



**INTERIM FINANCIAL REPORT OF
SID BANK AND SID BANK GROUP
JUNE 30st, 2013**

Edition: August 30st, 2013



Contents

STATEMENT OF MANAGEMENT'S RESPONSIBILITY	3
1 BASIC INFORMATION.....	4
2 NOTES TO SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS	5
3 FINANCIAL HIGHLIGHTS AND PERFORMANCE INDICATORS.....	6
4 INCOME STATEMENT	8
5 INCOME STATEMENT – BY QUARTERS.....	9
5.1 Income statement of SID Bank – by quarters.....	9
5.2 Income statement of SID Bank Group – by quarters.....	10
6 STATEMENT OF COMPREHENSIVE INCOME	11
7 STATEMENT OF COMPREHENSIVE INCOME – BY QUARTERS.....	12
7.1 Statement of comprehensive income of SID Bank – by quarters	12
7.2 Statement of comprehensive income of SID Bank Group – by quarters.....	12
8 STATEMENT OF FINANCIAL POSITION	13
9 STATEMENT OF CHANGES IN EQUITY	14
9.1 Statement of changes in equity of SID Bank	14
9.2 Statement of changes in equity of SID Bank Group	15
10 STATEMENT OF CASH FLOWS	16

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 three months, ended June 30th, 2013.


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 NOTES TO SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

Separate and consolidated financial statements for the period from January to June 2013 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 IFRS 34 "Interim Financial Reporting". They need to be read in context with Annual Report of SID Bank and SID Bank Group for 2012.

Accounting policies

The accounting policies applied are presented in detail in the Annual Report of SID Bank and SID Bank Group for 2012.

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 banka and SID – Prva kreditna zavarovalnica
- By the proportional consolidation 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.

Significant events

On February 21st, 2013 Matej Runjak and Robert Ličen M.Sc. were recalled as members of Supervisory Board; Monika Pintar Mesarič and Leo Knez M. Sc. were appointed as new members.

In March 2013 SID Bank successfully issued long term bond SEDABI Float 03/28/16. On March 18th, 2013 SID Bank issued the bond in the amount of EUR 150 million and on March 20th, 2013 increased the issue in the amount of EUR 50 million due to a large investor interest.

Following the downgrade of the Slovenian government's rating, in May 2013, Moody's Investors Service downgraded the ratings of SID Bank from Baa2 to Ba1 with a negative outlook.

In June 2013, in order to reduce the risk of refinancing in 2015, SID Bank early redeemed a part of its SEDABI3 04/21/15 bond in the nominal amount of EUR 300 million. Since the bond is hedged by interest rate swap, SID Bank ceased the hedge and interest rate swap in the same nominal value.

3 FINANCIAL HIGHLIGHTS AND PERFORMANCE INDICATORS

Income Statement Summary

(in EUR thousand)	SID Bank		SID Bank Group	
	1-6/2013	1-6/2012	1-6/2013	1-6/2012
Net interest income	27,469	32,226	30,185	34,732
Net non-interest income	17,913	14,088	21,787	17,660
Operating costs	(4,429)	(4,051)	(7,857)	(7,297)
Impairment and Provisions	(37,115)	(31,850)	(40,863)	(32,904)
Profit on ordinary activities	3,838	10,413	3,252	12,191
Net profit for the financial period	3,427	8,539	2,065	9,687

Statement of Financial Position Summary

(in EUR thousand)	30.6.2013	31.12.2012	30.6.2013	31.12.2012
Total assets	3,971,915	4,088,662	4,142,860	4,258,813
Loans to banks	2,804,628	3,031,156	2,835,171	3,057,451
Loans to non-bank customers	623,711	649,294	704,276	738,831
Financial liabilities	3,617,725	3,733,520	3,718,361	3,840,866
Total equity	342,462	340,224	363,879	363,175


Selected indicators¹

(in percent)	SID Bank			SID Bank Group		
	1-6/2013	1-12/2012	1-6/2012	1-6/2013	1-12/2012	1-6/2012
Profitability						
Interest margin	1.32	1.53	1.57	1.41	1.55	1.63
Financial intermediation margin ²	2.18	2.27	2.26	2.42	2.43	2.33
Return on assets before tax	0.18	0.14	0.51	0.15	0.21	0.57
Return on equity before tax	2.23	1.72	6.14	1.78	2.51	6.81
Return on equity after tax	1.99	1.48	5.03	1.13	1.89	5.41
Operating cost						
Operating costs/ average assets	0.21	0.20	0.20	0.37	0.35	0.34
Operating costs/net income	9.76	8.73	8.74	15.12	14.40	13.93
Capital						
Capital adequacy ratio ³	15.51	14.23	13.93	15.00	13.83	13.35
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	6.28	4.91	3.94	6.61	5.23	3.80

¹ The selected indicators relating to the quarterly period are converted on annual level.

² The computations of financial intermediation margin for SID Bank Group do not consider income from PKZ insurance business.

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		
	30.6.2013	31.12.2012	30.6.2012	30.6.2013	31.12.2012	30.6.2012
International credit rating (Moody's)	Ba1	Baa2	A2			
Number of employees	125	124	114	351	351	335
Shares						
Number of shareholders	1	1	1			
Number of shares	3,121,741	3,121,741	3,121,741			
Nominal value per share (in EUR)	96.10	96.10	96.10			
Book value per share (in EUR)	110.35	109.63	110.31			

4 INCOME STATEMENT

In EUR thousand	SID Bank		SID Bank Group	
	1-6/2013	1-6/2012	1-6/2013	1-6/2012
Interest income	62,301	84,334	67,320	90,077
Interest expenses	(34,832)	(52,108)	(37,135)	(55,345)
Net interest income	27,469	32,226	30,185	34,732
Dividend income	1,422	0	0	357
Fee and commission income	2,093	868	3,524	2,430
Fee and commission expenses	(304)	(379)	(706)	(960)
Fee and commission net income	1,789	489	2,818	1,470
Realised gains on financial assets and liabilities not measured at fair value through profit and loss	13,280	179	13,281	179
Gains and losses on financial assets and liabilities held for trading	16	0	9	(6)
Gains and losses on financial assets and liabilities designated at fair value through profit or loss	(368)	12,087	(368)	12,087
Fair value adjustments in hedge accounting	731	194	731	194
Exchange differences	11	0	767	(342)
Gains and losses on derecognition of assets other than held for sale	0	0	4	(48)
Other operating net income	1,032	1,139	4,545	3,769
Administration costs	(4,134)	(3,775)	(7,338)	(6,816)
Depreciation	(295)	(276)	(519)	(481)
Provisions	3,473	(9,817)	2,064	(10,257)
Impairment	(40,588)	(22,033)	(42,927)	(22,647)
Profit on ordinary activities	3,838	10,413	3,252	12,191
Tax expense (income) related to profit from continuing operations	(411)	(1,874)	(1,187)	(2,504)
Net profit for the financial period	3,427	8,539	2,065	9,687
Basic earnings per share⁴	1.10	2.75		

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

5 INCOME STATEMENT – BY QUARTERS

5.1 Income statement of SID Bank – by quarters

In EUR thousand	SID Bank			
	2013		2012	
	Q2	Q1	Q2	Q1
Interest income	31,221	31,080	41,169	43,165
Interest expenses	(17,935)	(16,897)	(24,630)	(27,478)
Net interest income	13,286	14,183	16,539	15,687
Dividend income	0	1,422	0	0
Fee and commission income	1,291	802	457	411
Fee and commission expenses	(148)	(156)	(176)	(203)
Fee and commission net income	1,143	646	281	208
Realised gains on financial assets and liabilities not measured at fair value through profit and loss	13,199	81	64	115
Gains and losses on financial assets and liabilities held for trading	7	9	0	0
Gains and losses on financial assets and liabilities designated at fair value through profit or loss	189	(557)	12,087	0
Fair value adjustments in hedge accounting	367	364	(164)	358
Exchange differences	9	2	3	(3)
Other operating net income	486	546	579	560
Administration costs	(1,899)	(2,235)	(1,951)	(1,824)
Depreciation	(148)	(147)	(139)	(137)
Provisions	913	2,560	(9,657)	(160)
Impairment	(32,101)	(8,487)	(12,111)	(9,922)
Profit or loss on ordinary activities	(4,549)	8,387	5,531	4,882
Tax expense (income) related to profit from continuing operations	773	(1,184)	(898)	(976)
Net profit or loss for the financial period	(3,776)	7,203	4,633	3,906

5.2 Income statement of SID Bank Group – by quarters

In EUR thousand	SID Bank Group			
	2013		2012	
	Q2	Q1	Q2	Q1
Interest income	33,635	33,685	44,159	45,918
Interest expenses	(18,994)	(18,141)	(26,097)	(29,248)
Net interest income	14,641	15,544	18,062	16,670
Dividend income	0	0	5	352
Fee and commission income	2,095	1,429	1,271	1,159
Fee and commission expenses	(408)	(298)	(592)	(368)
Fee and commission net income	1,687	1,131	679	791
Realised gains on financial assets and liabilities not measured at fair value through profit and loss	13,199	82	64	115
Gains and losses on financial assets and liabilities held for trading	6	3	(3)	(3)
Gains and losses on financial assets and liabilities designated at fair value through profit or loss	189	(557)	12,087	0
Fair value adjustments in hedge accounting	367	364	(164)	358
Exchange differences	707	60	(91)	(251)
Gains and losses on derecognition of assets other than held for sale	4	0	(48)	0
Other operating net income	1,873	2,672	2,640	1,129
Administration costs	(3,580)	(3,758)	(3,563)	(3,253)
Depreciation	(259)	(260)	(239)	(242)
Provisions	(77)	2,141	(10,563)	306
Impairment	(33,687)	(9,240)	(12,382)	(10,265)
Profit or loss on ordinary activities	(4,930)	8,182	6,484	5,707
Tax expense (income) related to profit from continuing operations	536	(1,723)	(1,267)	(1,237)
Net profit or loss for the financial period	(4,394)	6,459	5,217	4,470

6 STATEMENT OF COMPREHENSIVE INCOME

In EUR thousand	SID Bank		SID Bank Group	
	1-6/2013	1-6/2012	1-6/2013	1-6/2012
Net profit for the financial period after tax	3,427	8,539	2,065	9,687
Other comprehensive income after tax	(1,189)	1,767	(1,361)	1,179
Available for sale financial assets	(1,400)	2,221	(1,675)	1,713
Other items	0	0	61	(64)
Income tax relating to components of other comprehensive income	211	(454)	253	(470)
Total comprehensive income for the financial period after tax	2,238	10,306	704	10,866

7 STATEMENT OF COMPREHENSIVE INCOME – BY QUARTERS

7.1 Statement of comprehensive income of SID Bank – by quarters

In EUR thousand	SID Bank			
	2013		2012	
	Q2	Q1	Q2	Q1
Net profit or loss for the financial period after tax	(3,776)	7,203	4,633	3,906
Other comprehensive income after tax	538	(1,727)	(1,315)	3,082
Available for sale financial assets	631	(2,031)	(1,632)	3,853
Income tax relating to components of other comprehensive income	(92)	303	317	(771)
Total comprehensive income for the financial period after tax	(3,238)	5,476	3,318	6,988

7.2 Statement of comprehensive income of SID Bank Group – by quarters

In EUR thousand	SID Bank Group			
	2013		2012	
	Q2	Q1	Q2	Q1
Net profit or loss for the financial period after tax	(4,394)	6,459	5,217	4,470
Other comprehensive income after tax	579	(1,941)	(2,072)	3,251
Available for sale financial assets	646	(2,321)	(2,426)	4,139
Other items	28	33	(13)	(51)
Income tax relating to components of other comprehensive income	(94)	347	367	(837)
Total comprehensive income for the financial period after tax	(3,814)	4,518	3,145	7,721

8 STATEMENT OF FINANCIAL POSITION

In EUR thousand	SID Bank		SID Bank Group	
	30.6.2013	31.12.2012	30.6.2013	31.12.2012
Cash and cash balances with the central banks	119,868	408	119,869	409
Financial assets held for trading	0	1	0	1
Available-for-sale financial assets	365,330	309,755	391,345	333,854
Loans	3,428,861	3,680,998	3,541,889	3,798,186
– Loans to banks	2,804,628	3,031,156	2,835,171	3,057,451
– Loans to non - bank customers	623,711	649,294	704,276	738,831
– Other financial assets	522	548	2,442	1,904
Derivatives – hedge accounting	38,534	78,003	38,534	78,003
Property, plant and equipment	3,481	3,664	7,071	7,396
Investment property	0	0	1,108	848
Intangible assets	556	491	1,648	1,611
Investments in subsidiaries, associates and joint ventures	11,919	11,919	419	419
Tax assets	238	439	2,107	2,978
– Current tax assets	0	439	320	1,456
– Deferred tax assets	238	0	1,787	1,522
Other assets	410	266	36,152	32,390
Non-current assets classified as held for sale	2,718	2,718	2,718	2,718
TOTAL ASSETS	3,971,915	4,088,662	4,142,860	4,258,813
Deposits from central banks	207,288	206,592	207,288	206,592
Financial liabilities held for trading	27	44	27	44
Financial liabilities measured at amortised cost	3,410,410	3,526,884	3,511,046	3,634,230
– Deposits from banks	19,355	44,301	19,355	44,301
– Deposits from non-bank customers	5	5	5	5
– Loans and advances from banks	1,656,034	1,924,619	1,749,422	2,030,232
– Loans and advances from non-bank customers	461,240	150,063	461,240	150,063
– Debt securities	1,272,368	1,406,725	1,272,368	1,406,725
– Other financial liabilities	1,408	1,171	8,656	2,904
Provisions	11,236	14,713	48,280	44,587
Tax liabilities	210	28	297	229
– Current tax liabilities	155	0	242	201
– Deferred tax liabilities	55	28	55	28
Other liabilities	282	177	12,043	9,956
TOTAL LIABILITIES	3,629,453	3,748,438	3,778,981	3,895,638
Share capital	300,000	300,000	300,000	300,000
Share premium	1,139	1,139	1,139	1,139
Revaluation reserve	(186)	1,003	(525)	897
Reserves from profit	37,012	37,012	58,350	57,434
Treasury shares	(1,324)	(1,324)	(1,324)	(1,324)
Retained earnings (including income from the reporting period)	5,821	2,394	6,239	5,029
TOTAL EQUITY	342,462	340,224	363,879	363,175
TOTAL LIABILITIES AND EQUITY	3,971,915	4,088,662	4,142,860	4,258,813

9 STATEMENT OF CHANGES IN EQUITY

9.1 Statement of changes in equity of SID Bank

For the period January 1st, 2013 to June 30st, 2013

In EUR thousand	Share capital	Share premium	Revaluation reserves	Reserves from profit	Retained earnings (including income from the reporting period)	Treasury shares	Total equity
Balance as at January 1st, 2013	300,000	1,139	1,003	37,012	2,394	(1,324)	340,224
Comprehensive income for the financial period after tax	0	0	(1,189)	0	3,427	0	2,238
Balance as at June 30st, 2013	300,000	1,139	(186)	37,012	5,821	(1,324)	342,462

For the period January 1st, 2012 to June 30st, 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
Balance as at January 1st, 2012	300,000	1,139	(2,173)	31,300	3,066	(1,324)	332,008
Comprehensive income for the financial period after tax	0	0	1,767	0	8,539	0	10,306
Balance as at June 30st, 2012	300,000	1,139	(406)	31,300	11,604	(1,324)	342,313

9.2 Statement of changes in equity of SID Bank Group

For the period January 1st, 2013 to June 30st, 2013

In EUR thousand	Share capital	Share premium	Revaluation reserves	Reserves from profit	Retained earnings (including income from the reporting period)	Treasury shares	Total equity
Balance as at January 1st, 2013	300,000	1,139	897	57,434	5,029	(1,324)	363,175
Comprehensive income for the financial period after tax	0	0	(1,362)	0	2,065	0	703
Transfer of net profit to reserves from profit	0	0	0	916	(915)	0	1
Other ⁵	0	0	(60)	0	60	0	0
Balance as at June 30st, 2013	300,000	1,139	(525)	58,350	6,239	(1,324)	363,879

For the period January 1st, 2012 to June 30st, 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
Balance as at January 1st, 2012	300,000	1,139	(3,194)	50,132	5,686	(1,324)	352,439
Comprehensive income for the financial period after tax	0	0	1,179	0	9,687	0	10,866
Other ⁵	0	0	64	0	(64)	0	0
Balance as at June 30st, 2012	300,000	1,139	(1,951)	50,132	15,309	(1,324)	363,305

⁵ Foreign currency translation differences in the consolidation.

10 STATEMENT OF CASH FLOWS⁶

In EUR thousand	SID Bank		SID Bank Group	
	30.6.2013	30.6.2012	30.6.2013	30.6.2012
A. CASH FLOWS FROM OPERATING ACTIVITIES				
a) Total profit before tax	3,837	10,413	3,252	12,191
Depreciation	295	276	519	481
Impairments of tangible fixed assets, investment property, intangible long-term assets and other assets	40,588	22,033	42,928	22,647
Net (gains)/losses from exchange differences	(11)	0	(767)	342
Net (gains)/losses from sale of tangible assets and investment properties	0	0	(4)	48
Other (gains) from investment activities	(1,422)	0	0	(357)
Other adjustments to total profit before tax	(4,218)	9,459	(2,811)	10,257
Cash flows from operating activities before changes in operating assets and liabilities	39,069	42,181	43,117	45,609
b) (Increases)/decreases in operating assets	105,441	(70,443)	78,017	(77,263)
c) Increases/(decreases) in operating liabilities	(98,671)	58,284	(97,638)	63,395
d) Cash flow from operating activities (a+b+c)	45,839	30,022	23,496	31,741
e) Income taxes (paid)/refunded	(28)	343	(248)	(262)
f) Net cash flow from operating activities (d+e)	45,811	30,365	23,248	31,479
B. CASH FLOWS FROM INVESTING ACTIVITIES				
a) Receipts from investing activities	1,422	0	6	357
b) Cash payments on investing activities	(176)	(245)	(493)	(1,465)
c) Net cash flow from investing activities (a-b)	1,246	(245)	(487)	(1,108)
D. Effects of change in exchange rates on cash and cash equivalents	(135)	0	(135)	0
E. Net increase in cash and cash equivalents (Af+Bc)	47,057	30,120	22,761	30,371
F. Cash and cash equivalents at beginning of the year	317,641	172,352	341,968	194,171
G. Cash and cash equivalents at end of the year (D+E+F)	364,563	202,472	364,594	224,542

⁶ Condensed statement of cash flows.