



**MID-YEAR FINANCIAL STATEMENTS OF SID BANK
(1.1.2008 - 30.9.2008)**

Contents:

BASIC INFORMATION
FINANCIAL STATEMENTS OF SID BANK, INC., LJUBLJANA
KEY FIGURES OF SID BANK, INC., LJUBLJANA
BALANCE SHEET OF SID BANK, INC., LJUBLJANA
INCOME STATEMENT OF SID BANK, INC., LJUBLJANA
FINANCIAL STATEMENTS OF SID BANK GROUP
KEY FIGURES OF SID BANK GROUP
BALANCE SHEET OF SID BANK GROUP
INCOME STATEMENT OF SID BANK GROUP
BUSINESS TRANSACTIONS ON BEHALF AND FOR THE ACCOUNT OF THE REPUBLIC OF SLOVENIA



- **BASIC INFORMATION**

SID Bank, Inc., Ljubljana (Slovenian: SID – Slovenska izvozna in razvojna banka, d.d., Ljubljana; short: SID banka, d.d., Ljubljana; hereinafter: SID Bank) was established as Slovenska izvozna družba, družba za zavarovanje in financiranje izvoza Slovenije, d.d., Ljubljana on 22 October 1992.

The nominal capital of SID Bank is 89,600,000 Euro and is divided into 932,354 no-par value shares, which were issued in several issues. In September 2008, with the General Meeting of Shareholders Decision on the transfer of minority shareholders' shares to the majority shareholder, the Republic of Slovenia has become the sole shareholder of SID Bank. At the same time the Republic of Slovenia has inscribed 50,400,000,00 Euro of additional capital for SID Bank. The inscription of additional capital was logged in the judicial record on 15 October 2008.

For its own account SID Bank:

- Provides pre-shipment and post-shipment financing of international business transactions and international business cooperation.
- Issues guarantees.
- Enters into money, currency, capital and derivative market transactions.
- Provides credit rating and other credit information.

On behalf of the Republic of Slovenia, SID Bank as an authorised export-credit agency (hereinafter: ECA) provides:

- Short-term export credit insurance 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).
- Other transactions on special authorisations.

On May 23, 2008 the National Assembly of the Republic of Slovenia passed the new Slovene Export and Development Bank Act, thus granting SID Bank mandates for operation in the areas of: international business transactions, their pre-shipment financing and outward investment; internationalization; small and medium enterprises, entrepreneurship and venture capital; research, development and innovation; employment; environmental protection and energy efficiency; regional development; housing; commercial and public infrastructure as well as international business cooperation. The Slovene Export and Development Bank Act has entered into force on September 18, 2008.

SID Bank Group is constituted by:

1. Controlling 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 EOOD, 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 d.o.o., Belgrade, Serbia.
 - PRVI FAKTOR d.o.o., Sarajevo, Bosnia and Herzegovina.
 - PRVI FAKTOR d.o.o. Skopje, Macedonia.
- 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 third trimester 2008 were not subject to audit.

As at 30 September 2008, total assets of SID Bank were EUR 1,631 million, showing an increase of 31 % compared to the end of year 2007.

Pre-tax profit of SID Bank in the nine months of 2008 was EUR 4.8 million. In the year 2007 it was EUR 4.1 million.

Net interest of SID Bank in the nine months of 2008 was EUR 9.9 million. In the year 2007 it was EUR 8.7 million.

Net non-interest income of SID Bank in the nine months of 2008 was EUR 4.8 million. In the year 2007 it was EUR 3.8 million.

Interest margin was 0.92 %.

Financial intermediation margin was 1.37 %.

KEY FIGURES OF SID BANK, INC., LJUBLJANA

	September 30, 2008	December 31, 2007
<i>Shares</i>		
- Number of shareholders	1	85
- Number of shares	932,354	932,354
- Nominal value per share (in EUR)	96.10	96.10
- book value of a share (in EUR)**	122.23	117.69
<i>Selected indicators</i>		
Quality assets of on-balance sheet and contingent liabilities:		
- Impairments of financial assets measured at amortised cost, and provisions for contingent liabilities/classified on-balance sheet assets and classified off-balance-sheet items*	1.22%	1.36%
Profitability:		
- Interest margin	0.92%	0.93%
- Financial intermediation margin	1.37%	1.34%
- Return on assets before taxation	0.45%	0.44%
- Return on equity before taxation	5.87%	4.21%
- Return on equity after taxation	5.19%	3.72%
Operating costs:		
- Operating costs / average assets	0.40%	0.62%
Financial volume (in million EUR)*	545.7	706.4
Number of employees	76	69

The calculations consider key figures on yearly level.

* Value of concluded loan agreements.

** Inscription of additional capital is not yet taken into account in the calculation of book value of a share.

BALANCE SHEET OF SID BANK, INC., LJUBLJANA

In thousands of EUR	September 30, 2008	December 31, 2007
Cash and balances with the central bank	336	298
Financial assets held for trading	79	129
Available-for-sale financial assets	31,028	40,728
Loans	1,586,247	1,192,496
- <i>Loans to banks</i>	1,130,774	915,674
- <i>Loans to clients other than banks</i>	455,473	276,822
Property, plant and equipment	4,854	5,091
Intangible assets	614	600
Long-term investments in equity of subsidiaries, associates and joint ventures	7,712	7,712
Corporate income tax assets	636	1,373
- <i>Tax assets</i>	497	1,229
- <i>Non-current deferred tax assets</i>	139	144
Other assets	371	290
TOTAL ASSETS OF SID BANK	1,631,877	1,248,717
Financial liabilities held for trading	83	186
Financial liabilities measured at amortised cost	1,464,089	1,137,069
- <i>Bank deposits</i>	15,020	26,205
- <i>Deposits of clients other than banks</i>	17,405	32,880
- <i>Loans of banks</i>	1,428,146	1,069,125
- <i>Loans of clients other than banks</i>	0	0
- <i>Debt securities</i>	3,518	8,859
Provision	2,044	883
Corporate income tax liabilities	2,752	2,190
- <i>Tax liabilities</i>	2,725	2,163
- <i>Non-current deferred tax liabilities</i>	27	27
Other liabilities	51,200	835
TOTAL LIABILITIES	1,520,168	1,141,163
Share capital	89,600	89,600
Capital reserves	1,139	1,139
Revaluation surplus	(441)	(331)
Reserves from profit (including retained profit)	18,470	17,566
Own stakes	(1,324)	(1,324)
Net profit for the period*	4,265	904
EQUITY	111,709	107,554
TOTAL LIABILITIES AND EQUITY OF SID BANK	1,631,877	1,248,717
LIABILITIES FOR CONTINGENCY RESERVES	111,597	107,278
INTEREST RATE EQUALISATION PROGRAMME (IREP)	5,494	5,395

* This item for the year 2007 includes only undivided profit, which is also included in net profit for the year 2008.



INCOME STATEMENT OF SID BANK, INC., LJUBLJANA

In thousands of EUR	Jan. – Sep. 2008	Jan. – Dec. 2007
Interest income and similar income	57,735	47,547
Interest expense and similar expense	(47,769)	(38,810)
Net interest	9,966	8,737
Dividend income	2,273	1,031
Fees and commissions received	780	566
Fees and commissions paid	(214)	(101)
Net fees and commissions	566	465
Profits/losses from financial assets and liabilities not measured at fair value through profit or loss	13	(17)
Net profits/losses from financial assets and liabilities held for trading	47	20
Net foreign exchange gains/losses	9	(258)
Net profits/losses from derecognition of assets, excluding non-current assets held for sale	2	0
Other net operating profits/losses	1,894	2,593
Administrative costs	(3,877)	(5,240)
Depreciation, amortisation	(456)	(562)
Provision	(1,065)	709
Impairments	(4,544)	(3,387)
Profit on ordinary activities	4,828	4,091
Corporate income tax on ordinary activities	(563)	(451)
Deferred taxes	0	(24)
Net profit on ordinary activities	4,265	3,616
Net profit for the period	4,265	3,616



• 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 third trimester were not subject to audit.

Companies included in consolidation

The companies are included in the financial statements using:

- The full consolidation method:
 - the controlling company: SID Bank, Inc., Ljubljana;
 - a 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 30 September 2008, total assets of SID Bank Group were EUR 1,885 million, showing an increase of 29 % compared to the end of year 2007.

Pre-tax profit of SID Bank Group in the nine months 2008 was EUR 8.6 million. In the year 2007 it was EUR 8.3 million.

Net interest of SID Bank Group in the nine months 2008 was EUR 15.9 million. In the year 2007 it was EUR 13.0 million.

Net non-interest income of SID Bank in the nine months 2008 was EUR 11.4 million. In the year 2007 it was EUR 13.4 million.

Interest margin was 1.28 %.

Financial intermediation margin was 1.65 %.

KEY FIGURES OF SID BANK GROUP

	September 30, 2008	December 31, 2007
Profitability:		
- Interest margin	1.28%	1.10%
- Financial intermediation margin	1.65%	1.65%
- Return on assets before taxation	0.70%	0.70%
- Return on equity before taxation	8.77%	6.67%
- Return on equity after taxation	6.87%	5.45%
Operating costs:		
- Operating costs/ average assets	0.68%	0.91%
Insurance coverage of the Slovenian export of goods	20.92%	24.03%

The calculations consider key figures on yearly level.

BALANCE SHEET OF SID BANK GROUP

In thousands of EUR	September 30, 2008	December 31, 2007
Cash and balances with the central bank	338	299
Financial assets held for trading	79	129
Financial assets designated at fair value through financial statements	0	0
Available-for-sale financial assets	48,859	63,034
Derivative financial instruments held for security	0	0
Loans	1,775,303	1,346,026
- Loans to banks	1,144,086	922,927
- Loans to clients other than banks	631,217	423,099
Property, plant and equipment	5,369	5,569
Intangible assets	1,364	1,237
Long-term investments in equity of subsidiary companies	419	419
Corporate income tax assets	1,309	2,269
- Tax assets	820	1,491
- Non-current deferred tax assets	489	778
Other assets	22,362	18,052
TOTAL ASSETS	1,855,402	1,437,034
Financial liabilities held for trading	83	186
Financial liabilities measured at amortised cost	1,620,264	1,274,967
- Bank deposits	15,020	22,637
- Deposits of clients other than banks	17,405	32,878
- Loans of banks	1,587,839	1,211,554
- Loans of clients other than banks	0	0
- Debt securities	0	7,898
Provisions	32,816	26,956
Corporate income tax liabilities	3,518	2,427
- <i>Tax liabilities</i>	3,491	2,400
- <i>Non-current deferred tax liabilities</i>	27	27
Other liabilities	64,533	4,908
TOTAL LIABILITIES	1,721,214	1,309,444
Share capital	89,600	89,600
Capital reserves	1,139	1,139
Revaluation surplus	(743)	(396)
Reserves from profit (including retained profit)	38,772	31,835
Own stakes	(1,324)	(1,324)
Net profit for the period	6,744	6,736
CAPITAL OF MAJORITY SHAREHOLDERS	134,188	127,590
Capital of minority shareholders	0	0
EQUITY	134,188	127,590
TOTAL LIABILITIES AND EQUITY	1,855,402	1,437,034
LIABILITIES FOR CONTINGENCY RESERVES	111,597	107,278
INTEREST RATE EQUALISATION PROGRAMME (IREP)	5,494	5,395



FINANCIAL STATEMENTS OF SID BANK GROUP

In thousands of EUR	Jan. – Sep. 2008	Jan. – Dec. 2007
Interest income and similar income	70,488	57,635
Interest expense and similar expense	(54,624)	(44,614)
Net interest	15,864	13,021
Dividend income	0	0
Fees and commissions received	2,223	4,168
Fees and commissions paid	(744)	(1,583)
Net fees and commissions	1,479	2,585
Profits/losses from financial assets and liabilities not measured at fair value through profit or loss	4	(78)
Net profits/losses from financial assets and liabilities held for trading	48	20
Fair value adjustments in hedge accounting	0	0
Net foreign exchange gains/losses	2,969	1,487
Net profits/losses from derecognition of assets, excluding non-current assets held for sale	8	0
Other net operating profits/losses	6,909	9,379
Administrative costs	(7,784)	(10,036)
Depreciation, amortisation	(639)	(746)
Provision	(2,769)	(2,818)
Impairments	(7,478)	(4,564)
PROFIT ON ORDINARY ACTIVITIES	8,611	8,250
Corporate income tax on ordinary activities	(1,867)	(1,514)
NET PROFIT OF THE PERIOD	6,744	6,736



- **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 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. – Sep. 2008	Jan. – Dec. 2007
Business insured	708,657	530,172
Premiums	3,063	3,999
Claims paid	13	349
Contingency reserve	108,478	102,965

INTEREST RATE EQUALISATION PROGRAMME (IREP)

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 deciding upon the dynamics of interest rate equalizations, SID Bank will closely consider the budgetary situation and concrete calculations as well as the situation with regard to credits granted by SID Bank and other financial institutions providing finance for the export of Slovenian goods and services.

In thousands of EUR	Jan. – Sep. 2008	Jan. – Dec. 2007
IREP Assets	5,494	5,395

Company name: SID – Slovenska izvozna in razvojna banka, d.d., Ljubljana
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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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