



**UNAUDITED ANNUAL  
FINANCIAL STATEMENTS  
OF SID BANK AND  
SID BANK GROUP 2012**

**Edition: March 15, 2013**



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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<br>in percent |
|--|--------------------|-------------------------|
| SID banka, d. d., Ljubljana  | Parent company     | -                       |
| SID - Prva kreditna zavarovalnica, d. d., Ljubljana<br>(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<br>(hereinafter CMSR) | Co-foundation      | -                       |

## 2. NOTES TO SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

The financial statements of SID Bank and SID Bank Group for the year 2012 were authorised for issue on 26 February 2013 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.

Annual 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 2012 have not yet been audited.

### 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 2012.



## Consolidation

Consolidated financial statements include the following companies:

- By the method of full consolidation SID banka and PKZ
- By the proportional consolidation method Prvi Faktor Group.

SID Bank due to immateriality for the true and fair representation of financial statements of SID Bank Group 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

At the end of 2011 SID Bank obtained from the Ministry of Economic Development and Technology funds in the amount of EUR 50 million, which in combination with the bank's funds enabled the functioning of the Loan Fund. The latter was established in order for companies to receive sources of finance for accelerating the transfer of knowledge and R&D into economical use thus realizing the following strategic development goals of the country; increase in the competitiveness of the economy, higher value added, the rapid emergence of innovative enterprises and increase of innovative abilities of companies.

In 2012 SID bank made impairments and provisions in the amount of EUR 21.2 million for all loans granted under this lending scheme, which was reflected in the negative result of the Loan Fund in the amount of EUR 21.1 million. According to the contract the negative financial result is primarily covered by funds from the State budget, more specifically in fewer obligations of SID Bank towards the Ministry of Economic Development and Technology. This means that SID Bank noted EUR 21.1 million of revaluation revenues from this category.

On 5 April 2012, the Government of the Republic of Slovenia recalled the Supervisory Board SID and appointed a new one. The following members of Supervisory Board were appointed for the five-year office term: Štefan Grosar, Marjan Divjak M. Sc., Martin Jakše, Matej Runjak, Robert Ličen M. Sc., Milan Matos and Janez Tomšič.

Following the downgrade of the Slovenian government's rating, in August 2012, Moody's Investors Service downgraded the ratings of SID Bank from A2 to Baa2 with a negative outlook.

In September 2012 SID Bank successfully issued a one-year bond SEDABI 3,42 09/27/13 on the international financial markets in the nominal amount of EUR 150 million and prematurely repaid EUR 17.6 million worth of previously issued bonds SEDABI 2.66 10/12. In October 2012 SID Bank increased the issue of SEDABI 3,42 09/27/13 by EUR 60 million and simultaneously repurchased EUR 20 million of previously issued bonds SEDABI 2.66 10/12.

In the same period SID Bank repurchased bonds SEDABI 2.66 10/12 in the amount of EUR 37.6 million with the purpose of early repayment of debt. The remaining part of SEDABI 2.66 10/12 was paid in October in the nominal amount of EUR 112.4 million. Due to favorable market conditions and in order to reduce refinancing risk in 2015, SID Bank purchased 62,000 lots of issued bond SEDABI3 04/21/15 in November 2012 and additional 13,000 lots in December 2012 for a total nominal amount of EUR 75 million.

On 21 February 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.

There were no business events after the statement of financial position date that would significantly influence the separate and consolidated financial statements of SID Bank and SID Bank Group.

### 3. FINANCIAL HIGHLIGHTS AND PERFORMANCE INDICATORS

|  | SID Bank   |            | SID Bank Group |            |
|--|------------|------------|----------------|------------|
| <b>Income Statement Summary</b> (in EUR thousand)  | 2012       | 2011       | 2012           | 2011       |
| Net interest income  | 63,142     | 54,372     | 67,074         | 60,235     |
| Net non-interest income  | 30,358     | 3,852      | 37,986         | 12,471     |
| Operating costs  | (8,160)    | (7,605)    | (15,125)       | (14,188)   |
| Impairment and Provisions  | (79,478)   | (43,131)   | (80,877)       | (44,347)   |
| Profit on ordinary activities  | 5,862      | 7,488      | 9,058          | 14,171     |
| Net profit for the financial period  | 5,041      | 6,454      | 6,823          | 11,063     |
| <b>Statement of Financial Position Summary</b> (in EUR thousand)   | 31.12.2012 | 31.12.2011 | 31.12.2012     | 31.12.2011 |
| Total assets   | 4,088,662  | 4,029,216  | 4,258,813      | 4,219,093  |
| Loans to banks   | 3,031,156  | 2,997,154  | 3,057,451      | 3,018,972  |
| Loans to non-bank customers  | 649,294    | 701,410    | 738,831        | 810,720    |
| Received deposits and loans from banks   | 1,968,920  | 2,086,028  | 2,074,533      | 2,210,499  |
| Received deposits and loans from non-bank customers  | 150,068    | 150,179    | 150,068        | 150,179    |
| Debt securities  | 1,406,725  | 1,404,906  | 1,406,725      | 1,404,906  |
| Total equity   | 340,224    | 332,007    | 363,175        | 352,439    |
| <b>Number of employees</b>   | 124        | 112        | 351            | 331        |
| <b>Shares</b>  |            |            |                |            |
| - 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)  | 109.63     | 106.99     |                |            |
| <b>Selected indicators</b> (in percent)  | 2012       | 2011       | 2012           | 2011       |
| Capital:   |            |            |                |            |
| Capital adequacy ratio*  | 14.23      | 14.35      | 13.83          | 13.78      |
| 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 | 4.91       | 3.11       | 5.23           | 3.20       |
| Profitability:   |            |            |                |            |
| – interest margin  | 1.53       | 1.36       | 1.55           | 1.43       |
| – financial intermediation margin**  | 2.27       | 1.46       | 2.43           | 1.73       |
| – return on assets before tax  | 0.14       | 0.19       | 0.21           | 0.34       |
| – return on equity before tax  | 1.72       | 2.23       | 2.51           | 4.02       |
| – return on equity after tax   | 1.48       | 1.93       | 1.89           | 3.14       |
| Operating costs:   |            |            |                |            |
| – operating costs/ average assets  | 0.20       | 0.19       | 0.35           | 0.34       |
| – operating costs/net income   | 8.73       | 13.07      | 14.40          | 19.51      |

\*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).

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

#### 4. INCOME STATEMENT

| In EUR thousand  | SID Bank     |              | SID Bank Group |               |
|--|--------------|--------------|----------------|---------------|
|  | 2012         | 2011         | 2012           | 2011          |
| Interest income  | 156,562      | 157,372      | 166,736        | 170,168       |
| Interest expenses  | (93,420)     | (103,000)    | (99,662)       | (109,933)     |
| Net interest income  | 63,142       | 54,372       | 67,074         | 60,235        |
| Dividend income  | 1,632        | 2,574        | 352            | 0             |
| Fee and commission income  | 1,819        | 1,954        | 5,982          | 6,049         |
| Fee and commission expenses  | (706)        | (894)        | (1,333)        | (1,762)       |
| Fee and commission net income  | 1,113        | 1,060        | 4,649          | 4,287         |
| Realised gains and losses on financial assets and liabilities not measured at fair value through profit and loss | 1,689        | (1,598)      | 1,798          | (1,598)       |
| Gains and losses on financial assets and liabilities held for trading  | (11)         | (3)          | (19)           | (20)          |
| Gains and losses on financial assets and liabilities designated at fair value through profit or loss             | 21,072       | 31           | 21,072         | 31            |
| Fair value adjustments in hedge accounting   | 2,648        | (980)        | 2,648          | (980)         |
| Exchange differences   | (5)          | 6            | 836            | 1,213         |
| Gains and losses on derecognition of assets other than held for sale   | (1)          | (4)          | (42)           | (22)          |
| Other operating net income   | 2,221        | 2,766        | 6,692          | 9,560         |
| Administration costs   | (7,585)      | (7,017)      | (14,116)       | (13,258)      |
| Depreciation   | (575)        | (588)        | (1,009)        | (930)         |
| Provisions   | (10,095)     | (1,862)      | (8,721)        | 466           |
| Impairment   | (69,383)     | (41,269)     | (72,156)       | (44,813)      |
| <b>Profit on ordinary activities</b>   | <b>5,862</b> | <b>7,488</b> | <b>9,058</b>   | <b>14,171</b> |
| Tax expense (income) related to profit from continuing operations  | (821)        | (1,034)      | (2,235)        | (3,108)       |
| <b>Net profit for the financial period</b>   | <b>5,041</b> | <b>6,454</b> | <b>6,823</b>   | <b>11,063</b> |
| <b>Basic earnings per share *</b>  | <b>1.62</b>  | <b>2.08</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 |                |
|--|--------------|----------------|----------------|----------------|
|  | 2012         | 2011           | 2012           | 2011           |
| <b>Net profit for the financial period after tax</b>                 | <b>5,041</b> | <b>6,454</b>   | <b>6,823</b>   | <b>11,063</b>  |
| <b>Other comprehensive income after tax</b>                          | <b>3,176</b> | <b>(2,264)</b> | <b>3,915</b>   | <b>(3,482)</b> |
| Available for sale financial assets                                  | 3,895        | (2,830)        | 4,855          | (4,142)        |
| Other items  | 0            | 0              | (177)          | (14)           |
| Income tax relating to components of other comprehensive income      | (719)        | 566            | (763)          | 674            |
| <b>Total comprehensive income for the financial period after tax</b> | <b>8,217</b> | <b>4,190</b>   | <b>10,738</b>  | <b>7,581</b>   |

## 6. STATEMENT OF FINANCIAL POSITION

| In EUR thousand  | SID Bank         |                  | SID Bank Group   |                  |
|--|------------------|------------------|------------------|------------------|
|  | 31.12.2012       | 31.12.2011       | 31.12.2012       | 31.12.2011       |
| Cash and cash balances with the central banks                  | 408              | 41,696           | 409              | 41,697           |
| Financial assets held for trading                              | 1                | 3                | 1                | 3                |
| Available-for-sale financial assets                            | 309,755          | 212,240          | 333,854          | 243,646          |
| Loans  | 3,680,998        | 3,698,637        | 3,798,186        | 3,829,871        |
| - <i>Loans to banks</i>  | 3,031,156        | 2,997,154        | 3,057,451        | 3,018,972        |
| - <i>Loans to non - bank customers</i>                         | 649,294          | 701,410          | 738,831          | 810,720          |
| - <i>Other financial assets</i>                                | 548              | 73               | 1,904            | 179              |
| Derivatives – hedge accounting                                 | 78,003           | 58,847           | 78,003           | 58,847           |
| Property, plant and equipment                                  | 3,664            | 3,893            | 7,396            | 6,863            |
| Investment property  | 0                | 0                | 848              | 261              |
| Intangible assets  | 491              | 222              | 1,611            | 1,142            |
| Investments in subsidiaries, associates and joint ventures     | 11,919           | 11,919           | 419              | 419              |
| Tax assets   | 439              | 1,516            | 2,978            | 3,826            |
| - <i>Current tax assets</i>                                    | 439              | 473              | 1,456            | 1,195            |
| - <i>Deferred tax assets</i>                                   | 0                | 1,043            | 1,522            | 2,631            |
| Other assets   | 266              | 243              | 32,390           | 32,518           |
| Non-current assets classified as held for sale                 | 2,718            | 0                | 2,718            | 0                |
| <b>TOTAL ASSETS</b>  | <b>4,088,662</b> | <b>4,029,216</b> | <b>4,258,813</b> | <b>4,219,093</b> |
| Deposits from central banks                                    | 206,592          | 50,014           | 206,592          | 50,014           |
| Financial liabilities held for trading                         | 44               | 35               | 44               | 35               |
| Financial liabilities measured at amortised cost               | 3,526,884        | 3,642,146        | 3,634,230        | 3,768,376        |
| - <i>Deposits from banks</i>                                   | 44,301           | 119,498          | 44,301           | 119,498          |
| - <i>Deposits from non-bank customers</i>                      | 5                | 5                | 5                | 5                |
| - <i>Loans and advances from banks</i>                         | 1,924,619        | 1,966,530        | 2,030,232        | 2,091,001        |
| - <i>Loans and advances from non-bank customers</i>            | 150,063          | 150,174          | 150,063          | 150,174          |
| - <i>Debt securities</i>                                       | 1,406,725        | 1,404,906        | 1,406,725        | 1,404,906        |
| - <i>Other financial liabilities</i>                           | 1,171            | 1,033            | 2,904            | 2,792            |
| Provisions   | 14,713           | 4,621            | 44,587           | 36,629           |
| Tax liabilities  | 28               | 248              | 229              | 467              |
| - <i>Current tax liabilities</i>                               | 0                | 130              | 201              | 349              |
| - <i>Deferred tax liabilities</i>                              | 28               | 118              | 28               | 118              |
| Other liabilities  | 177              | 145              | 9,956            | 11,133           |
| <b>TOTAL LIABILITIES</b>                                       | <b>3,748,438</b> | <b>3,697,209</b> | <b>3,895,638</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  | 1,003            | (2,173)          | 897              | (3,194)          |
| Reserves from profit   | 37,012           | 31,299           | 57,434           | 50,132           |
| Treasury shares  | (1,324)          | (1,324)          | (1,324)          | (1,324)          |
| Retained earnings (including income from the reporting period) | 2,394            | 3,066            | 5,029            | 5,686            |
| <b>TOTAL EQUITY</b>  | <b>340,224</b>   | <b>332,007</b>   | <b>363,175</b>   | <b>352,439</b>   |
| <b>TOTAL LIABILITIES AND EQUITY</b>                            | <b>4,088,662</b> | <b>4,029,216</b> | <b>4,258,813</b> | <b>4,219,093</b> |



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

| In EUR thousand   | 2012           |              |              |              | 2011           |
|---|----------------|--------------|--------------|--------------|----------------|
|   | Q4             | Q3           | Q2           | Q1           | Q4             |
| Interest income   | 33,621         | 38,607       | 41,169       | 43,165       | 42,699         |
| Interest expenses   | (19,738)       | (21,574)     | (24,630)     | (27,478)     | (28,470)       |
| Net interest income   | 13,883         | 17,033       | 16,539       | 15,687       | 14,229         |
| Dividend income   | 0              | 1,632        | 0            | 0            | 0              |
| Fee and commission income   | 492            | 459          | 457          | 411          | 460            |
| Fee and commission expenses   | (167)          | (160)        | (176)        | (203)        | (208)          |
| Fee and commission net income   | 325            | 299          | 281          | 208          | 252            |
| Realised gains and losses on financial assets and liabilities not measured at fair value through profit or loss | 1,510          | 0            | 64           | 115          | 416            |
| Gains and losses on financial assets and liabilities held for trading   | (11)           | 0            | 0            | 0            | (4)            |
| Gains on financial assets and liabilities designated at fair value through profit or loss                       | 3,924          | 5,061        | 12,087       | 0            | 31             |
| Fair value adjustments in hedge accounting  | 1,992          | 462          | (164)        | 358          | (1,073)        |
| Exchange differences  | 1              | (6)          | 3            | (3)          | 7              |
| Gains and losses on derecognition of assets other than held for sale  | (1)            | 0            | 0            | 0            | 0              |
| Other operating net income  | 549            | 533          | 579          | 560          | 643            |
| Administration costs  | (2,029)        | (1,781)      | (1,951)      | (1,824)      | (1,789)        |
| Depreciation  | (149)          | (150)        | (139)        | (137)        | (145)          |
| Provisions  | (976)          | 698          | (9,657)      | (160)        | (1,416)        |
| Impairment  | (24,765)       | (22,585)     | (12,111)     | (9,922)      | (16,421)       |
| <b>Profit or loss on ordinary activities</b>  | <b>(5,747)</b> | <b>1,196</b> | <b>5,531</b> | <b>4,882</b> | <b>(5,270)</b> |
| Tax expense (income) related to profit from continuing operations   | 975            | 78           | (898)        | (976)        | 1,005          |
| <b>Net profit or loss for the financial period</b>  | <b>(4,772)</b> | <b>1,274</b> | <b>4,633</b> | <b>3,906</b> | <b>(4,265)</b> |

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

| In EUR thousand   | 2012           |            |              |              | 2011         |
|---|----------------|------------|--------------|--------------|--------------|
|   | Q4             | Q3         | Q2           | Q1           | Q4           |
| Interest income   | 35,245         | 41,414     | 44,159       | 45,918       | 46,451       |
| Interest expenses   | (21,546)       | (22,771)   | (26,097)     | (29,248)     | (30,536)     |
| Net interest income   | 13,699         | 18,643     | 18,062       | 16,670       | 15,915       |
| Dividend income   | (1)            | (4)        | 5            | 352          | 0            |
| Fee and commission income   | 2,314          | 1,238      | 1,271        | 1,159        | 1,922        |
| Fee and commission expenses   | 257            | (630)      | (592)        | (368)        | (185)        |
| Fee and commission net income   | 2,571          | 608        | 679          | 791          | 1,737        |
| Realised gains and losses on financial assets and liabilities not measured at fair value through profit or loss | 1,619          | 0          | 64           | 115          | 416          |
| Gains and losses on financial assets and liabilities held for trading   | (12)           | (1)        | (3)          | (3)          | (21)         |
| Gains on financial assets and liabilities designated at fair value through profit or loss                       | 3,924          | 5,061      | 12,087       | 0            | 31           |
| Fair value adjustments in hedge accounting  | 1,991          | 463        | (164)        | 358          | (1,073)      |
| Exchange differences  | 763            | 415        | (91)         | (251)        | 205          |
| Gains and losses on derecognition of assets other than held for sale  | 14             | (8)        | (48)         | 0            | 1            |
| Other operating net income  | 1,453          | 1,470      | 2,640        | 1,129        | 2,443        |
| Administration costs  | (4,023)        | (3,277)    | (3,563)      | (3,253)      | (3,600)      |
| Depreciation  | (267)          | (261)      | (239)        | (242)        | (249)        |
| Provisions  | 1,645          | (109)      | (10,563)     | 306          | 1,123        |
| Impairment  | (27,009)       | (22,500)   | (12,382)     | (10,265)     | (17,482)     |
| <b>Profit or loss on ordinary activities</b>  | <b>(3,633)</b> | <b>500</b> | <b>6,484</b> | <b>5,707</b> | <b>(554)</b> |
| Tax expense (income) related to profit from continuing operations   | 175            | 94         | (1,267)      | (1,237)      | 427          |
| <b>Net profit or loss for the financial period</b>  | <b>(3,458)</b> | <b>594</b> | <b>5,217</b> | <b>4,470</b> | <b>(127)</b> |

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

For the 2012 financial year

| 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>31,299</b>        | <b>3,066</b>   | <b>(1,324)</b>  | <b>332,007</b> |
| Comprehensive income for the financial period after tax | 0              | 0             | 3,176                | 0                    | 5,041  | 0               | 8,217          |
| Transfer of net profit to reserves from profit          | 0              | 0             | 0                    | 5,713                | (5,713)  | 0               | 0              |
| <b>Balance as at 31 December 2012</b>                   | <b>300,000</b> | <b>1,139</b>  | <b>1,003</b>         | <b>37,012</b>        | <b>2,394</b>   | <b>(1,324)</b>  | <b>340,224</b> |
| <b>DISTRIBUTABLE PROFIT FOR THE FINANCIAL YEAR</b>      |                |               |                      |                      | <b>2,394</b>   |                 |                |

For the 2011 financial year

| 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             | (2,263)              | 0                    | 6,454  | 0               | 4,191          |
| Transfer of net profit to reserves from profit          | 0              | 0             | 0                    | 6,109                | (6,109)  | 0               | 0              |
| <b>Balance as at 31 December 2011</b>                   | <b>300,000</b> | <b>1,139</b>  | <b>(2,173)</b>       | <b>31,299</b>        | <b>3,066</b>   | <b>(1,324)</b>  | <b>332,007</b> |
| <b>DISTRIBUTABLE PROFIT FOR THE FINANCIAL YEAR</b>      |                |               |                      |                      | <b>3,066</b>   |                 |                |

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

For the 2012 financial year

| 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             | 3,915                | 0                    | 6,823  | 0               | 10,738         |
| Transfer of net profit to reserves from profit          | 0              | 0             | 0                    | 7,302                | (7,302)  | 0               | 0              |
| Other*  | 0              | 0             | 176                  | 0                    | (178)  | 0               | (2)            |
| <b>Balance as at 31 December 2012</b>                   | <b>300,000</b> | <b>1,139</b>  | <b>897</b>           | <b>57,434</b>        | <b>5,029</b>   | <b>(1,324)</b>  | <b>363,175</b> |

\* Foreign currency translation differences in the consolidation.

For the 2011 financial year

| 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             | (3,482)              | 0                    | 11,064   | 0               | 7,582          |
| Transfer of net profit to reserves from profit          | 0              | 0             | 0                    | 14,461               | (14,459)   | 0               | 2              |
| Other*  | 0              | 0             | 15                   | 0                    | (15)   | 0               | 0              |
| <b>Balance as at 31 December 2011</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> |

\* Foreign currency translation differences in the consolidation.

## 11. STATEMENT OF CASH FLOWS

| In EUR thousand   | SID Bank       |                | SID Bank Group |                |
|---|----------------|----------------|----------------|----------------|
|   | 2012           | 2011           | 2012           | 2011           |
| <b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                |                |                |                |
| <b>a) Total profit before tax</b>   | <b>5,862</b>   | <b>7,487</b>   | <b>9,058</b>   | <b>14,170</b>  |
| Depreciation  | 575            | 588            | 1,009          | 931            |
| Impairments of tangible fixed assets, investment property, intangible long-term assets and other assets | 69,383         | 41,269         | 72,156         | 44,813         |
| Net (gains)/losses from exchange differences  | 5              | (6)            | (836)          | (1,213)        |
| Net losses from sale of tangible assets and investment properties                                       | 1              | 4              | 42             | 22             |
| Other (gains) from investment activities  | (1,632)        | 0              | (352)          | 0              |
| Other (gains) from financing  | 0              | (2,574)        | 0              | 0              |
| Other adjustments to total profit before tax  | 7,458          | 2,837          | 6,083          | 516            |
| <b>Cash flows from operating activities before changes in operating assets and liabilities</b>          | <b>81,652</b>  | <b>49,605</b>  | <b>87,160</b>  | <b>59,239</b>  |
| <b>b) Decreases in operating assets</b>   | <b>35,124</b>  | <b>4,192</b>   | <b>58,585</b>  | <b>13,645</b>  |
| Net (increase) in financial assets held for trading   | 0              | (3)            | 0              | (3)            |
| Net (increase) in financial assets available for sale   | (94,189)       | (104,089)      | (87,996)       | (114,438)      |
| Net decrease in loans and receivables   | 134,995        | 105,748        | 152,378        | 117,104        |
| Net (increase)/ decrease in assets - hedge accounting   | (2,947)        | 2,449          | (2,947)        | 2,449          |
| Net (increase) in assets held for sale  | (2,718)        | 0              | (2,718)        | 0              |
| Net (increase)/decrease in other assets   | (17)           | 87             | (132)          | 8,533          |
| <b>c) Increases in operating liabilities</b>  | <b>27,457</b>  | <b>81,564</b>  | <b>5,961</b>   | <b>79,361</b>  |
| Net increase in assets with the central banks   | 156,578        | 49,013         | 156,578        | 49,013         |
| Net increase in financial liabilities held for trading  | 0              | 8              | 0              | 6              |
| Net increase/(decrease) in deposits and loans measured at amortized cost                                | (117,399)      | 112,712        | (134,101)      | 115,887        |
| Net (decrease) in debt securities measured at amortized cost  | (11,742)       | (71,406)       | (11,742)       | (71,406)       |
| Net (decrease) in liability - hedge accounting  | 0              | (7,369)        | 0              | (7,369)        |
| Net increase/(decrease) in other liabilities  | 20             | (1,394)        | (4,775)        | (6,770)        |
| <b>d) Cash flow from operating activities (a+b+c)</b>   | <b>144,233</b> | <b>135,361</b> | <b>151,706</b> | <b>152,245</b> |
| <b>e) Income taxes (paid)/refunded</b>  | <b>36</b>      | <b>(3,283)</b> | <b>(1,625)</b> | <b>(7,051)</b> |
| <b>f) Net cash flow from operating activities (d+e)</b>   | <b>144,269</b> | <b>132,078</b> | <b>150,081</b> | <b>145,194</b> |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                |                |                |                |
| <b>a) Receipts from investing activities</b>  | <b>1,632</b>   | <b>2,576</b>   | <b>1,252</b>   | <b>3</b>       |
| Receipts from the sale of property, plant and equipment and investment property                         | 0              | 2              | 900            | 3              |
| Other receipts from investment activities   | 1,632          | 2,574          | 352            | 0              |
| <b>b) Cash payments on investing activities</b>   | <b>(616)</b>   | <b>(310)</b>   | <b>(3,540)</b> | <b>(3,714)</b> |
| (Cash payments to acquire tangible assets and investment properties)                                    | (248)          | (206)          | (2,884)        | (3,228)        |
| (Cash payments to acquire intangible assets)  | (368)          | (104)          | (656)          | (486)          |
| <b>c) Net cash flow from investing activities (a-b)</b>   | <b>1,016</b>   | <b>2,266</b>   | <b>(2,288)</b> | <b>(3,711)</b> |
| D. Effects of change in exchange rates on cash and cash equivalents                                     | 4              | 0              | 4              | 0              |
| <b>E. Net increase in cash and cash equivalents (Af+Bc+Cb)</b>  | <b>145,285</b> | <b>134,344</b> | <b>147,793</b> | <b>141,483</b> |
| <b>F. Cash and cash equivalents at beginning of the year</b>  | <b>172,352</b> | <b>38,008</b>  | <b>194,171</b> | <b>52,688</b>  |
| <b>G. Cash and cash equivalents at end of the year (D+E+F)</b>  | <b>317,641</b> | <b>172,352</b> | <b>341,968</b> | <b>194,171</b> |