



**MID-YEAR FINANCIAL STATEMENTS OF SID BANK
(1. 1. 2009 - 30. 9. 2009)**

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BUSINESS TRANSACTIONS ON BEHALF AND FOR THE ACCOUNT OF THE REPUBLIC OF SLOVENIA

Edition: 30. 09. 2009



• **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 thousand, divided into 3,121,741 ordinary registered no-par value shares issued in several issues. The increase in capital of SID Bank in total amount of 160,000,061.30 EUR was entered in registry on 14 August 2009. In 2008 the Republic of Slovenia became the sole shareholder of the bank.

Financial services performed by SID Bank for own account pursuant to the acquired authorisation, 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 authorisation (Slovene Export and Development Bank Act - ZSIRB), SID Bank has a status of authorised 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.



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 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.

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 nine months of 2009 were not subject to audit.

As at 30 September 2009, total assets of SID Bank stood at EUR 2,509 million, showing an increase of 20 % compared to the end of year 2008.

Pre-tax profit of SID Bank in the first nine months of 2009 stood at EUR 3.9 million. In the year 2008 it stood at EUR 3.0 million.

Net interest of SID Bank in the first nine months of 2009 stood at EUR 14.0 million. In the year 2008 it stood at EUR 14.3 million.

Net non-interest income of SID Bank in the first nine months of 2009 stood at EUR 3.3 million. In the year 2008 it stood at EUR 5.4 million.

Interest margin stood at 0.81 %.

Financial intermediation margin stood at 1.00 %.

KEY FIGURES OF SID BANK, INC., LJUBLJANA

	September 30, 2009	December 31, 2008
<i>Shares</i>		
- Number of shareholders	1	1
- Number of shares	3,121,741	1,456,808
- Nominal value per share (in EUR)	96.10	96.10
- Book value of a share (in EUR)	104.47	111.76
<i>Selected indicators</i>		
<i>Quality assets of on-balance sheet and contingent liabilities:</i>		
- Impairments of financial assets measured at amortised cost, and provisions for contingent liabilities/classified on-balance sheet assets and classified off-balance-sheet items	1.33%	1.22%
<i>Profitability:</i>		
- Interest margin	0.81%	0.93%
- Financial intermediation margin	1.00%	1.29%
- Return on assets before taxation	0.23%	0.20%
- Return on equity before taxation	2.15%	2.48%
- Return on equity after taxation	1.71%	2.28%
<i>Operating costs:</i>		
- Operating costs / average assets	0.28%	0.38%
Value of concluded loan agreements (in million EUR)	667,8	1,077.3
Number of employees	79	76

The calculations consider key figures on yearly level.

BALANCE SHEET OF SID BANK, INC., LJUBLJANA

In thousands of EUR	September 30, 2009	December 31, 2008
Cash and balances with the central bank	1,110	87
Financial assets held for trading	231	125
Available-for-sale financial assets	42,144	61,332
Loans	2,451,658	2,012,564
- <i>Loans to banks</i>	1,956,548	1,512,381
- <i>Loans to clients other than banks</i>	495,109	500,183
Property, plant and equipment	4,486	4,749
Intangible assets	439	568
Long-term investments in equity of subsidiaries, associates and joint ventures	7,712	7,712
Corporate income tax assets	1,074	328
- <i>Tax assets</i>	786	0
- <i>Non-current deferred tax assets</i>	288	328
Other assets	269	252
TOTAL ASSETS	2,509,123	2,087,717
Financial liabilities held for trading	241	172
Financial liabilities measured at amortised cost	2,178,475	1,921,672
- <i>Bank deposits</i>	(6)	15,216
- <i>Deposits of clients other than banks</i>	61,787	22,376
- <i>Loans of banks</i>	1,547,074	1,633,867
- <i>Loans of clients other than banks</i>	66,282	0
- <i>Debt securities</i>	503,338	250,213
Provision	3,493	2,289
Corporate income tax liabilities	822	1,939
- <i>Tax liabilities</i>	792	1,904
- <i>Non-current deferred tax liabilities</i>	30	35
Other liabilities	1,885	888
TOTAL LIABILITIES	2,184,916	1,926,960
Share capital	300,000	140,000
Capital reserves	1,139	1,139
Revaluation surplus	37	(295)
Reserves from profit (including retained profit)	21,237	19,923
Treasury shares	(1,324)	(1,324)
Net profit for the period	3,118	1,314
EQUITY	324,207	160,757
TOTAL LIABILITIES AND EQUITY	2,509,123	2,087,717
CONTINGENCY RESERVES	117,195	113,186
INTEREST RATE EQUALIZATION PROGRAMME	7,096	6,709



INCOME STATEMENT OF SID BANK, INC., LJUBLJANA

In thousands of EUR	Jan. – Sep. 2009	Jan. – Dec. 2008
Interest income and similar income	64,121	82,491
Interest expense and similar expense	(50,137)	(68,183)
Net interest	13,984	14,308
Dividend income	138	2,273
Fees and commissions received	1,259	1,209
Fees and commissions paid	(259)	(411)
Net fees and commissions	1,000	798
Profits/losses from financial assets and liabilities not measured at fair value through profit or loss	201	(184)
Net profits/losses from financial assets and liabilities held for trading	37	(59)
Net foreign exchange gains/losses	32	97
Net profits/losses from derecognition of assets, excluding non-current assets held for sale	(4)	2
Other net operating profits/losses	1,869	2,501
Administrative costs	(4,353)	(5,161)
Depreciation, amortisation	(483)	(617)
Provision	(994)	(1,526)
Impairments	(7,517)	(9,429)
Profit on ordinary activities	3,910	3,003
Corporate income tax on ordinary activities	(792)	(424)
Deferred taxes	0	188
Net profit on ordinary activities	3,118	2,767
Net profit for the period	3,118	2,767



• 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 nine months of 2009 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 2009, total assets of SID Bank Group stood at EUR 2,709 million, showing an increase of 18 % compared to the end of year 2008.

Pre-tax profit of SID Bank Group in the first nine months of 2009 stood at EUR 4.1 million. In the year 2008 it stood at EUR 4.0 million.

Net interest of SID Bank Group in the first nine months of 2009 stood at EUR 19.0 million. In the year 2008 it stood at EUR 19.8 million.

Net non-interest income of SID Bank Group in the first nine months of 2009 stood at EUR 7.9 million. In the year 2008 it stood at EUR 15.2 million.

Interest margin stood at 1.01 %.

Financial intermediation margin stood at 1.33 %.

KEY FIGURES OF SID BANK GROUP

	September 30, 2009	December 31, 2008
Profitability:		
- Interest margin	1.01%	1.06%
- Financial intermediation margin	1.33%	1.53%
- Return on assets before taxation	0.22%	0.21%
- Return on equity before taxation	2.11%	2.60%
- Return on equity after taxation	1.67%	1.86%
Operating costs:		
- Operating costs/ average assets	0.47%	0.63%
Insurance coverage of the Slovenian export of goods*	17.4%	19.59%

The calculations consider key figures on yearly level.

** This item includes only data of first six months of 2009.*

BALANCE SHEET OF SID BANK GROUP

In thousands of EUR	September 30, 2009	December 31, 2008
Cash and balances with the central bank	1,111	88
Financial assets held for trading	231	126
Available-for-sale financial assets	66,220	79,449
Loans	2,603,994	2,191,029
- Loans to banks	1,978,479	1,537,955
- Loans to clients other than banks	625,515	653,074
Property, plant and equipment	4,917	5,230
Intangible assets	1,098	1,306
Long-term investments in equity of subsidiary companies	419	419
Corporate income tax assets	1,893	1,213
- Tax assets	1,278	255
- Non-current deferred tax assets	615	958
Other assets	28,667	22,794
TOTAL ASSETS	2,708,550	2,301,654
Financial liabilities held for trading	241	172
Financial liabilities measured at amortised cost	2,312,167	2,079,910
- Bank deposits	(6)	15,216
- Deposits of clients other than banks	61,787	22,376
- Loans of banks	1,680,766	1,792,105
- Loans of clients other than banks	66,282	0
- Debt securities	503,338	250,213
Provisions	39,981	35,265
Corporate income tax liabilities	823	2,321
- Tax liabilities	792	2,284
- Non-current deferred tax liabilities	31	37
Other liabilities	11,378	4,058
TOTAL LIABILITIES	2,364,590	2,121,726
Share capital	300,000	140,000
Capital reserves	1,139	1,139
Revaluation surplus	247	(838)
Reserves from profit (including retained profit)	40,611	38,095
Treasury shares	(1,324)	(1,324)
Net profit for the period	3,287	2,856
CAPITAL OF MAJORITY SHAREHOLDERS	343,960	179,928
Capital of minority shareholders	0	0
EQUITY	343,960	179,928
TOTAL LIABILITIES AND EQUITY	2,708,550	2,301,654
CONTINGENCY RESERVES	117,195	113,186
INTEREST RATE EQUALISATION PROGRAMME	7,096	6,709



INCOME STATEMENT OF SID BANK GROUP

In thousands of EUR	Jan. – Sep. 2009	Jan. – Dec. 2008
Interest income and similar income	73,922	97,238
Interest expense and similar expense	(54,971)	(77,429)
Net interest	18,951	19,809
Dividend income	0	0
Fees and commissions received	4,522	5,398
Fees and commissions paid	(897)	(1,412)
Net fees and commissions	3,625	3,986
Profits/losses from financial assets and liabilities not measured at fair value through profit or loss	365	(255)
Net profits/losses from financial assets and liabilities held for trading	37	(58)
Net foreign exchange gains/losses	641	2,866
Net profits/losses from derecognition of assets, excluding non-current assets held for sale	(4)	2
Other net operating profits/losses	3,228	8,629
Administrative costs	(8,104)	(10,843)
Depreciation, amortisation	(661)	(860)
Provision	(3,044)	(5,088)
Impairments	(10,897)	(14,183)
Profit on ordinary activities	4,137	4,005
Corporate income tax on ordinary activities	(850)	(1,463)
Deferred taxes	0	314
Net profit on ordinary activities	3,287	2,856
Net profit of the period	3,287	2,856



- **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. – Sep. 2009	Jan. – Dec. 2008
Business insured	622,647	914,270
Premiums	3,031	4,084
Claims paid	26	13
Contingency reserve as at March 31/December, 31	113,307	109,896

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	September 30, 2009	December 31, 2008
IREP Assets	7,096	6,709



Company name: SID – Slovenska izvozna in razvojna banka, d.d., Ljubljana
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VAT Identification Number: SI 82155135
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Management Board: 01/ 200 75 53
Telefax: 01/ 200 75 75
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Website: <http://www.sid.si>

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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71000 Sarajevo, Bosnia and Hercegovina
tel.: +387 33 767 210, fax: +387 33 767 211
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PRVI FAKTOR, d.o.o.e.l. (The company is not operating yet)
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