



MID-YEAR FINANCIAL STATEMENTS

1. 1. 2010 - 31. 3. 2010

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- **BASIC INFORMATION**

SID - Slovenska izvozna in razvojna banka d.d., Ljubljana (hereinafter: SID Bank) with registered office at Ulica Josipine Turnograjske 6, 1000 Ljubljana, Slovenia.

SID Bank's share capital stood at EUR 300,000,090.70 divided into 3,121,741 ordinary registered no-par value shares issued in several issues. The Republic of Slovenia is the sole shareholder of the bank.

Financial services performed by SID Bank for own account pursuant to the acquired authorization, are mainly:

- granting of loans, financing of business transactions,
- issuing of bonds and other guarantees,
- dealing for its own account or for the account of clients with foreign currencies, including exchange transactions, futures contracts and options, currency and interest financial instruments, transferable securities,
- dealing for its own account with money market instruments,
- credit rating services: collection, analysis and provision of information on credit status of legal entities.

In accordance with Slovene Export and Development Bank Act (ZSIRB) and after its applicability, SID Bank used the above indicated services and financial instruments for the promotion of economic, structural, social and other policies in the areas defined in the 1st item of Article 11 of this act; for example:

- international business transactions and international business cooperation,
- business incentives with a special emphasis on small and medium enterprises, entrepreneurship and risk capital,
- research and development,
- education and employment,
- environmental protection and energy efficiency,
- regional development,
- commercial and public infrastructure.

Pursuant to a statutory authorization (Slovene Export and Development Bank Act - ZSIRB), SID Bank has a status of authorized institution in accordance with Act Governing Insurance and Financing of International Commercial Transactions (ZZFMGP). For the account of the Republic of Slovenia SID Bank carries out the following activities:

- short-term export credit insurance and reinsurance against non-commercial and other non-marketable risks,
- investment insurance against non-commercial risks,
- medium-term export credit insurance against commercial and/or non-commercial risks,
- Interest Rate Equalization Programme (IREP).

On 2 March 2009, the international credit rating agency Moody's assigned to SID Bank an issuer rating of Aa2 with a positive outlook that was changed to stable in April 2009.

In accordance with authorizations pursuant to the Republic of Slovenia Guarantee Scheme Act and the Act on the Natural Persons Guarantee Scheme of the Republic of Slovenia, in 2009 SID bank began to carry out transactions in relation to issuing, monitoring, realization and recovery of guarantees, as well as supervision of expenditure of loans insured by guarantees pursuant to these two acts, for companies as well as natural persons.



SID Bank Group is constituted by:

1. Parent company:

- SID – Slovenska izvozna in razvojna banka, d.d., Ljubljana (SID Bank, Inc., Ljubljana).

2. Subsidiary companies:

- SID – Prva kreditna zavarovalnica d.d., Ljubljana, Slovenia (SID – First Credit Insurance Company Inc., Ljubljana), in which SID Bank holds 100% ownership share.
- PRO KOLEKT, družba za izterjavo, d.o.o. Ljubljana, Slovenia, a debt-collection company in which SID Bank holds a 100% ownership share and which has six affiliated companies:
 - PRO KOLEKT d.o.o. Zagreb, Croatia,
 - PRO KOLEKT d.o.o. Skopje, Macedonia,
 - PRO KOLEKT d.o.o. Belgrade, Serbia,
 - PRO KOLEKT CMSB S.R.L., Bucharest, Romania,
 - PRO KOLEKT SOFIA OOD, Sofia, Bulgaria,
 - PRO KOLEKT d.o.o., Sarajevo, Bosnia and Herzegovina.

3. Joint ventures:

- PRVI FAKTOR, faktoring družba, d.o.o., Ljubljana, Slovenia, a factoring company in which SID Bank holds a 50% ownership share and which has four affiliated companies:
 - PRVI FAKTOR d.o.o., Zagreb, Croatia,
 - PRVI FAKTOR – faktoring d.o.o., Belgrade, Serbia,
 - PRVI FAKTOR d.o.o., Sarajevo, Bosnia and Herzegovina,
 - PRVI FAKTOR d.o.o.e.l., Skopje, Macedonia.

4. Co-foundation:

- Centre for International Cooperation and Development, Ljubljana, public institute for business and entrepreneurial consulting.



• **FINANCIAL STATEMENTS OF SID BANK, INC., LJUBLJANA**

Financial statements of SID Bank have been compiled in accordance with International Financial Reporting Standards. The financial statements of first three months of 2010 were not subject to audit.

As at 31 March 2010, total assets of SID Bank stood at EUR 3,100 million, showing an increase of 2.5% compared to the end of year 2009.

Pre-tax profit of SID Bank in the first three months of 2010 stood at EUR 3.1 million. In the year 2009 it stood at EUR 1.2 million.

Net interest of SID Bank in the first three months of 2010 stood at EUR 7.9 million. In the year 2009 it stood at EUR 21.5 million.

Net non-interest income of SID Bank in the first three months of 2010 stood at EUR 1.2 million. In the year 2009 it stood at EUR 6.9 million.

Interest margin stood at 1.04%.

Financial intermediation margin stood at 1.19%.

KEY FIGURES OF SID BANK, INC., LJUBLJANA

	March 31, 2010	December 31, 2009
<i>Shares</i>		
- 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 of a share (in EUR)	104.62	103.75
<i>Selected indicators</i>		
Quality assets of the statement of financial position and contingent liabilities:		
- Impairments of financial assets measured at amortized cost, and provisions for contingent liabilities/classified on-balance sheet assets and classified off-balance-sheet items	1.58%	1.46%
Profitability:		
- Interest margin	1.04%	0.87%
- Financial intermediation margin	1.19%	1.15%
- Return on assets before taxation	0.41%	0.05%
- Return on equity before taxation	3.87%	0.53%
- Return on equity after taxation	3.10%	0.42%
Operating costs:		
- Operating costs / average assets	0.23%	0.26%
Value of concluded loan agreements (in million EUR)	39.1	1,516.9
Number of employees	88	87

The calculations consider key figures on yearly level.



STATEMENT OF FINANCIAL POSITION OF SID BANK, INC., LJUBLJANA

In thousands of EUR	March 31, 2010	December 31, 2009
Cash and balances of transaction accounts with the state and the central bank	1,729	1,073
Financial assets held for trading	258	248
Financial assets held for hedging	3,108	2,101
Available-for-sale financial assets	47,619	50,051
Loans	3,026,130	2,954,952
- <i>Loans to banks</i>	2,329,850	2,292,668
- <i>Loans to clients other than banks</i>	696,280	662,284
Property, plant and equipment	4,380	4,441
Intangible assets	359	395
Long-term investments in equity of subsidiaries, associates and joint ventures	11,919	7,712
Corporate income tax assets	1,119	1,019
- <i>Assets for corporate income tax</i>	756	656
- <i>Assets for deferred taxes</i>	363	363
Other assets	3,849	2,902
TOTAL ASSETS	3,100,470	3,024,894
Financial liabilities held for trading	335	271
Derivative financial instruments held for hedging	295	1,202
Financial liabilities measured at amortized cost	2,765,141	2,693,134
- <i>Bank deposits</i>	185,410	155,066
- <i>Deposits of clients other than banks</i>	57,441	91,870
- <i>Loans of banks</i>	1,869,814	1,799,948
- <i>Loans of clients other than banks</i>	100,539	99,108
- <i>Debt securities</i>	551,937	547,142
Provision	5,117	4,382
Corporate income tax liabilities	764	138
- <i>Tax liabilities</i>	626	0
- <i>Non-current deferred tax liabilities</i>	138	138
Other liabilities	4,166	3,785
TOTAL LIABILITIES	2,775,818	2,702,912
Share capital	300,000	300,000
Capital reserves	1,139	1,139
Revaluation surplus	146	(18)
Reserves from profit (including retained profit)	21,960	21,735
Treasury shares	(1,324)	(1,324)
Net profit/loss for the year	2,731	450
EQUITY	324,652	321,982
TOTAL LIABILITIES AND EQUITY	3,100,470	3,024,894
CONTINGENCY RESERVES	125,784	125,428
INTEREST RATE EQUALIZATION PROGRAMME	7,807	7,627



INCOME STATEMENT OF SID BANK, INC., LJUBLJANA

In thousands of EUR	Jan. – Mar. 2010	Jan. – Dec. 2009
Interest income and similar income	20,380	82,256
Interest expense and similar expense	(12,453)	(60,754)
Net interest	7,927	21,502
Dividend income	0	2,474
Fees and commissions received	496	2,006
Fees and commissions paid	(170)	(437)
Net fees and commissions	326	1,569
Realized profits/losses from financial assets and liabilities not measured at fair value through profit or loss	270	330
Net profits/losses from financial assets and liabilities held for trading	(42)	24
Changes in fair value when calculating risk insurance	(33)	(40)
Net foreign exchange gains/losses	33	44
Net profits/losses from derecognition of assets, excluding non-current assets held for sale	0	(4)
Other net operating profits/losses	623	2,542
Administrative costs	(1,605)	(5,729)
Depreciation, amortization	(158)	(643)
Provision	(734)	(1,985)
Impairments	(3,475)	(18,906)
Profit/loss on ordinary activities	3,132	1,178
Corporate income tax on ordinary activities	(626)	(231)
Deferred taxes	-	1
Net profit/loss for the year	2,506	948



• FINANCIAL STATEMENTS OF SID BANK GROUP

Consolidated financial statements of SID Bank Group have been compiled in accordance with International Financial Reporting Standards. The financial statements of first three months of 2010 were not subject to audit.

Companies included in consolidation

The companies are included in the financial statements using:

- The full consolidation method:
 - Parent company: SID Bank, Inc., Ljubljana;
 - Subsidiary: SID – First Credit Insurance Company Inc., Ljubljana, in which SID Bank holds a 100% ownership interest.
- The proportionate consolidation method:
 - PRVI FAKTOR Group.

Companies of PRO KOLEKT Group were excluded from consolidation by SID Bank because total assets of the group account for less than 1 % of total assets of SID Bank. In the consolidated financial statements the investment into PRO KOLEKT d.o.o., Ljubljana has been evaluated using the investment method.

Also excluded from consolidation is Centre for International Cooperation and Development, in which SID Bank does not hold an ownership interest, but has the role of the founder of the institute.

As at 31 March 2010, total assets of SID Bank Group stood at EUR 3,290 million, showing an increase of 2.3% compared to the end of year 2009.

Pre-tax profit of SID Bank Group in the first three months of 2010 stood at EUR 3.3 million. In the year 2009 pre-tax loss stood at EUR 6.5 million.

Net interest of SID Bank Group in the first three months of 2010 stood at EUR 9.2 million. In the year 2009 it stood at EUR 28.5 million.

Net non-interest income of SID Bank Group in the first three months of 2010 stood at EUR 2.2 million. In the year 2009 it stood at EUR 11.0 million.

Interest margin stood at 1.13%.

Financial intermediation margin stood at 1.39%.

KEY FIGURES OF SID BANK GROUP

	March 31, 2010	December 31, 2009
Profitability:		
- Interest margin	1.13%	1.03%
- Financial intermediation margin	1.39%	1.50%
- Return on assets before taxation	0.40%	-
- Return on equity before taxation	3.91%	-
- Return on equity after taxation	2.91%	-
Operating costs:		
- Operating costs/ average assets	0.37%	0.43%
Insurance coverage of the Slovenian export of goods*	21.33%	17.34%

The calculations consider key figures on yearly level.

**This item includes only data for January and February 2010.*



STATEMENT OF FINANCIAL POSITION OF SID BANK GROUP

In thousands of EUR	March 31, 2010	December 31, 2009
Cash and balances of transaction accounts with the state and the central bank	4,312	3,636
Financial assets held for trading	258	248
Financial assets held for hedging	3,108	2,101
Available-for-sale financial assets	65,426	72,390
Loans	3,162,757	3,091,499
- Loans to banks	2,349,054	2,306,883
- Loans to clients other than banks	813,703	784,616
Property, plant and equipment	4,756	4,845
Investment property	80	80
Intangible assets	1,031	1,078
Long-term investments in equity of subsidiary companies	419	419
Corporate income tax assets	2,234	2,155
- Assets for corporate income tax	1,299	1,180
- Assets for deferred taxes	935	975
Other assets	45,745	37,182
TOTAL ASSETS	3,290,126	3,215,633
Financial liabilities held for trading	335	271
Derivative financial instruments held for hedging	295	1,202
Financial liabilities measured at amortized cost	2,880,380	2,814,538
- Bank deposits	185,410	155,066
- Deposits of clients other than banks	57,441	91,870
- Loans of banks	1,985,053	1,921,338
- Loans of clients other than banks	100,539	99,122
- Debt securities	551,937	547,142
Provisions	55,050	56,695
Corporate income tax liabilities	816	138
- <i>Tax liabilities</i>	678	0
- <i>Non-current deferred tax liabilities</i>	138	138
Other liabilities	16,764	9,063
TOTAL LIABILITIES	2,953,640	2,881,907
Share capital	300,000	300,000
Capital reserves	1,139	1,139
Revaluation surplus	450	126
Reserves from profit (including retained profit)	33,562	39,667
Treasury shares	(1,324)	(1,324)
Net profit/loss for the year	2,659	(5,882)
CAPITAL OF MAJORITY SHAREHOLDERS	336,486	333,726
Capital of minority shareholders	0	0
EQUITY	336,486	333,726
TOTAL LIABILITIES AND EQUITY	3,290,126	3,215,633
CONTINGENCY RESERVES	125,784	125,428
INTEREST RATE EQUALISATION PROGRAMME	7,807	7,627



INCOME STATEMENT OF SID BANK GROUP

In thousands of EUR	Jan. – Mar. 2010	Jan. – Dec. 2009
Interest income and similar income	23,239	95,779
Interest expense and similar expense	(14,045)	(67,308)
Net interest	9,194	28,471
Dividend income	0	0
Fees and commissions received	1,525	6,456
Fees and commissions paid	(371)	(1,233)
Net fees and commissions	1,154	5,223
Realized profits/losses from financial assets and liabilities not measured at fair value through profit or loss	275	605
Net profits/losses from financial assets and liabilities held for trading	(42)	24
Changes in fair value when calculating risk insurance	(33)	(40)
Net foreign exchange gains/losses	276	1,073
Net profits/losses from derecognition of assets, excluding non-current assets held for sale	1	(2)
Other net operating profits/losses	593	4,129
Administrative costs	(2,811)	(10,971)
Depreciation, amortization	(218)	(881)
Provision	(6)	(10,556)
Impairments	(5,107)	(23,596)
Profit/loss on ordinary activities	3,276	(6,521)
Corporate income tax on ordinary activities	842	(755)
Deferred taxes	-	1,892
Net profit/loss for the year	2,434	(5,384)



• **BUSINESS TRANSACTIONS OF SID BANK, INC., LJUBLJANA ON BEHALF AND FOR THE ACCOUNT OF THE REPUBLIC OF SLOVENIA**

INSURANCE AGAINST NON-MARKETABLE RISKS

Certain commercial and non-commercial or political risks (non-marketable risks) of the nature and level for which private reinsurance market lacks either willingness or capacity to cover, are insured by SID Bank as an authorised institution on behalf and for the account of the Republic of Slovenia. According to the EU legislation, non-marketable risks are defined as commercial and political risks of a time horizon exceeding two years in the OECD countries and all risks in countries which are not OECD members.

Services:


- short-term export credit insurance,
- medium-term export credit insurance,
- investment insurance.

In thousands of EUR	Jan. – Mar. 2010	Jan. – Dec. 2009
Business insured	148,266	952,546
Premiums	766	4,823
Claims paid	4	4,896
Contingency reserve as at December, 31	120,705	120,039

INTEREST RATE EQUALISATION PROGRAMME

In accordance with the Act Governing Insurance and Financing of International Commercial Transactions (hereinafter ZZFMGP) and on behalf and for the account of the Republic of Slovenia, SID Bank implements the Interest Rate Equalization Programme (IREP) for export credits in euros and American dollars falling within the scope of the OECD Arrangements on Officially Supported Export Credits. SID Bank and the Ministry of Finance of RS have concluded an Agreement on Implementation of the Interest Rate Equalization Programme.

In thousands of EUR	March 31, 2010	December 31, 2009
IREP Assets	7,807	7,627



Company name: SID – Slovenska izvozna in razvojna banka, d.d., Ljubljana
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VAT Identification Number: SI 82155135
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Companies of SID Bank Group

SID – Prva kreditna zavarovalnica d.d., Ljubljana, Slovenia
SID – First Credit Insurance Company Inc., Ljubljana
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PRO KOLEKT, družba za izterjavo, d.o.o.
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