



**UNAUDITED**  
**INTERIM FINANCIAL STATEMENTS OF**  
**SID BANK AND SID BANK GROUP**  
**JANUARY 1, 2012 – JUNE 30, 2012**

**Edition: August 31, 2012**



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## 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	0038612007500
Telefax	0038612007575
E-mail	info@sid.si
Website	<a href="http://www.sid.si">http://www.sid.si</a>

### SID Bank Group is consisted of the following companies

	Relationship	Ownership in percent
SID banka, d. d., Ljubljana	Parent company	-
SID - Prva kreditna zavarovalnica, d. d., Ljubljana (hereinafter PKZ)	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 (hereinafter CMSR)	Co-foundation	-

## 2. NOTES TO SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

The financial statements of SID Bank and SID Bank Group for the period ended 30 June 2012 were authorised for issue on 17 July 2012 by Management Board of SID Bank. Financial statements of SID Bank and SID Bank Group were not published before approval.

### 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 (hereinafter the IFRS), 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 IFRS 34 – Interim Financial Reporting. They need to be read in context with Annual Report of SID Bank and SID Bank Group for 2011.

Separate and consolidated financial statements for the period from January to June 2012 are unaudited.

### Accounting policies

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.

The accounting policies applied are presented in detail in the Annual Report of SID Bank and SID Bank Group for 2011.

### Consolidation

Consolidated financial statements include the following companies:

- By the method of full consolidation:
  - Parent company - SID banka,
  - Subsidiary company - PKZ,
- By the proportional consolidation method of PRVI FAKTOR Group.

Due to immateriality for the true and fair representation of Income statement, Statement of comprehensive income, Statement of financial position, Statement of changes in equity and Statement of cash flows SID Bank excluded from consolidation PRO KOLEKT Group and CMSR institute.

### Special features of the disclosure items in the financial statements

In disclosing individual items of financial statements differences may occur in the sum due to the rounding of the individual amounts.

### Significant events after the end of reporting period

Following the downgrade of the Slovenian government's rating, on 6 August 2012 Moody's Investors Service has downgraded the rating of SID - Slovenska izvozna in razvojna banka, d.d., Ljubljana (SID Bank Inc., Ljubljana) to Baa2 with a negative outlook from A2.

## 3. FINANCIAL HIGHLIGHTS AND PERFORMANCE INDICATORS

	SID Bank		SID Bank Group	
	1-6/2012	1-6/2011	1-6/2012	1-6/2011
<b>Income Statement Summary</b> (in EUR thousand)				
Net interest income	32,226	25,973	34,732	29,021
Net non-interest income	14,088	564	17,660	5,701
Operating costs	(4,051)	(3,718)	(7,297)	(6,834)
Impairment and Provisions	(31,850)	(12,723)	(32,904)	(13,939)
Profit on ordinary activities	10,413	10,096	12,191	13,949
Net profit for the financial period	8,539	8,077	9,687	10,857
<b>Statement of Financial Position Summary</b> (in EUR thousand)	30.6.2012	31.12.2011	30.6.2012	31.12.2011
Total assets	4,113,051	4,029,216	4,305,018	4,219,093
Loans to banks	3,061,415	2,997,154	3,083,475	3,018,972
Loans to non-bank customers	669,082	701,410	776,328	810,720
Received deposits and loans from banks	2,007,103	2,086,028	2,123,351	2,210,499
Received deposits and loans from non-bank customers	136,726	150,179	136,726	150,179
Debt securities	1,403,590	1,404,906	1,403,590	1,404,906
Total equity	342,313	332,008	363,305	352,439
<b>Selected indicators</b> * (in percent)	1-6/2012	1-12/2011	1-6/2012	1-12/2011
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**	3.94	3.11	3.80	3.20
Profitability:				
– interest margin	1.57	1.36	1.63	1.43
– financial intermediation margin	2.26	1.46	2.33	1.73
– return on assets before tax	0.51	0.19	0.57	0.34
– return on equity before tax	6.14	2.23	6.81	4.02
– return on equity after tax	5.03	1.93	5.41	3.14
Operating costs:				
– operating costs/ average assets	0.20	0.19	0.34	0.34
– operating costs/net income	8.74	13.07	13.93	19.51
Capital adequacy ratio**	13,93	14,35	13,35	13,78
<b>Number of employees</b>	114	112	335	331
<b>Shares</b>	30.6.2012	31.12.2011		
- 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)	110.31	106.99		

\* The selected indicators relating to the quarterly period are converted on annual level.

\*\* 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).

#### 4. INCOME STATEMENT

In EUR thousand	SID Bank		SID Bank Group	
	1-6/2012	1-6/2011	1-6/2012	1-6/2011
Interest income	84,334	73,079	90,077	79,260
Interest expenses	(52,108)	(47,106)	(55,345)	(50,239)
Net interest income	32,226	25,973	34,732	29,021
Dividend income	0	0	357	0
Fee and commission income	868	1,032	2,430	2,626
Fee and commission expenses	(379)	(433)	(960)	(1,122)
Fee and commission net income	489	599	1,470	1,504
Realised gains and losses on financial assets and liabilities not measured at fair value through profit and loss	179	(1,501)	179	(1,501)
Gains and losses on financial assets and liabilities held for trading	0	0	(6)	0
Gains and losses on financial assets and liabilities designated at fair value through profit or loss	12,087	0	12,087	0
Fair value adjustments in hedge accounting	194	14	194	14
Exchange differences	0	(11)	(342)	761
Gains and losses on derecognition of assets other than held for sale	0	(4)	(48)	(20)
Other operating net income	1,139	1,467	3,769	4,943
Administration costs	(3,775)	(3,419)	(6,816)	(6,407)
Depreciation	(276)	(299)	(481)	(427)
Provisions	(9,817)	1,025	(10,257)	1,518
Impairment	(22,033)	(13,748)	(22,647)	(15,457)
<b>Profit on ordinary activities</b>	<b>10,413</b>	<b>10,096</b>	<b>12,191</b>	<b>13,949</b>
Tax expense (income) related to profit from continuing operations	(1,874)	(2,019)	(2,504)	(3,092)
<b>Net profit for the financial period</b>	<b>8,539</b>	<b>8,077</b>	<b>9,687</b>	<b>10,857</b>
<b>Basic earnings per share *</b>	<b>2.75</b>	<b>2.60</b>		

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

## 5. STATEMENT OF COMPREHENSIVE INCOME

In EUR thousand	SID Bank		SID Bank Group	
	1-6/2012	1-6/2011	1-6/2012	1-6/2011
<b>Net profit for the financial period after tax</b>	<b>8,539</b>	<b>8,077</b>	<b>9,687</b>	<b>10,857</b>
<b>Other comprehensive income after tax</b>	<b>1,767</b>	<b>(672)</b>	<b>1,179</b>	<b>(653)</b>
Available for sale financial assets	2,221	(840)	1,713	(950)
Valuation gains (losses) taken to equity	2,400	(822)	1,892	(932)
Transferred to profit or loss	(179)	(18)	(179)	(18)
Other items	0	0	(64)	107
Income tax relating to components of other comprehensive income*	(454)	168	(470)	190
<b>Total comprehensive income for the financial period after tax</b>	<b>10,306</b>	<b>7,405</b>	<b>10,866</b>	<b>10,204</b>

\*Tax on profit from revaluation surplus in interim report 2011 is estimated therefore is not recorded in the evidences of SID Bank, which results in the difference between the Total comprehensive income for the financial period after tax and the Statement of changes in equity. The same applies for SID bank Group.

## 6. STATEMENT OF FINANCIAL POSITION

In EUR thousand	SID Bank		SID Bank Group	
	30.6.2012	31.12.2011	30.6.2012	31.12.2011
Cash and cash balances with the central banks	10,531	41,696	10,532	41,697
Financial assets held for trading	5	3	5	3
Available-for-sale financial assets	295,385	212,240	323,769	243,646
Loans	3,730,497	3,698,564	3,859,803	3,829,692
- Loans to banks	3,061,415	2,997,154	3,083,475	3,018,972
- Loans to non - bank customers	669,082	701,410	776,328	810,720
Derivatives – hedge accounting	58,757	58,847	58,757	58,847
Property, plant and equipment	3,810	3,893	7,517	6,863
Investment property	0	0	346	261
Intangible assets	274	222	1,339	1,142
Investments in subsidiaries, associates and joint ventures	11,919	11,919	419	419
Tax assets	925	1,516	2,991	3,826
- Current tax assets	455	473	859	1,195
- Deferred tax assets	470	1,043	2,132	2,631
Other assets	948	316	39,540	32,697
<b>TOTAL ASSETS</b>	<b>4,113,051</b>	<b>4,029,216</b>	<b>4,305,018</b>	<b>4,219,093</b>
Deposits from central banks	205,792	50,014	205,792	50,014
Financial liabilities held for trading	38	35	38	35
Financial liabilities measured at amortised cost	3,547,419	3,641,113	3,663,667	3,765,584
- Deposits from banks	83,184	119,498	83,184	119,498
- Deposits from non-bank customers	5	5	5	5
- Loans and advances from banks	1,923,919	1,966,530	2,040,167	2,091,001
- Loans and advances from non-bank customers	136,721	150,174	136,721	150,174
- Debt securities	1,403,590	1,404,906	1,403,590	1,404,906
Provisions	14,438	4,621	48,423	36,629
Tax liabilities	1,874	248	1,874	467
- Current tax liabilities	1,874	130	1,874	349
- Deferred tax liabilities	0	118	0	118
Other liabilities	1,177	1,177	21,919	13,925
<b>TOTAL LIABILITIES</b>	<b>3,770,738</b>	<b>3,697,208</b>	<b>3,941,713</b>	<b>3,866,654</b>
Share capital	300,000	300,000	300,000	300,000
Share premium	1,139	1,139	1,139	1,139
Revaluation reserve	(406)	(2,173)	(1,951)	(3,194)
Reserves from profit	31,300	31,300	50,132	50,132
Treasury shares	(1,324)	(1,324)	(1,324)	(1,324)
Retained earnings (including income from the reporting period)	11,604	3,066	15,309	5,686
<b>TOTAL EQUITY</b>	<b>342,313</b>	<b>332,008</b>	<b>363,305</b>	<b>352,439</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>4,113,051</b>	<b>4,029,216</b>	<b>4,305,018</b>	<b>4,219,093</b>

## 7. INCOME STATEMENT OF SID BANK – BY QUARTERS

In EUR thousand	2012		2011		
	Q2	Q1	Q4	Q3	Q2
Interest income	41,169	43,165	42,699	41,594	38,496
Interest expenses	(24,630)	(27,478)	(28,470)	(27,424)	(25,320)
Net interest income	16,539	15,687	14,229	14,170	13,176
Dividend income	0	0	0	2,574	0
Fee and commission income	457	411	460	462	500
Fee and commission expenses	(176)	(203)	(208)	(253)	(218)
Fee and commission net income	281	208	252	209	282
Realised gains and losses on financial assets and liabilities not measured at fair value through profit or loss	64	115	416	(513)	(1,519)
Gains and losses on financial assets and liabilities held for trading	0	0	(4)	1	0
Gains on financial assets and liabilities designated at fair value through profit or loss	12,087	0	31	0	0
Fair value adjustments in hedge accounting	(164)	358	(1,073)	79	14
Exchange differences	3	(3)	7	10	(4)
Gains and losses on derecognition of assets other than held for sale	0	0	0	0	(1)
Other operating net income	579	560	643	656	728
Administration costs	(1,951)	(1,824)	(1,789)	(1,809)	(1,708)
Depreciation	(139)	(137)	(145)	(144)	(145)
Provisions	(9,657)	(160)	(1,416)	(1,471)	43
Impairment	(12,111)	(9,922)	(16,421)	(11,100)	(10,876)
<b>Profit or loss on ordinary activities</b>	<b>5,531</b>	<b>4,882</b>	<b>(5,270)</b>	<b>2,662</b>	<b>(10)</b>
Tax expense (income) related to profit from continuing operations	(898)	(976)	1,005	(20)	1
<b>Net profit or loss for the financial period</b>	<b>4,633</b>	<b>3,906</b>	<b>(4,265)</b>	<b>2,642</b>	<b>(9)</b>



## 8. INCOME STATEMENT OF SID BANK GROUP – BY QUARTERS

In EUR thousand	2012		2011		
	Q2	Q1	Q4	Q3	Q2
Interest income	44,159	45,918	46,451	44,457	41,767
Interest expenses	(26,097)	(29,248)	(30,536)	(29,158)	(26,694)
Net interest income	18,062	16,670	15,915	15,299	15,073
Dividend income	5	352	0	0	0
Fee and commission income	1,271	1,159	1,922	1,501	1,174
Fee and commission expenses	(592)	(368)	(185)	(455)	(785)
Fee and commission net income	679	791	1,737	1,046	389
Realised gains and losses on financial assets and liabilities not measured at fair value through profit or loss	64	115	416	(513)	(1,519)
Gains and losses on financial assets and liabilities held for trading	(3)	(3)	(21)	1	0
Gains on financial assets and liabilities designated at fair value through profit or loss	12,087	0	31	0	0
Fair value adjustments in hedge accounting	(164)	358	(1,073)	79	14
Exchange differences	(91)	(251)	205	247	426
Gains and losses on derecognition of assets other than held for sale	(48)	0	1	(3)	0
Other operating net income	2,640	1,129	2,443	2,174	3,445
Administration costs	(3,563)	(3,253)	(3,600)	(3,251)	(3,380)
Depreciation	(239)	(242)	(249)	(254)	(220)
Provisions	(10,563)	306	1,123	(2,175)	243
Impairment	(12,382)	(10,265)	(17,482)	(11,874)	(11,917)
<b>Profit or loss on ordinary activities</b>	<b>6,484</b>	<b>5,707</b>	<b>(554)</b>	<b>776</b>	<b>2,554</b>
Tax expense (income) related to profit from continuing operations	(1,267)	(1,237)	427	(443)	(701)
<b>Net profit or loss for the financial period</b>	<b>5,217</b>	<b>4,470</b>	<b>(127)</b>	<b>333</b>	<b>1,853</b>

## 9. STATEMENT OF CHANGES IN EQUITY OF SID BANK

For the period January 1, 2012 – June 30, 2012

In EUR thousand	Share capital	Share premium	Revaluation reserves	Reserves from profit	Retained earnings (including income from the reporting period)	Treasury shares	Total equity
<b>Balance as at 1 January 2012</b>	<b>300,000</b>	<b>1,139</b>	<b>(2,173)</b>	<b>31,300</b>	<b>3,066</b>	<b>(1,324)</b>	<b>332,008</b>
Comprehensive income for the financial period after tax	0	0	1,767	0	8,539	0	10,306
<b>Balance as at 30 June 2012</b>	<b>300,000</b>	<b>1,139</b>	<b>(406)</b>	<b>31,300</b>	<b>11,604</b>	<b>(1,324)</b>	<b>342,313</b>

For the period January 1, 2012 – June 30, 2011

In EUR thousand	Share capital	Share premium	Revaluation reserves	Reserves from profit	Retained earnings (including income from the reporting period)	Treasury shares	Total equity
<b>Balance as at 1 January 2011</b>	<b>300,000</b>	<b>1,139</b>	<b>90</b>	<b>25,191</b>	<b>2,720</b>	<b>(1,324)</b>	<b>327,816</b>
Comprehensive income for the financial period after tax	0	0	(841)	0	8,077	0	7,236
<b>Balance as at 30 June 2011</b>	<b>300,000</b>	<b>1,139</b>	<b>(751)</b>	<b>25,191</b>	<b>10,797</b>	<b>(1,324)</b>	<b>335,052</b>

## 10. STATEMENT OF CHANGES IN EQUITY OF SID BANK GROUP

For the period January 1, 2012 – June 30, 2012

In EUR thousand	Share capital	Share premium	Revaluation reserves	Reserves from profit	Retained earnings (including income from the reporting period)	Treasury shares	Total equity
<b>Balance as at 1 January 2012</b>	<b>300,000</b>	<b>1,139</b>	<b>(3,194)</b>	<b>50,132</b>	<b>5,686</b>	<b>(1,324)</b>	<b>352,439</b>
Comprehensive income for the financial period after tax	0	0	1,179	0	9,687	0	10,866
Other*	0	0	64	0	(64)	0	0
<b>Balance as at 30 June 2012</b>	<b>300,000</b>	<b>1,139</b>	<b>(1,951)</b>	<b>50,132</b>	<b>15,309</b>	<b>(1,324)</b>	<b>363,305</b>

\* Foreign currency translation differences in the consolidation.

For the period January 1, 2011 – June 30, 2011

In EUR thousand	Share capital	Share premium	Revaluation reserves	Reserves from profit	Retained earnings (including income from the reporting period)	Treasury shares	Total equity
<b>Balance as at 1 January 2011</b>	<b>300,000</b>	<b>1,139</b>	<b>273</b>	<b>35,671</b>	<b>9,096</b>	<b>(1,324)</b>	<b>344,855</b>
Comprehensive income for the financial period after tax	0	0	(821)	0	10,857	0	10,036
Other*	0	0	(107)	0	107	0	0
<b>Balance as at 30 June 2011</b>	<b>300,000</b>	<b>1,139</b>	<b>(655)</b>	<b>35,671</b>	<b>20,060</b>	<b>(1,324)</b>	<b>354,891</b>

\* Foreign currency translation differences in the consolidation.

## 11. STATEMENT OF CASH FLOWS\*

In EUR thousand	SID Bank		SID Bank Group	
	1-6/2012	1-6/2011	1-6/2012	1-6/2011
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
a) Total profit before tax	10,413	10,096	12,191	13,949
Depreciation	276	299	481	427
Impairments of tangible assets, investment property, intangible assets and other assets	22,033	13,748	22,647	15,457
Net (gains)/losses from exchange differences	0	11	342	(761)
Other (gains)/losses from investment activities	0	0	48	0
Other (gains)/losses from financing	0	0	(357)	0
Other adjustments to total profit before tax	9,459	(1,025)	10,257	(1,518)
Cash flow from operating activities before changes in operating assets and liabilities	42,181	23,129	45,609	27,554
b) (Increases)/decreases in operating assets	(70,443)	38,225	(77,263)	(35,845)
c) Increases/(decreases) in operating liabilities	58,284	33,737	63,395	44,521
d) Cash flow from operating activities (a+b+c)	30,022	95,091	31,741	36,230
e) Income taxes (paid) refunded	343	(1,998)	(262)	(4,911)
f) Net cash flow from operating activities (d+e)	30,365	93,093	31,479	31,319
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
a) Receipts from investing activities	0	0	357	0
b) Cash payments on investing activities	(245)	(150)	(1,465)	(2,948)
c) Net cash flow from investing activities (a-b)	(245)	(150)	(1,108)	(2,948)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
a) Receipts from financial activities	0	0	0	0
b) Cash payments f financing activities	0	0	0	0
c) Net cash flow from financing activities (a-b)	0	0	0	0
D, Effects of change in exchange rates on cash and cash equivalents	0	0	0	0
E, Net increase in cash and cash equivalents (Af+Bc+Cb)	30,120	92,943	30,371	28,371
F, Opening balance of cash and cash equivalents	172,352	38,008	194,171	130,951
G, Closing balance of cash and cash equivalents (D+E+F)	202,472	130,951	224,542	159,322

\*Condensed statement of cash flows.