



**UNAUDITED ANNUAL  
FINANCIAL STATEMENTS  
OF SID BANK AND  
SID BANK GROUP 2013**

**Edition: March 17<sup>th</sup>, 2014**



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## 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 the period, ended December 31<sup>st</sup>, 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	<a href="http://www.sid.si">http://www.sid.si</a>

### 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

The financial statements of SID Bank and SID Bank Group for the year 2013 were authorised for issue on 24 February 2014 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, 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 2012.

Separate and consolidated financial statements for 2013 have not yet been audited.

### 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 21<sup>st</sup>, 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 18<sup>th</sup>, 2013 SID Bank issued the bond in the amount of EUR 150 million and on March 20<sup>th</sup>, 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.

On September 6<sup>th</sup>, 2013 Milan Matos was recalled as member of Supervisory Board; Anton Rop M. Sc. was appointed as new member.

On September 6<sup>th</sup>, 2013 the Government of the Republic of Slovenia gave its consent to the key elements of financial engineering measures for promotion of the development of small and medium-sized enterprises, based on which SID Bank established a loan fund in the amount of EUR 500 million. SID Bank provided EUR 380 million in refundable funds by borrowing on the international capital market and with the European Investment Bank, while EUR 120 million were provided by borrowing with the Ministry of Economic Development and Technology. Small and medium-sized enterprises will be able to acquire loans from the loan fund SID Bank for the purpose of financing of the working capital and new investments, as well as related recruitment.

In September 2013 SID Bank successfully issued new short term bond SEDABI 3,34 in the amount of EUR 100 million.

In December 2013 SID Bank issued a bond SEDABI 4,12 in the amount of EUR 60 million, with a maturity of 2 years and 3 months, while repurchased 57.4 million bond SEDABI 3 21/04/15. Together with other bilateral redeem these bonds in the last quarter in the amount of EUR 26.5 million, the bank has managed to significantly reduce the risk of refinancing bonds in April 2015.

In February 2014 SID Bank obtained a credit rating by the rating agency Standard & Poor's Rating Services, namely the long-term credit rating of A- with a stable future outlook, short-term credit rating is A-2. The credit rating of the SID Bank is equalised with those on the Republic of Slovenia.

In February 2014 was published a new rating by Moody's Investors Service for the SID Bank, which remain unchanged at Ba1, changed the outlook credit rating from negative to stable.

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

#### Income Statement Summary

(in EUR thousand)	SID Bank		SID Bank Group	
	2013	2012	2013	2012
Net interest income	52,544	63,142	56,321	67,074
Net non-interest income	24,066	30,358	32,641	37,986
Operating costs	(9,370)	(8,160)	(16,585)	(15,125)
Impairment and Provisions	(61,540)	(79,478)	(58,851)	(80,877)
Profit on ordinary activities	5,700	5,862	13,526	9,058
Net profit for the financial period	4,866	5,041	9,996	6,823

#### Statement of Financial Position Summary

(in EUR thousand)	SID Bank		SID Bank Group	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Total assets	3,787,565	4,088,662	3,939,577	4,258,813
Loans to banks	2,614,504	3,031,156	2,631,103	3,057,451
Loans to non-bank customers	601,136	649,294	682,212	738,831
Financial liabilities	3,432,422	3,733,520	3,517,075	3,840,866
Total equity	345,793	340,224	373,964	363,175

#### Selected indicators

(in percent)	SID Bank		SID Bank Group	
	2013	2012	2013	2012
<b>Profitability</b>				
Interest margin	1.31	1.53	1.36	1.55
Financial intermediation margin <sup>1</sup>	1.90	2.27	1.93	2.43
Return on assets before tax	0.14	0.14	0.33	0.21
Return on equity before tax	1.66	1.72	3.69	2.51
Return on equity after tax	1.41	1.48	2.73	1.89
<b>Operating cost</b>				
Operating costs/ average assets	0.23	0.20	0.40	0.35
Operating costs/net income	12.23	8.73	18.64	14.40
<b>Capital</b>				
Capital adequacy ratio <sup>2</sup>	16.49	14.23	16.12	13.83
<b>Quality assets of the statement of financial position and contingent liabilities</b>				
Impairments of financial assets measured at amortised cost, and provisions for contingent liabilities/classified on-balance-sheet items and classified off-balance-sheet items <sup>2</sup>	6.45	4.91	6.92	5.23

<sup>1</sup> The computations of financial intermediation margin for SID Bank Group do not consider income from PKZ insurance business.

<sup>2</sup> 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	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
<b>International credit rating (Moody's)</b>	Ba1	Baa2		
<b>Number of employees</b>	139	124	369	351
<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)	111.43	109.63		



## 4 INCOME STATEMENT

In EUR thousand	SID Bank		SID Bank Group	
	2013	2012	2013	2012
Interest income	117,832	156,562	126,299	166,736
Interest expenses	(65,288)	(93,420)	(69,978)	(99,662)
Net interest income	52,544	63,142	56,321	67,074
Dividend income	1,422	1,632	0	352
Fee and commission income	3,017	1,819	6,799	5,982
Fee and commission expenses	(626)	(706)	(1,093)	(1,333)
Fee and commission net income	2,391	1,113	5,706	4,649
Realised gains on financial assets and liabilities not measured at fair value through profit and loss	15,568	1,689	15,569	1,798
Gains and losses on financial assets and liabilities held for trading	26	(11)	18	(19)
Gains on financial assets and liabilities designated at fair value through profit or loss	1,579	21,072	1,579	21,072
Fair value adjustments in hedge accounting	1,053	2,648	1,053	2,648
Exchange differences	(4)	(5)	(319)	836
Gains and losses on derecognition of assets other than held for sale	0	(1)	6	(42)
Other operating net income	2,032	2,221	9,029	6,692
Administration costs	(8,781)	(7,585)	(15,562)	(14,116)
Depreciation	(589)	(575)	(1,023)	(1,009)
Provisions	6,454	(10,095)	6,704	(8,721)
Impairment	(67,995)	(69,383)	(65,555)	(72,156)
<b>Profit on ordinary activities</b>	<b>5,700</b>	<b>5,862</b>	<b>13,526</b>	<b>9,058</b>
Tax expense (income) related to profit from continuing operations	(834)	(821)	(3,530)	(2,235)
<b>Net profit for the financial period</b>	<b>4,866</b>	<b>5,041</b>	<b>9,996</b>	<b>6,823</b>
<b>Basic earnings per share<sup>3</sup></b>	<b>1.57</b>	<b>1.62</b>		

<sup>3</sup> 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	
	2013	2012	2013	2012
<b>Net profit for the financial period after tax</b>	<b>4,866</b>	<b>5,041</b>	<b>9,996</b>	<b>6,823</b>
<b>Other comprehensive income after tax</b>	<b>703</b>	<b>3,176</b>	<b>793</b>	<b>3,915</b>
<b>Items that may be reclassified subsequently to profit or loss</b>	<b>703</b>	<b>3,176</b>	<b>793</b>	<b>3,915</b>
Net gains/losses recognized in the revaluation surplus	0	0	42	(177)
Available for sale financial assets	877	3,895	931	4,855
Gains recognized in the revaluation surplus	1,431	4,220	1,486	4,517
Transfer of gain/losses from revaluation reserve to profit or loss	(554)	(325)	(555)	338
Income tax relating to items that may be reclassified subsequently to profit or loss	(174)	(719)	(180)	(763)
<b>Total comprehensive income for the financial period after tax</b>	<b>5,569</b>	<b>8,217</b>	<b>10,789</b>	<b>10,738</b>

## 6 STATEMENT OF FINANCIAL POSITION

In EUR thousand	SID Bank		SID Bank Group	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Cash and cash balances with the central banks	177,416	408	177,417	409
Financial assets held for trading	0	1	0	1
Available-for-sale financial assets	344,433	309,755	370,129	333,854
Loans	3,216,262	3,680,998	3,315,041	3,798,186
– Loans to banks	2,614,504	3,031,156	2,631,103	3,057,451
– Loans to non - bank customers	601,136	649,294	682,212	738,831
– Other financial assets	622	548	1,726	1,904
Derivatives – hedge accounting	36,095	78,003	36,095	78,003
Property, plant and equipment	3,324	3,664	6,813	7,396
Investment property	0	0	792	848
Intangible assets	677	491	1,273	1,611
Investments in subsidiaries, associates and joint ventures	8,831	11,919	419	419
Tax assets	307	439	1,390	2,978
– Current tax assets	0	439	908	1,456
– Deferred tax assets	307	0	482	1,522
Other assets	220	266	30,208	32,390
Non-current assets classified as held for sale	0	2,718	0	2,718
<b>TOTAL ASSETS</b>	<b>3,787,565</b>	<b>4,088,662</b>	<b>3,939,577</b>	<b>4,258,813</b>
Deposits from central banks	207,742	206,592	207,742	206,592
Financial liabilities held for trading	17	44	17	44
Financial liabilities measured at amortised cost	3,224,663	3,526,884	3,309,316	3,634,230
– Deposits from banks	40,497	44,301	40,497	44,301
– Deposits from non-bank customers	6	5	6	5
– Loans and advances from banks	1,574,979	1,924,619	1,658,142	2,030,232
– Loans and advances from non-bank customers	472,965	150,063	472,965	150,063
– Debt securities	1,134,713	1,406,725	1,134,713	1,406,725
– Other financial liabilities	1,503	1,171	2,993	2,904
Derivatives – hedge accounting	129	0	129	0
Provisions	8,246	14,713	38,947	44,587
Tax liabilities	785	28	1,014	229
– Current tax liabilities	785	0	1,014	201
– Deferred tax liabilities	0	28	0	28
Other liabilities	190	177	8,448	9,956
<b>TOTAL LIABILITIES</b>	<b>3,441,772</b>	<b>3,748,438</b>	<b>3,565,613</b>	<b>3,895,638</b>
Share capital	300,000	300,000	300,000	300,000
Share premium	1,139	1,139	1,139	1,139
Revaluation reserve	1,706	1,003	1,648	897
Reserves from profit	41,961	37,012	64,208	57,434
Treasury shares	(1,324)	(1,324)	(1,324)	(1,324)
Retained earnings (including income from the reporting period)	2,311	2,394	8,293	5,029
<b>TOTAL EQUITY</b>	<b>345,793</b>	<b>340,224</b>	<b>373,964</b>	<b>363,175</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,787,565</b>	<b>4,088,662</b>	<b>3,939,577</b>	<b>4,258,813</b>

## 7 STATEMENT OF CHANGES IN EQUITY

### 7.1 Statement of changes in equity of SID Bank

#### For the 2013 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 January 1<sup>st</sup>, 2013</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>
Comprehensive income for the financial period after tax	0	0	703	0	4,866	0	5,569
Transfer of net profit to reserves from profit	0	0	0	4,949	(4,949)	0	0
<b>Balance as at December 31<sup>st</sup>, 2013</b>	<b>300,000</b>	<b>1,139</b>	<b>1,706</b>	<b>41,961</b>	<b>2,311</b>	<b>(1,324)</b>	<b>345,793</b>

#### 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 January 1<sup>st</sup>, 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 December 31<sup>st</sup>, 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>

## 7.2 Statement of changes in equity of SID Bank Group

### For the 2013 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 January 1<sup>st</sup>, 2013</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>
Comprehensive income for the financial period after tax	0	0	793	0	9,996	0	10,789
Transfer of net profit to reserves from profit	0	0	0	6,774	(6,774)	0	0
Other <sup>4</sup>	0	0	(42)	0	42	0	0
<b>Balance as at December 31<sup>st</sup>, 2013</b>	<b>300,000</b>	<b>1,139</b>	<b>1,648</b>	<b>64,208</b>	<b>8,293</b>	<b>(1,324)</b>	<b>373,964</b>

### 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 January 1<sup>st</sup>, 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 <sup>4</sup>	0	0	176	0	(178)	0	(2)
<b>Balance as at December 31<sup>st</sup>, 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>

<sup>4</sup> Foreign currency translation differences in the consolidation.

## 8 STATEMENT OF CASH FLOWS<sup>5</sup>

In EUR thousand	SID Bank		SID Bank Group	
	2013	2012	2013	2012
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
a) Total profit before tax	5.700	5.862	13.526	9.058
Depreciation	589	575	1.023	1.009
Impairment / (reversal of impairment) of financial assets available for sale	460	(73)	2.447	1.958
Impairment of loans	64.448	69.456	61.588	69.940
Impairments of tangible fixed assets, investment property, intangible long-term assets and other assets	0	0	1.520	259
Impairment of investments in subsidiaries, associates and joint ventures	3.087	0	0	0
Net (gains)/losses from exchange differences	4	5	319	(836)
Net (gains)/losses from sale of tangible assets and investment properties	0	1	(6)	42
Other (gains) from investment activities	(1.422)	(1.632)	0	(352)
Other adjustments to total profit before tax	(7.531)	7.458	(7.783)	6.083
Cash flows from operating activities before changes in operating assets and liabilities	65.335	81.652	72.634	87.161
b) Decreases in operating assets	97,341	35,124	103,138	58,585
c) Increases/(decreases) in operating liabilities	(274,353)	27,457	(293,120)	5,960
d) Cash flow from operating activities (a+b+c)	(111,677)	144,233	(117,348)	151,706
e) Income taxes (paid)/refunded	54	36	(1,157)	(1,625)
f) Net cash flow from operating activities (d+e)	(111,623)	144,269	(118,505)	150,081
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
a) Receipts from investing activities	1,422	1,632	7	1,252
b) Cash payments on investing activities	(435)	(616)	(535)	(3,540)
c) Net cash flow from investing activities (a-b)	987	1,016	(528)	(2,288)
<b>D. Effects of change in exchange rates on cash and cash equivalents</b>	(163)	4	(163)	4
<b>E. Net increase in cash and cash equivalents (Af+Bc)</b>	(110,636)	145,285	(119,033)	147,793
<b>F. Cash and cash equivalents at beginning of the year</b>	317,641	172,352	341,968	194,171
<b>G. Cash and cash equivalents at end of the year (D+E+F)</b>	206,842	317,641	222,772	341,968

<sup>5</sup> Condensed statement of cash flows.