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**UNAUDITED FINANCIAL
STATEMENTS**

SID bank and SID Bank Group

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 31 December 2017.

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



Sibil Svilar, 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	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
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	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Total assets	2,451,641	2,548,643	2,497,302	2,596,076
Loans to banks	1,032,179	996,368	1,037,431	1,002,502
Loans to non-bank customers	597,740	610,563	597,740	610,563
Financial liabilities	2,038,239	2,135,023	2,039,110	2,135,753
Total equity	409,893	393,829	427,600	413,808

Income Statement Summary

In EUR thousand	SID Bank		SID Bank Group	
	2017	2016	2017	2016
Net interest income	20,294	23,841	20,596	24,166
Net non-interest income	2,641	21,213	4,932	27,192
Operating costs	(13,246)	(11,823)	(17,931)	(16,403)
Impairment and Provisions	6,535	(7,914)	6,571	(7,619)
Profit on ordinary activities	16,224	25,317	14,168	27,336
Net profit for the financial year	13,956	21,363	11,762	22,965

Selected indicators

In percent	SID Bank		SID Bank Group	
	2017	2016	2017	2016
Profitability				
Interest margin	0.8	0.9	0.8	0.9
Financial intermediation margin ¹	0.9	1.6	0.8	1.6
After-tax return on assets	0.6	0.8	0.5	0.8
Pre-tax return on equity	4.0	6.6	3.4	6.8
After-tax return on equity	3.5	5.6	2.8	5.7
Operating cost				
Operating costs/ average assets	0.5	0.4	0.7	0.6
Operating costs/net income	57.8	26.4	70.2	31.9
Capital				
Capital adequacy ratio	36.8	33.6	-	34.0
Leverage ratio	15.5	14.0	-	14.5
Quality assets of the statement of financial position and contingent liabilities				
Level of coverage of classified items by impairments and provisions	8.0	10.5	-	11.4
Non-performing loan (NPL) ratio	6.6	11.8	-	13.1

¹ The calculation of the financial intermediation margin for SID Bank Group does not take into account revenues from insurance operations of PKZ.

	SID Bank		SID Bank Group	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Number of employees	170	162	266	277

	SID Bank	
	31.12.2017	31.12.2016
International credit rating Standard & Poor's	A+	A
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)	132,08	126,91

Operations Reflected in the Statement of Financial Position

SID Bank's total assets amounted to EUR 2,451.6 million at the end of 2017, accounting for 96.2% of total assets from 2016.

Loans to banks still accounted for a major share among all investments in the Bank's total assets in the year 2017. Loans to banks include loans and deposits at banks and were valued at EUR 1,032.2 million at the end of year. That is a 3.6% increase compared with the end of 2016. Loans to non-banking clients decreased by 2.1% in 2017, mainly due to the repayment of loans, and totalled EUR 597.7 million as at the end of 2017. Investments in securities totalled EUR 730.5 million, which is a 6.1% decrease compared with the end of 2016.

Deposits and borrowings from banks, including the liabilities to the central bank, accounted for a majority of liabilities at the end of 2017. This share amounted to 50.2% of the Bank's liabilities. Liabilities to banks and the central bank totalled EUR 1,230.8 million, which is a EUR 45.9 million increase compared to the end of 2016. Liabilities to non-banking clients stood

at EUR 454.8 million and have not changed significantly compared to the previous year. Due to early redemption and payments, the liabilities from issued securities decreased by 24.0% and totalled EUR 350.3 million.

The total equity of SID Bank increased by EUR 16.1 million or 4.1% compared to the end of 2016 and totalled EUR 409.9 million as at the end of 2017. Net profit for the financial year, including retained earnings, decreased by EUR 3.5 million, while accumulated other comprehensive income in connection to available-for-sale financial assets increased in terms of value by EUR 2.1 million.

Considering SID Bank's predominant influence in SID Bank Group, the specific nature of the Group and mutual relationships in the Group, the total assets of SID Bank Group were only 1.9% higher than the total assets of SID Bank and at the end of 2017 amounted to EUR 2,497.3 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 16.2 million in 2017, a decrease of EUR 9.1 million compared to the year 2016 and a net profit in the amount EUR 14.0 million. The reason for the lower profit compared to the year 2016 is mainly in one-time effects of restructuring processes that influenced the relatively higher profit in the year 2016. There were no such effects in the year 2017.

Net interest income amounted to EUR 20.3 million and were 14.9% lower than in the year 2016. Interest income in the previous year was also influenced by the completed restructuring processes, as EUR 3.6 million of income was recognized in this regard, this year there were no such one-off effects. This fact is the main reason for the reduction of net interest in this year. The fall in net interest was somewhat mitigated by the change in the method of recognizing fees and commissions for the granting of loans. In 2016, they were included in income and expenses from fees and commissions, but in 2017, considering that they constitute the effective interest rate, they

are recognized in interest income and interest expenses. For this reason, in this year, the amount of net fees and commissions is lower and the amount of net interest is higher for EUR 1.2 million. Measured to the average assets, the interest margin was 0.8%.

Operating costs amounted to EUR 13.2 million, of which administrative expenses stood at EUR 12.4 million, and amortisation and depreciation totalled EUR 0.8 million. The higher costs are mainly related to the Bank's development activities, especially with the introduction of new products and the initial costs of establishing the Fund of Funds.

Net income of impairments and provisions amounted to EUR 6.5 million in 2017, while in the year 2016 SID Bank had EUR 7.9 million expenses arising therefrom.

The SID Bank Group recorded a pre-tax profit of EUR 14.2 million in 2017, a EUR 13.2 million decrease compared to year 2016 and net profit amounted to EUR 11.8 million.

3 Significant events

In February 2017 SID Bank conducted an early partial redemption of own bonds with the ticker symbol SEDABI 0,875 08/04/18 in the amount of EUR 9.2 million and in March in the amount of EUR 1.1 million.

In March 2017 SID Bank obtained long-term refundable funds from the European Central Bank in the amount of EUR 173.1 million.

In the context of the strategic orientation of SID Bank, in March 2017 sales process and verification of the possibility to sell different packages of shares of the subsidiary SID – Prva kreditna zavarovalnica, d.d., Ljubljana started. SID Bank will carry out the process of sales in cooperation with financial advisor in accordance with customary international standards when selling the companies.

According to the process of liquidation and consequently the reduction in total assets of the Prvi Faktor Group, as at 31 March 2017 SID Bank is no longer obligated to fulfill the requirements on a consolidated basis under EU Regulation No. 575/2013 (Regulation CRR), as the proportionate share of the total assets of the Prvi Faktor Group that belongs to SID Bank, is less than EUR 10 million.

On 5 April 2017 membership in the Supervisory Board ended for Deputy Chair Janez Tomšič and members Štefan Grosar and Marjan Divjak. The following new members of Supervisory Board were appointed: Aleš Berk Skok, Zlatko Vili Hodnjec and Marjan Divjak.

In April 2017, a 3-year bond SEDABI 2.25% 04/24/17 in the nominal amount of EUR 96,8 million ended. In addition, SID Bank also repayed a 10-year schuldschein loan in the nominal amount of EUR 77.0 million which was due in May 2017.

In April 2017 SID Bank introduced a new program for financing through commercial banks in the amount of EUR 150 million to finance SMEs and MID Cap companies.

Due to the increase in the credit rating of the Republic of Slovenija, the rating agency Standard & Poor's Rating Services in June 2017 consequently increased the credit rating of SID Bank from A to A+. The outlook rating of SID Bank remains stable. Short-term credit rating is A-1.

In November 2017, the Ministry of Economic Development and Technology appointed SID Bank as a fund manager of the Fund of Funds, into which EUR 253 million from European cohesion funds will be paid by the year 2023. The purpose of such a fund is to finance sustainable economic growth and development, innovation investments and ongoing operations with debt and equity financing in four areas: research, development and innovation, small and medium-sized enterprises, energy efficiency and urban development. Within the framework of the Fund of Funds, SID Bank will develop and provide financial products to Slovenian companies and municipalities through financial intermediaries (mainly commercial banks and public funds). The financial intermediaries will have to provide additional funding to the funding of the European cohesion policy due to the requirement for leverage ratio.

In November 2017, SID Bank and the European Investment Fund (EIF) set up a EUR 100 million extensive investment program, »the Slovenian Investment Program of Capital Growth«, in which EUR 50 million will be invested by both strategic partners. It is one of the first equity financing programs under the EIF - NPI Equity Platform, co-founded by SID Bank and EIF, and the Europe Investment Plan, established by EIF in cooperation with national incentives institutions in the European Union. On the basis of the 15-year mandate granted by SID Bank, the program will be managed and implemented by the EIF, which is the largest fund manager in the EU.

4 Notes to separate and consolidated financial statements

Separate and consolidated financial statements for the year 2017 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 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 2016.

Accounting Policies

The accounting policies applied are presented in detail in the Annual Report of SID Bank and SID Bank Group for 2016.

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.

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	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Cash on hand, balances with the central bank and demand deposits with banks	71,071	147,668	75,950	153,355
Available for sale financial assets	730,521	777,676	750,004	801,044
Loans and receivables	1,631,472	1,608,458	1,636,725	1,614,591
Loans to banks	1,032,179	996,368	1,037,431	1,002,502
Loans to non-bank customers	597,740	610,563	597,740	610,563
Other financial assets	1,553	1,527	1,554	1,526
Property, plant and equipment	4,992	5,287	7,476	7,491
Intangible assets	804	805	1,281	1,292
Long-term interests in subsidiaries, associates and joint ventures	8,413	8,413	0	0
Corporate income tax assets	4,086	31	4,513	31
Current tax assets	4,086	0	4,513	0
Deferred tax assets	0	31	0	31
Other assets	282	305	21,353	18,272
TOTAL ASSETS	2,451,641	2,548,643	2,497,302	2,596,076
Financial liabilities held for trading	0	312	0	312
Financial liabilities measured at amortised cost	2,038,146	2,134,711	2,039,017	2,135,441
Deposits from bank and central banks	25,264	31,740	25,264	31,740
Deposits from non-bank customers	0	30,000	0	30,000
Loans from banks and central banks	1,205,543	1,153,125	1,205,543	1,153,125
Loans from non-bank customers	454,828	457,427	454,828	457,427
Debt securities	350,320	460,652	350,320	460,652
Other financial liabilities	2,191	1,767	3,062	2,497
Derivatives held for hedging	93	0	93	0
Provisions	2,946	15,546	27,137	38,957
Corporate income tax liabilities	447	4,105	569	4,568
Current tax liabilities	0	4,105	0	4,430
Deferred tax liabilities	447	0	569	138
Other liabilities	116	140	2,886	2,990
TOTAL LIABILITIES	2,041,748	2,154,814	2,069,702	2,182,268
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	15,444	13,335	16,068	14,039
Profit reserves	88,005	70,531	107,859	83,188
Treasury shares	(1,324)	(1,324)	(1,324)	(1,324)
Retained earnings (including net profit for the financial year)	6,629	10,148	3,858	16,766
Equity attributable to owners of the parent	409,893	393,829	427,600	413,808
TOTAL EQUITY	409,893	393,829	427,600	413,808
TOTAL LIABILITIES AND EQUITY	2,451,641	2,548,643	2,497,302	2,596,076

6 Statement of profit or loss

In EUR thousand	SID Bank		SID Bank Group	
	2017	2016	2017	2016
Interest income	29,119	37,501	29,424	37,829
Interest expense	(8,825)	(13,660)	(8,828)	(13,663)
Interest net income	20,294	23,841	20,596	24,166
Dividend income	87	27	87	27
Fee and commission income	232	1,921	232	1,921
Fee and commission expense	(459)	(750)	(477)	(767)
Net fee and commission	(227)	1,171	(245)	1,154
Gains realised on financial assets and liabilities not measured at fair value through profit or loss	3,316	6,183	3,327	6,183
Net gains/(losses) on financial assets and liabilities held for trading	385	(307)	385	(307)
Net (losses)/gains on financial assets and liabilities measured at fair value through profit or loss	(4,839)	11,151	(4,839)	11,151
Changes in fair value in hedge accounting	21	377	21	377
Exchange differences	(1,186)	689	(1,185)	685
Net (losses) on derecognition	(5)	0	(5)	0
Other net operating gains	1,732	1,670	7,382	7,758
Administrative costs	(12,394)	(11,018)	(16,664)	(15,288)
Depreciation and amortisation	(852)	(805)	(1,267)	(1,115)
Provisions	(917)	1,660	(790)	2,361
Impairments	7,452	(9,574)	7,361	(9,980)
Share of the profit of investment in subsidiaries, associates and joint ventures	3,353	88	0	0
Total profit from non-current assets and disposal groups classified as held for sale	4	164	4	164
Profit from ordinary operations	16,224	25,317	14,168	27,336
Corporate income tax on ordinary operations	(2,268)	(3,954)	(2,406)	(4,371)
Net profit for the financial year	13,956	21,363	11,762	22,965
Attributable to owners of the parent	13,956	21,363	11,762	22,965
Basic earnings/diluted earnings per share (in EUR)	4.50	6.88	3.79	7.40

7 Statement of comprehensive income

In EUR thousand	SID Bank		SID Bank Group	
	2017	2016	2017	2016
Net profit for the financial year after tax	13,956	21,363	11,762	22,965
Other comprehensive income after tax	2,108	8,302	2,030	8,447
Items that will not be reclassified to profit or loss	0	0	7	(7)
Actuarial gains (losses) on defined benefit pension plans	0	0	8	(10)
Income tax relating to items that will not be reclassified	0	0	(1)	3
Items that may be reclassified to profit or loss	2,108	8,302	2,023	8,454
Gains in connection to available-for-sale financial assets	2,603	10,399	2,498	10,604
Valuation gains taken to equity	5,787	16,629	5,671	16,835
Transfer of (gains) into profit or loss	(3,184)	(6,230)	(3,173)	(6,231)
Corporate income tax in connection to items which may be subsequently reclassified to profit or loss	(495)	(2,097)	(475)	(2,150)
Total comprehensive income for the financial year after tax	16,064	29,665	13,792	31,412
Attributable to owners of the parent	16,064	29,665	13,792	31,412

8 Statement of changes in equity

8.1 Statement of Changes in Equity of SID Bank

For the 2017 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 2017	300,000	1,139	13,335	70,531	10,148	(1,324)	393,829
Net profit for the year	0	0	0	0	13,956	0	13,956
Other comprehensive income	0	0	2,108	0	0	0	2,108
Total comprehensive income for the financial year after tax	0	0	2,108	0	13,956	0	16,064
Transfer of net profit to reserves from profit	0	0	0	17,474	(17,474)	0	0
Closing balance at 31 Dec 2017	300,000	1,139	15,444	88,005	6,629	(1,324)	409,893

For the 2016 financial year

In EUR thousand	Share capita	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	8,301	0	0	0	8,301
Total comprehensive income for the financial year after tax	0	0	8,301	0	21,363	0	29,664
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	13,335	70,531	10,148	(1,324)	393,829

8.2 Statement of Changes in Equity of SID Bank Group

For the 2017 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 2017	300,000	1,139	14,039	83,187	16,766	(1,324)	413,807	413,807
Net profit for the year	0	0	0	0	11,762	0	11,762	11,762
Other comprehensive income	0	0	2,030	0	0	0	2,030	2,030
Total comprehensive income for the financial year after tax	0	0	2,030	0	11,762	0	13,792	13,792
Transfer of net profit to reserves from profit	0	0	0	24,672	(24,672)	0	0	0
Other*	0	0	(2)	0	2	0	0	0
Closing balance at 31 Dec 2017	300,000	1,139	16,068	107,859	3,858	(1,324)	427,600	427,600

* transfer actuarial gains into retained earnings

For the 2016 financial year

In EUR thousand	Share capita	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 as at 1 Jan 2016	300,000	1,139	5,597	71,319	5,794	(1,324)	382,525	382,525
Effects of accounting policy amendments*	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	19,883	19,883
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	31,978	31,978
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

9 Statement of cash flows

In EUR thousand	SID Bank		SID Bank Group	
	2017	2016	2017	2016
A. CASH FLOWS FROM OPERATING ACTIVITIES				
a) Net profit or loss before tax	16,224	25,317	14,168	27,336
Depreciation and amortisation	852	805	1,267	1,115
(Reversal of impairments) of loans	(7,731)	(2,676)	(7,731)	(2,676)
Impairment of property, plant and equipment, investment property, intangible assets and other assets	0	0	91	406
Impairments of capital investments in subsidiaries, associates and joint ventures	279	12,250	279	12,250
Net (gains) of investments in subsidiaries, associates and joint ventures	(3,353)	(88)	0	0
Net (gains)/losses from exchange differences	1,186	(689)	1,185	(685)
Other (gains) from investing activities	(87)	(27)	(87)	(27)
Net losses from sale of tangible assets and investment property	5	0	5	0
Net unrealised (gains) from non-current assets held for sale and discontinuing operations and liabilities associated therewith	(4)	(164)	(4)	(164)
Other adjustments of net profit or loss before tax	447	(1,725)	329	(2,433)
Cash flows from operating activities before changes in operating assets and liabilities	7,818	33,003	9,502	35,122
b) Decrease in operating assets	30,389	793,908	31,874	794,024
Net decrease in financial assets held for trading	73	0	73	0
Net decrease in available-for-sale financial assets	48,503	169,670	52,303	169,504
Net (increase)/decrease in loans	(18,210)	607,095	(17,330)	605,222
Net decrease in assets held for hedging	0	16,708	0	16,708
Net decrease in non-current assets held for sale	0	361	0	361
Net (increase)/decrease in other assets	23	74	(3,172)	2,229
c) (Decrease) in operating liabilities	(107,300)	(685,265)	(106,331)	(687,513)
Net increase/(decrease) in financial liabilities held for trading	(4)	1	(4)	1
Net increase/(decrease) in deposits and loans measured at amortised cost	16,372	(402,638)	16,513	(402,520)
Net (decrease) in debt securities measured at amortised cost	(110,280)	(264,894)	(110,280)	(264,894)
Net increase in assets held for hedging	143	0	143	0
Net (decrease) in other liabilities	(13,531)	(17,734)	(12,703)	(20,100)
d) Cash flows from operating activities (a+b+c)	(69,093)	141,646	(64,955)	141,633
e) (Paid) / refunded corporate income tax	(9,981)	4,861	(10,887)	4,644
f) Net cash flows from operating activities (d+e)	(79,074)	146,507	(75,842)	146,277
B. CASH FLOWS FROM INVESTING ACTIVITIES				
a) Receipts from investing activities	3,442	115	89	27
b) Cash payments on investing activities	(840)	(12,745)	(1,527)	(12,785)
c) Net cash flows from investing activities (a+b)	2,602	(12,630)	(1,438)	(12,758)
D. Effect of exchange rate difference on cash and cash equivalents	(125)	5	(125)	5
E. Net increase/(decrease) in cash assets and cash equivalents (Af+Bc)	(76,472)	133,877	(77,280)	133,519
F. Opening balance of cash and cash equivalents	147,668	13,786	153,355	19,831
G. Closing balance of cash and cash equivalents (D+E+F)	71,071	147,668	75,950	153,355

10 Other disclosures

10.1 Related party disclosures

Significant relations of SID Bank with subsidiaries and joint ventures

In EUR thousand	31.12.2017			31.12.2016		
	Subsidiaries	Joint ventures	Total	Subsidiaries	Joint ventures	Total
Receivables						
Loans and advances	0	2,988	2,988	0	17,934	17,934
Other financial assets	5	0	5	7	0	7
Gross exposure	5	2,988	2,993	7	17,934	17,941
Value adjustments	0	(1,590)	(1,590)	0	(2,527)	(2,527)
Net exposure	5	1,398	1,403	7	15,407	15,414
Provisions	0	0	0	0	14,618	14,618
Total liabilities	0	0	0	0	14,618	14,618

In EUR thousand	2017			2016		
	Subsidiaries	Joint ventures	Total	Subsidiaries	Joint ventures	Total
Interest income	0	46	46	0	754	754
Revenues from other services	53	0	53	67	0	67
Fee and commission expense	0	(43)	(43)	0	0	0
Provisions	0	1,118	1,118	0	(892)	(892)
Impairments	0	658	658	0	14,909	14,909
Share of the profit of investment in subsidiaries, associates and joint ventures	3,353	0	3,353	88	0	88
Total	3,406	1,779	5,185	155	14,771	14,926

10.2 Segment reporting

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

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

- banking and
- credit and investment insurance.

Each operating segment is organised as a legal entity in the form of an independent

undertaking. Within SID Bank Group the banking services are provided by the controlling company SID Bank, while credit and investment insurance is carried out by SID – Prva kreditna zavarovalnica. 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.

In the comparable financial year 2016 the business segments also included a separate business segment factoring. The factoring

segment included a 50% proportionate share of the Prvi faktor Group.

For the 2017 financial year

In EUR thousand	Banking	Credit and investment insurance	Total	Interrelations in the Group	Relations to third parties
Interest income	29,119	305	29,424	0	29,424
Interest expenses	(8,825)	(3)	(8,828)	0	(8,828)
Net interest	20,294	302	20,596	0	20,596
Dividend income	87	0	87	0	87
Fee and commission income	232	0	232	0	232
Fee and commission expense	(459)	(18)	(477)	0	(477)
Net fee and commission	(227)	(18)	(245)	0	(245)
Net realised gains on financial assets and liabilities not measured at fair value through profit or loss	3,316	11	3,327	0	3,327
Net gains on financial assets and liabilities held for trading	385	0	385	0	385
(Losses) on financial assets and liabilities recognised at fair value through the statement of profit or loss	(4,839)	0	(4,839)	0	(4,839)
Changes in fair value in hedge accounting	21	0	21	0	21
Net exchange differences gain or (loss)	(1,186)	1	(1,185)	0	(1,185)
Net (losses) on derecognition of assets	(5)	0	(5)	0	(5)
Other net operating gains	1,732	5,655	7,387	(5)	7,382
NET INCOME	19,578	5,951	25,529	(5)	25,524
Other information by segments	(3,354)	(4,654)	(8,008)	(3,348)	(11,356)
Administrative costs	(12,394)	(4,275)	(16,669)	5	(16,664)
Depreciations and amortisation	(852)	(415)	(1,267)	0	(1,267)
Provisions	(917)	127	(790)	0	(790)
Impairments	7,452	(91)	7,361	0	7,361
Share of the profit of investment in subsidiaries, associates and joint ventures	3,353	0	3,353	(3,353)	0
Total profit from non-current assets and disposal groups classified as held for sale	4	0	4	0	4
Profit from ordinary operations	16,224	1,297	17,521	(3,353)	14,168
Corporate income tax on ordinary operations	(2,268)	(138)	(2,406)	0	(2,406)
Net profit for the financial year	13,956	1,159	15,115	(3,353)	11,762
31.12.2017					
ASSETS AND LIABILITIES					
Total assets	2,451,641	54,079	2,505,720	(8,418)	2,497,302
Long-term interests in subsidiaries, associates and joint ventures	8,413	0	8,413	(8,413)	0
Liabilities (other than equity) by segment	2,041,748	27,959	2,069,707	(5)	2,069,702
Total equity	409,893	26,120	436,013	(8,413)	427,600
Increase/(decrease) in property, plant and equipment and intangible assets	(296)	270	(26)	0	(26)

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 (losses) on financial assets and liabilities held for trading	(307)	0	(1)	(308)	0	(308)
Net gains 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	1,670	6,093	945	8,708	(1,384)	7,324
NET INCOME	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
31.12.2016						
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)

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							
	31.12.2017				31.12.2016			
	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	32,048	628,282	70,191	730,521	18,332	724,069	35,275	777,676
Debt securities	32,048	618,393	63,846	714,287	18,332	718,237	28,871	765,440
Equity securities	0	9,889	6,345	16,234	0	5,832	6,404	12,236
Total financial assets	32,048	628,282	70,191	730,521	18,332	724,069	35,275	777,676
Financial liabilities measured at fair value								
Financial liabilities held for trading	0	0	0	0	0	312	0	312
Derivatives held for hedging	0	93	0	93	0	0	0	0
Total financial liabilities	0	93	0	93	0	312	0	312

In EUR thousand	SID Bank Group							
	31.12.2017				31.12.2016			
	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	50,513	629,300	70,191	750,004	41,271	724,498	35,275	801,044
Debt securities	50,513	619,411	63,846	733,770	41,271	718,666	28,871	788,808
Equity securities	0	9,889	6,345	16,234	0	5,832	6,404	12,236
Total financial assets	50,513	629,300	70,191	750,004	41,271	724,498	35,275	801,044
Financial liabilities measured at fair value								
Financial liabilities held for trading	0	0	0	0	0	312	0	312
Derivatives held for hedging	0	93	0	93	0	0	0	0
Total financial liabilities	0	93	0	93	0	312	0	312

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. They are valued on the basis of an internal model, taking into account 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

2017	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
In EUR thousand						
Financial assets measured at fair value						
Available-for-sale financial assets	0	3,596	14,073	590	3,596	14,073
Debt securities	0	3,596	14,073	590	3,596	14,073

2016	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
In EUR thousand						
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	
	31.12.2017	31.12.2016
Guarantees	13,863	32,871
Other off-balance-sheet liabilities	60,409	23,570
Total commitments	74,272	56,441
Provisions for off-balance-sheet risks - guarantees	(101)	(14,750)
Provisions for off-balance-sheet risks – other off-balance-sheet liabilities	(2,269)	(327)
Total provisions for commitments	(2,370)	(15,077)

SID Bank or SID Bank Group show under the item commitments 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.

In 2017, the value of the guarantees was reduced, due to the fall and the realization of guarantees. Loans granted to non-bank

customers that have not been drawn as at 31 December 2017 totals EUR 24,743 thousand (2016: EUR 11,070 thousand), while loans granted to the bank sector totals EUR 23,665 thousand (2016: EUR 500 thousand). Potential liabilities from uncalled unpaid capital totals EUR 12,000 thousand (2016: EUR 12,000 thousand).

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.