,829	54,003
Interest expense	(13,660)	(31,395)	(13,663)	(31,395)
Interest net income	23,841	22,246	24,166	22,608
Dividend income	27	0	27	0
Fee and commission income	1,921	3,097	1,921	3,097
Fee and commission expense	(750)	(911)	(767)	(925)
Net fee and commission	1,171	2,186	1,154	2,172
Gains realised on financial assets and liabilities not measured at fair value through profit or loss	6,183	2,807	6,183	2,834
Net gains on financial assets and liabilities held for trading	(307)	3	(307)	3
Net losses/gains on financial assets and liabilities measured at fair value through profit or loss	11,151	3,244	11,151	3,244
Changes in fair value in hedge accounting	377	(70)	377	(70)
Exchange differences	689	6	685	2
Other net operating gains	1,670	1,448	7,758	5,665
Administrative costs	(11,018)	(10,227)	(15,288)	(14,084)
Depreciation and amortisation	(805)	(789)	(1,115)	(1,114)
Provisions	1,660	551	2,361	2,032
Impairments	(9,574)	(8,772)	(9,980)	(9,486)
Share of the profit of investment in subsidiaries, associates and joint ventures	88	35	0	0
Total profit from non-current assets and disposal groups classified as held for sale	164	0	164	0
Profit from ordinary operations	25,317	12,668	27,336	13,806
Corporate income tax on ordinary operations	(3,954)	(2,169)	(4,371)	(2,411)
Net profit for the financial year	21,363	10,499	22,965	11,395
Attributable to owners of the parent	21,363	10,499	22,965	11,395
Basic earnings per share (in EUR)³	6.88	3.38	7.40	3.67

³ 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	
	2016	2015	2016	2015
Net profit for the financial year after tax	21,363	10,499	22,965	11,395
Other comprehensive income after tax	8,302	(1,610)	8,447	(1,537)
Items that will not be reclassified to profit or loss	0	0	(7)	3
Actuarial gains (losses) on defined benefit pension plans	0	0	(10)	4
Income tax relating to items that will not be reclassified	0	0	3	(1)
Items that may be reclassified to profit or loss	8,302	(1,610)	8,454	(1,540)
Gains/losses in connection to available-for-sale financial assets	10,399	(1,940)	10,604	(1,856)
Valuation gains taken to equity	16,629	821	16,835	932
Transfer of gains/losses into profit or loss	(6,230)	(2,761)	(6,231)	(2,788)
Corporate income tax in connection to items which may be subsequently reclassified to profit or loss	(2,097)	330	(2,150)	316
Total comprehensive income for the financial year after tax	29,665	8,889	31,412	9,858
Attributable to owners of the parent	29,665	8,889	31,412	9,858

8. Statement of changes in equity

8.1 Statement of Changes in Equity of SID Bank

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For the 2016 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 at 1 Jan 2016	300,000	1,139	5,034	54,328	4,987	(1,324)	364,164
Net profit for the year	0	0	0	0	21,363	0	21,363
Other comprehensive income	0	0	8,302	0	0	0	8,302
Total comprehensive income for the financial year after tax	0	0	8,302	0	21,363	0	29,665
Transfer of net profit to reserves from profit	0	0	0	16,203	(16,203)	0	0
Closing balance at 31 Dec 2016	300,000	1,139	13,336	70,531	10,147	(1,324)	393,829
Distributable profit for the financial year					10,148		

For the 2015 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 at 1 Jan 2015	300,000	1,139	6,644	46,658	2,158	(1,324)	355,275
Net profit for the year	0	0	0	0	10,499	0	10,499
Other comprehensive income	0	0	(1,610)	0	0	0	(1,610)
Total comprehensive income for the financial year after tax	0	0	(1,610)	0	10,499	0	8,889
Transfer of net profit to reserves from profit	0	0	0	7,670	(7,670)	0	0
Closing balance at 31 Dec 2015	300,000	1,139	5,034	54,328	4,987	(1,324)	364,164
Distributable profit for the financial year					4,987		

8.2 Izkaz sprememb lastniškega kapitala Skupine SID banka

For the 2016 financial year

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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	Equity attributable to owners of the parent	Total equity
Opening balance (before adjustment) at 1 Jan 2016	300,000	1,139	5,597	71,319	5,794	(1,324)	382,525	382,525
Effects of changes in accounting policies *	0	0	0	(5,232)	5,102	0	(130)	(130)
Opening balance at 1 Jan 2016	300,000	1,139	5,597	66,087	10,896	(1,324)	382,395	382,395
Net profit for the year	0	0	0	0	22,965	0	22,965	22,965
Other comprehensive income	0	0	8,447	0	0	0	8,447	8,447
Total comprehensive income for the financial year after tax	0	0	8,447	0	22,965	0	31,412	31,412
Transfer of net profit to reserves from profit	0	0	0	17,100	(17,100)	0	0	0
Other	0	0	(5)	0	5	0	0	0
Closing balance at 31 Dec 2016	300,000	1,139	14,039	83,187	16,766	(1,324)	413,807	413,807

* correction due to the breakdown of the equalization reserve (ZZavar-1) and the effects of consolidation

For the 2015 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	Equity attributable to owners of the parent	Total equity
Opening balance at 1 Jan 2015	300,000	1,139	7,132	63,750	1,970	(1,324)	372,667	372,667
Net profit for the year	0	0	0	0	11,395	0	11,395	11,395
Other comprehensive income	0	0	(1,537)	0	0	0	(1,537)	(1,537)
Total comprehensive income for the financial year after tax	0	0	(1,537)	0	11,395	0	9,858	9,858
Transfer of net profit to reserves from profit	0	0	0	7,570	(7,570)	0	0	0
Other	0	0	2	0	(2)	0	0	0
Closing balance at 31 Dec 2015	300,000	1,139	5,597	71,320	5,793	(1,324)	382,525	382,525

9. Statement of cash flows

In EUR thousand	SID Bank		SID Bank Group	
	2016	2015	2016	2015
A. CASH FLOWS FROM OPERATING ACTIVITIES				
a) Net profit or loss before tax	25,317	12,668	27,336	13,806
Depreciation and amortisation	805	790	1,115	1,114
Impairments of available-for-sale financial assets	0	313	0	313
Impairments / (reversal of impairments) of loans	(2,676)	8,213	(2,676)	8,213
Impairment of property, plant and equipment, investment property, intangible assets and other assets	0	0	406	714
Impairments of capital investments in subsidiaries, associates and joint ventures	12,250	245	12,250	245
Net (gains) of investments in subsidiaries, associates and joint ventures	(88)	(35)	0	0
Net (gains) from exchange differences	(689)	(6)	(685)	(2)
Other (gains) from investing activities	(27)	0	(27)	0
Net unrealised gains from non-current assets held for sale and discontinuing operations and liabilities associated therewith	(164)	0	(164)	0
Other adjustments of net profit or loss before tax	(1,725)	(484)	(2,433)	(1,960)
Cash flows from operating activities before changes in operating assets and liabilities	33,003	21,704	35,122	22,443
b) Decrease in operating assets	793,908	380,746	770,974	381,520
Net (increase)/decrease in available-for-sale financial assets	169,670	(229,417)	169,504	(230,327)
Net decrease in loans	607,095	601,274	582,172	597,018
Net decrease in assets held for hedging	16,708	9,045	16,708	9,045
Net (increase)/decrease in non-current assets held for sale	361	(197)	361	(197)
Net decrease in other assets	74	41	2,229	5,981
c) Decrease in operating liabilities	(685,265)	(377,557)	(687,513)	(383,022)
Net increase in financial liabilities held for trading	1	0	1	0
Net (decrease) in deposits and loans measured at amortised cost	(402,638)	(175,572)	(402,520)	(175,558)
Net (decrease) in debt securities measured at amortised cost	(264,894)	(201,859)	(264,894)	(201,859)
Net (decrease) in other liabilities	(17,734)	(126)	(20,100)	(5,605)
d) Cash flows from operating activities (a+b+c)	141,646	24,893	118,583	20,941
e) (Paid) / refunded corporate income tax	4,861	(13,935)	4,644	(13,695)
f) Net cash flows from operating activities (d+e)	146,507	10,958	123,227	7,246
B. CASH FLOWS FROM INVESTING ACTIVITIES				
a) Receipts from investing activities	115	35	27	0
b) Cash payments on investing activities	(12,745)	(289)	(12,785)	(388)
c) Net cash flows from investing activities (a+b)	(12,630)	(254)	(12,758)	(388)
D. Effect of exchange rate difference on cash and cash equivalents	5	31	5	31
E. Net increase in cash assets and cash equivalents (Af+Bc)	133,877	10,704	110,469	6,858
F. Opening balance of cash and cash equivalents	13,786	3,051	19,831	12,942
G. Closing balance of cash and cash equivalents (D+E+F)	147,668	13,786	130,305	19,831

10. Other disclosures

10.1 Razkritja glede povezanih oseb

Significant relations of SID Bank with subsidiaries and joint ventures

In EUR thousand	31.12.2016			31.12.2015		
	Subsidiaries	Joint ventures	Total	Subsidiaries	Joint ventures	Total
Receivables						
Loans	0	17,934	17,934	20	80,349	80,369
Other financial assets	7	0	7	8	0	8
Gross exposure	7	17,934	17,941	28	80,349	80,377
Value adjustments	0	(2,527)	(2,527)	(1)	(17,436)	(17,436)
Net exposure	7	15,407	15,414	27	62,913	62,940
Other financial liabilities	0	0	0	0	113	113
Provisions	0	14,618	14,618	2	31,375	31,377
Total tax liabilities	0	14,618	14,618	2	31,487	31,489

In EUR thousand	2016			2015		
	Subsidiaries	Joint ventures	Total	Subsidiaries	Joint ventures	Total
Interest income	0	754	754	1	2,480	2,480
Income from other services	67	0	67	88	0	88
Fee and commission expense	0	0	0	0	(113)	(113)
Expense for other services	0	0	0	(1)	0	(1)
Provisions	0	(892)	(892)	0	251	250
Impairments	0	14,909	14,909	1	(3,379)	(3,379)
Share of the profit of investment in subsidiaries, associates and joint ventures	88	0	88	35	0	35
Total	155	14,771	14,926	123	(762)	(639)

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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 2016 financial year

In EUR thousand	Banking	Credit and investment insurance	Factoring	Total	Interrelations in the Group	Relations to third parties
Interest income	37,501	328	1,358	39,187	(376)	38,811
Interest expenses	(13,660)	(3)	(844)	(14,507)	376	(14,131)
Net interest	23,841	325	514	24,680	0	24,680
Dividend income	27	0	0	27	0	27
Fee and commission income	1,921	0	268	2,189	0	2,189
Fee and commission expenses	(750)	(17)	(238)	(1,005)	17	(988)
Net fee and commission	1,171	(17)	30	1,184	17	1,201
Net realised gains on financial assets and liabilities not measured at fair value through profit or loss	6,183	0	0	6,183	0	6,183
Net gains on financial assets and liabilities held for trading	(307)	0	(1)	(308)	0	(308)
Losses on financial assets and liabilities recognised at fair value through the statement of profit or loss	11,151	0	0	11,151	0	11,151
Changes in fair value in hedge accounting	377	0	0	377	0	377
Net exchange differences gain or loss	689	(4)	321	1,006	0	1,006
Net gains on derecognition of assets	0	0	26	26	0	26
Other net operating gains or losses	1,670	6,093	945	8,708	(1,384)	7,324
NET INCOME/EXPENSE	44,802	6,397	1,835	53,034	(1,367)	51,667
Other information by segments	(19,485)	(4,290)	(7,232)	(31,007)	(2,828)	(33,835)
Administrative costs	(11,018)	(4,275)	(2,218)	(17,511)	5	(17,506)
Depreciations and amortisation	(805)	(310)	(37)	(1,152)	0	(1,152)
Provisions	1,660	701	(132)	2,229	892	3,121
Impairments	(9,574)	(406)	(4,844)	(14,824)	(3,637)	(18,461)
Share of the profit of investment in subsidiaries, associates and joint ventures	88	0	(1)	87	(88)	(1)
Total profit from non-current assets and disposal groups classified as held for sale	164	0	0	164	0	164
Profit/loss from ordinary operations	25,317	2,107	(5,397)	22,027	(4,195)	17,832
Corporate income tax on ordinary operations	(3,954)	(417)	(120)	(4,491)	0	(4,491)
Net profit/loss for the financial year	21,363	1,690	(5,517)	17,536	(4,195)	13,341
ASSETS AND LIABILITIES						
Total assets	2,548,643	55,853	22,760	2,627,256	(25,983)	2,601,273
Long-term interests in subsidiaries, associates and joint ventures	8,413	0	0	8,413	(8,413)	0
Liabilities (other than equity) by segment	2,154,814	27,461	19,568	2,201,843	(23,591)	2,178,252
Total equity	393,829	28,392	3,192	425,413	(2,392)	423,021
Decrease in property, plant and equipment and intangible assets	(310)	(272)	(70)	(652)	0	(652)

For the 2015 financial year

In EUR thousand	Banking	Credit and investment insurance	Factoring	Total	Interrelations in the Group	Relations to third parties
Interest income	53,641	362	4,290	58,293	(1,325)	56,968
Interest expenses	(31,395)	0	(2,557)	(33,952)	1,207	(32,745)
Net interest	22,246	362	1,733	24,341	(118)	24,223
Fee and commission income	3,097	0	1,176	4,273	0	4,273
Fee and commission expenses	(911)	(14)	(171)	(1,096)	124	(972)
Net fee and commission	2,186	(14)	1,005	3,177	124	3,301
Net realised gains on financial assets and liabilities not measured at fair value through profit or loss	2,807	27	0	2,834	0	2,834
Net gains on financial assets and liabilities held for trading	3	0	(5)	(2)	0	(2)
Gains on financial assets and liabilities recognised at fair value through the statement of profit or loss	3,244	0	0	3,244	0	3,244
Changes in fair value in hedge accounting	(70)	0	0	(70)	0	(70)
Net exchange differences gain or loss	6	(4)	555	557	0	557
Net gains on derecognition of assets	0	0	4	4	0	4
Other net operating gains or losses	1,448	4,222	(39)	5,631	(73)	5,558
NET INCOME/EXPENSE	31,870	4,593	3,253	39,716	(67)	39,649
Other information by segments	(19,202)	(3,420)	(4,752)	(27,374)	3,098	(24,276)
Administrative costs	(10,227)	(3,862)	(2,493)	(16,582)	5	(16,577)
Depreciations and amortisation	(789)	(325)	(59)	(1,173)	0	(1,173)
Provisions	551	1,481	(61)	1,971	(251)	1,720
Impairments	(8,772)	(714)	(2,139)	(11,625)	3,379	(8,246)
Share of the profit of investment in subsidiaries, associates and joint ventures	35	0	0	35	(35)	0
Profit/loss from ordinary operations	12,668	1,173	(1,499)	12,342	3,031	15,373
Corporate income tax on ordinary operations	(2,169)	(242)	(680)	(3,091)	0	(3,091)
Net profit/loss for the financial year	10,499	931	(2,179)	9,251	3,031	12,282
ASSETS AND LIABILITIES						
Total assets	3,198,967	56,850	86,930	3,342,747	(59,499)	3,283,248
Long-term interests in subsidiaries, associates and joint ventures	8,413	0	0	8,413	(8,413)	0
Liabilities (other than equity) by segment	2,834,802	30,077	88,149	2,953,028	(71,610)	2,881,418
Total equity	364,165	26,773	(1,219)	389,719	12,112	401,831
Decrease in property, plant and equipment and intangible assets	(501)	(681)	(45)	(1,227)	0	(1,227)

10.3 Fair value of financial assets and liabilities

Fair values of financial assets and liabilities measured at fair value

In EUR thousand	SID Bank							
	31.12.2016				31.12.2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Available-for-sale financial assets	18,332	724,069	35,275	777,676	13,177	887,429	37,998	938,604
Debt securities	18,332	718,237	28,871	765,440	13,177	884,810	32,001	929,988
Equity securities		5,832	6,404	12,236	0	2,619	5,997	8,616
Derivatives held for hedging	0	0	0	0	0	14,312	0	14,312
Total financial assets	18,332	724,069	35,275	777,676	13,177	901,741	37,998	952,916
Financial liabilities measured at fair value								
Financial liabilities held for trading	0	312	0	312	0	0	0	0
Total financial liabilities	0	312	0	312	0	0	0	0

In EUR thousand	SID Bank Group							
	31.12.2016				31.12.2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Available-for-sale financial assets	41,271	724,498	35,275	801,044	13,973	909,683	37,998	961,654
Debt securities	41,271	718,666	28,871	788,808	13,973	907,064	32,001	953,038
Equity securities	0	5,832	6,404	12,236	0	2,619	5,997	8,616
Derivatives held for hedging	0	0	0	0	0	14,312	0	14,312
Total financial assets	41,271	724,498	35,275	801,044	13,973	923,995	37,998	975,966
Financial liabilities measured at fair value								
Financial liabilities held for trading	0	312	0	312	0	0	0	0
Total financial liabilities	0	312	0	312	0	0	0	0

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

Derivative financial instruments held for hedging, include interest rate swaps, derivative financial instruments held for trading include forwards.

They are valued on the basis of an internal model, taking into account foreign exchange rates, 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 EUR thousand	SID Bank			SID Bank Group		
	Transfers from level 1 to level 2	Transfers from level 2 to level 3	Transfers from level 2 to level 1	Transfers from level 1 to level 2	Transfers from level 2 to level 3	Transfers from level 2 to level 1
Financial assets measured at fair value						
Available-for-sale financial assets	4,861	261	5,662	4,861	261	23,900
Debt securities	4,861	261	5,662	4,861	261	23,900

10.4 Contingent and potential liabilities

Contractual obligations of off-balance sheet financial instruments arising from commitments

In EUR thousand	SID Bank and SID Bank Group	
	31.12.2016	31.12.2015
Guarantees	32,871	53,953
Other off-balance-sheet liabilities	23,570	111,442
Total commitments	56,441	165,395
Provisions for off-balance-sheet risks - guarantees	(14,750)	(31,459)
Provisions for off-balance-sheet risks – other off-balance-sheet liabilities	(327)	(3,111)
Total provisions for commitments	(15,077)	(34,570)

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SID Bank or the SID Bank Group shows under the commitments item the value of guarantees issued and the value of other off-balance-sheet liabilities which include the value of unused loans and the value of uncalled unpaid capital. Loans granted to companies that have not

been drawn as at 31 December 2016 totals EUR 11.1 million, while loans granted to the bank sector totals EUR 0.5 million. Potential liabilities from uncalled unpaid capital totals EUR 12 million.

11. Events after reporting date

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.