



**UNAUDITED
FINANCIAL STATEMENTS
OF SID BANK AND SID BANK GROUP 2015**

Edition: March 16th 2016



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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 SID Bank Group for the period, ended December 31st, 2015.


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	http://www.sid.si

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 FINANCIAL HIGHLIGHTS AND PERFORMANCE INDICATORS

Statement of Financial Position Summary

(in EUR thousand)	SID Bank		SID Bank Group	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Total assets	3,198,967	3,577,036	3,247,397	3,631,383
Loans to banks	1,606,153	2,180,886	1,612,787	2,186,274
Loans to non-bank customers	605,465	637,327	605,465	637,327
Financial liabilities	2,799,577	3,178,962	2,800,189	3,179,560
Total equity	364,164	355,275	382,525	372,666

Income Statement Summary

(in EUR thousand)	SID Bank		SID Bank Group	
	2015	2014	2015	2014
Net interest income	22,246	43,247	22,608	43,716
Net non-interest income	9,659	12,890	13,850	17,299
Operating costs	(11,017)	(10,419)	(15,198)	(14,468)
Impairment and Provisions	(8,220)	(33,568)	(7,454)	(34,331)
Profit on ordinary activities	12,668	12,150	13,806	12,216
Net profit for the financial period	10,499	4,544	11,395	4,392

Selected indicators

In percent	SID Bank		SID Bank Group	
	2015	2014	2015	2014
Profitability				
Interest margin	0.69	1.17	0.68	1.17
Financial intermediation margin ¹	1.00	1.52	0.94	1.45
Return on assets before tax	0.33	0.12	0.34	0.12
Return on equity before tax	3.52	3.42	3.67	3.29
Return on equity after tax	2.92	1.28	3.03	1.18
Operating cost				
Operating costs/ average assets	0.34	0.28	0.46	0.39
Operating costs/net income	34.53	18.56	41.69	23.71
Capital				
Capital adequacy ratio	29.9	26.1	28.0	25.8
Quality assets of the statement of financial position and contingent liabilities				
Level of coverage of classified items by impairments and provisions ²	9.74	8.51	11.31	9.15

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

² 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	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Number of employees	158	147	349	356

	SID Bank	
	31.12.2015	31.12.2014
International credit rating		
Standard & Poor's	A-	A-
Moody's	Baa3	Baa3
Shares		
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)	117.35	114.48

Operations Reflected in the Statement of Financial Position

SID Bank's total assets amounted to EUR 3,199 million at the end of 2015, accounting for 89.4% of total assets from 2014. Decrease in total assets is consequence of the market situation, which results in reduction of inquiry of SID Bank resources, which is directly reflected in a substantial fall in loans to banks.

Loans to banks accounted for a major share among all investments in the Bank's total assets in 2015. Loans to banks include loans and deposits at banks and were valued at the end of the period at EUR 1,606 million. That is 26% less compared to the end of 2014. Loans to non-banking clients decreased by 5% in 2015 and totalled EUR 605.5 million as at the end of 2015. Investments in securities totalled EUR 938.6 million, up 32% on the end of 2014.

Deposits and borrowings from banks accounted for a major share of liabilities at the end of 2015, including the liabilities to the central bank. This share amounted to 51.7%. Liabilities to banks and to the central bank totalled EUR 1,653.8 million, which is EUR 211.5 million less compared to the end of 2014. Liabilities to non-banking clients stood at EUR 420.5 million and compared to the previous year have minor increased. Liabilities from issued securities have changed because of the payment and fall for 22.2 %.

The SID Bank total equity increased for EUR 8.9 million, in other words for 2.5%, compared to the end of 2014 and totalled EUR 364 million as at the end of 2015. Profit reserves were up EUR 7.7 million, net profit for the financial year, including retained earnings for EUR 2.8 million, accumulated other comprehensive income in connection to available-for-sale financial assets, decreased in terms of value by EUR 1.6 million.

Considering SID Bank's predominant influence in the SID Bank Group, the specific nature of the Group and mutual relationships in the Group, the total assets of the SID Bank Group were only 1.5% higher than the total assets of SID Bank and at the end of 2015 amounted to EUR 3,247 million, that is why the structure of the Group's assets and liabilities is very similar to those of the Bank.



Operations Reflected in the Income Statement

SID Bank recorded a pre-tax profit of EUR 12.7 million in 2015, which is EUR 0.5 million more than in the same period of 2014 and net profit in the amount EUR 10.5 million.

Net interest income amounted to EUR 22.2 million and was lower for 48.6% compared with 2014, due to a lower assets and liabilities as well as downturn of interest rates. Measured on the average assets, the interest margin was 0.69%. Net interest income represents 69.7% of the total net income.

Net non-interest income amounted to EUR 9.7 million.

Operating costs amounted to EUR 11 million. Major part of costs were administrative expenses in amount of EUR 10.2 million and the rest was amortisation / depreciation which totalled EUR 0.8 million.

Net impairment and provisioning costs amounted to EUR 8.2 million which represent 24.5% of last year's expenses. Until the end of 2015 account receivables have been written off for EUR 29.7 million on the basis of company restructuring. Write-offs affected the income statement only in the amount of EUR 273 thousand, as revaluations were already made for the other written-off receivables.

The SID Bank Group recorded a pre-tax profit of EUR 13.8 million in 2015, up EUR 1.6 million on 2014. Net profit amounted to EUR 11.4 million.



3 SIGNIFICANT EVENTS

In January 2015 SID Bank obtained a credit rating by Standard & Poor's Rating Services, which remains a long-term credit rating of A- with a stable future outlook, while the short-term credit rating is A-2. The credit rating of SID Bank is on the same level as the credit rating of the Republic of Slovenia.

At the end of January 2015 Moody's credit rating agency increased the credit rating of SID Bank from Ba1 to Baa3, with the outlook remaining stable. The increase in ratings from speculative to investment level is the result of the better rating of the Republic of Slovenia as owner of the bank and due to progress in fiscal consolidation and stabilization of the banking sector. The achieved stabilization of the banking sector reduces future risks for any additional pressures on public finances.

In the first quarter of 2015 due long-term refinancing operations of the European Central Bank, were already partially replaced in 2014 with the targeted long-term refinancing operations. SID Bank has paid off all liabilities to the European Central Bank from a 3-year long term refinancing operations (LTROs) principal and interests amounted to EUR 95 million.

The ECB in March launched a quantitative release, named the Public Sector Purchase Programme (PSPP) or government bonds buying, targeting border European inflation at 2%. In April ECB designated SID Bank's bonds as the appropriate for purchases, which was a big success.

In 2010 SID Bank published bond with the symbol »SEDABI 3 04/21/15«, with nominal amount of EUR 498 million which ended in April 2015.

In the first days of May, the Ministry of Economic Development and Technology signed an appendix to the Agreement on the financing and implementation of financial engineering measures for promoting technology - development projects and to promote the development of small and medium-sized enterprises, which have been extended deadlines that have expired in February 2015 and set less strict criteria for granting loans for certain funding programs for small and medium-sized enterprises.

According to the change of the future outlook of credit rating of the Republic of Slovenia from stable to positive, the credit rating agency Standard & Poor's Rating Services on 14 July 2015 also changed the future outlook of credit rating of the SID bank from stable to positive. The credit rating of the Republic of Slovenia and the SID Bank remained unchanged, the long-term credit rating is A-, short-term credit rating is A-2.

At the end of July SID Bank issued 3-year bond guaranteed by the Republic of Slovenia on international capital markets in the amount of EUR 300 million and with fixed coupon rate of 0.875%.

In December 2015 SID Bank within the framework of the Paris ecological conference, signed commitment/statement together with other development banks on promoting financing for environmental projects that reduce carbon footprint and enhance environmental and energy efficiency.

At the beginning of December 2015 Moody's credit rating agency confirmed credit rating of SID Bank Baa3, with the outlook remaining stable.



4 NOTES TO SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

Separate and consolidated financial statements for the year 2015 are unaudited.

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.

Interim financial statements are prepared in a condensed form and include significant notes as requested in accordance with IAS 34 "Interim Financial Reporting". They need to be read in context with Annual Report of SID Bank and SID Bank Group for 2014.

Accounting Policies

The accounting policies applied are presented in detail in the Annual Report of SID Bank and SID Bank Group for 2014.

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, except for accounting standards and other changes apply from 1 January 2015 and endorsed by the EU.


Initial application of new amendments to the existing Standards and interpretation effective valid from January 2015, issued by the International Accounting Standards Board (IASB) and adopted by the EU:

- Amendments to various standards 'Improvements to IFRSs (cycle 2011-2013)' resulting from the annual improvement project of IFRS (IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 January 2015),
- IFRIC 21 'Levies' adopted by the EU on 13 June 2014, effective for annual periods beginning on or after 17 June 2014.

The adoption of these amendments to the existing standards and interpretation has not led to any material changes in the financial statements of the Group.

At the date of authorisation of these financial statements the following amendments to the existing standards issued by IASB and adopted by the EU were in issue but not yet effective:

- Amendments to IFRS 11 'Joint Arrangements' – Accounting for Acquisitions of Interests in Joint Operations, adopted by the EU on 24 November 2015, effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure Initiative, adopted by the EU on 18 December 2015, effective for annual periods beginning on or after 1 January 2016,
- Amendments to IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of Acceptable Methods of Depreciation and Amortisation, adopted by the EU on 2 December 2015, effective for annual periods beginning on or after 1 January 2016),

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- Amendments to IAS 16 'Property, Plant and Equipment' and IAS 41 'Agriculture' - Agriculture: Bearer Plants, adopted by the EU on 23 November 2015 (effective for annual periods beginning on or after 1 January 2016),
 - Amendments to IAS 19 'Employee Benefits' - Defined Benefit Plans: Employee Contributions, adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015),
 - Amendments to IAS 27 'Separate Financial Statements' - Equity Method in Separate Financial Statements is effective for annual periods beginning on or after 1 January 2016,
 - Amendments to various standards 'Improvements to IFRSs (cycle 2010-2012) ' resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 February 2015),
 - Amendments to various standards 'Improvements to IFRSs (cycle 2012-2014) ' resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording, adopted by the EU on 15 December 2015 and amendments are to be applied for annual periods beginning on or after 1 January 2016.

New Standards and amendments to the existing Standards issued by IASB but not yet adopted by the EU:

- IFRS 9 'Financial Instruments' is effective for annual periods beginning on or after 1 January 2018,
- IFRS 14 'Regulatory Deferral Accounts' is effective for annual periods beginning on or after 1 January 2016,
- IFRS 15 'Revenue from Contracts with Customers' and further amendments is effective for annual periods beginning on or after 1 January 2018,
- IFRS 16 'Leases' is effective for annual periods beginning on or after 1 January 2019,
- Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the Consolidation Exception effective for annual periods beginning on or after 1 January 2016),
- Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date was deferred indefinitely until the research project on the equity method has been concluded),
- Amendments to IAS 12 'Income Taxes' - Recognition of Deferred Tax Assets for Unrealised Losses is effective for annual periods beginning on or after 1 January 2017,
- Amendments to IAS 7 'Statement of cash flows' is effective for annual periods beginning on or after 1 January 2017.

The Group anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Group, except from the introduction of IFRS 9, which impact will be estimated in the year 2016. The Group does not plan to apply any new standards and amendments before the date of mandatory application.

Consolidation

Consolidated financial statements include the following companies:

- By the method of full consolidation SID Bank and SID – Prva kreditna zavarovalnica
- By the equity 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.

5 STATEMENT OF FINANCIAL POSITION

In EUR thousand	SID Bank		SID Bank Group	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Cash, cash balances at central banks and other demand deposits at banks	13,786	3,051	17,459	7,554
Available-for-sale financial assets	938,604	710,983	961,653	733,053
Derivatives - hedge accounting	14,312	28,394	14,312	28,394
Loans	2,212,013	2,818,627	2,218,645	2,824,019
Loans to banks	1,606,153	2,180,886	1,612,787	2,186,274
Loans clients other than banks	605,465	637,327	605,465	637,327
Other financial assets	395	414	393	418
Non-current assets and disposal groups classified as held for sale	197	0	197	0
Property, plant and equipment	5,665	6,190	8,032	9,229
Intangible assets	737	713	1,333	1,318
Investments in subsidiaries, associates and joint ventures	8,413	8,831	0	419
Tax assets	4,861	0	4,861	427
Current tax assets	4,861	0	4,861	427
Other assets	379	247	20,905	26,970
TOTAL ASSETS	3,198,967	3,577,036	3,247,397	3,631,383
Financial liabilities held for trading	0	3	0	3
Financial liabilities measured at amortised cost	2,799,577	3,178,959	2,800,189	3,179,557
Bank deposits	14,913	23,827	14,913	23,827
Deposits of clients other than banks	6	6	6	6
Loans from banks and central banks	1,638,908	1,841,494	1,638,908	1,841,494
Loans from clients other than banks	420,532	381,461	420,532	381,461
Debt securities issued	723,527	930,353	723,527	930,353
Other financial liabilities	1,691	1,818	2,303	2,416
Provisions	34,922	35,468	60,672	67,435
Tax liabilities	120	7,025	253	7,103
Current tax liabilities	0	6,466	42	6,465
Deferred tax liabilities	120	559	211	638
Other liabilities	184	306	3,758	4,619
TOTAL LIABILITIES	2,834,803	3,221,761	2,864,872	3,258,717
Basic equity	300,000	300,000	300,000	300,000
Share premium	1,139	1,139	1,139	1,139
Accumulated other comprehensive income	5,034	6,644	5,597	7,132
Reserves from profit	54,328	46,658	71,319	63,749
Treasury shares	(1,324)	(1,324)	(1,324)	(1,324)
Retained earnings (including income from the current year)	4,987	2,158	5,794	1,970
TOTAL EQUITY	364,164	355,275	382,525	372,666
TOTAL LIABILITIES AND EQUITY	3,198,967	3,577,036	3,247,397	3,631,383

6 STATEMENT OF PROFIT OR LOSS

In EUR thousand	SID Bank		SID Bank Group	
	2015	2014	2015	2014
Interest income	53,641	97,604	54,003	98,093
Interest expenses	(31,395)	(54,357)	(31,395)	(54,377)
Interest net income	22,246	43,247	22,608	43,716
Fee and commission income	3,097	3,528	3,097	3,528
Fee and commission expenses	(911)	(690)	(925)	(703)
Fee and commission net income	2,186	2,838	2,172	2,825
Net realised gains and losses on financial assets and liabilities not measured at fair value through profit and loss	2,807	(1,148)	2,834	(1,148)
Net gains on financial assets and liabilities held for trading	3	13	3	13
Net gains on financial assets and liabilities designated at fair value through profit or loss	3,244	8,632	3,244	8,632
Fair value adjustments in hedge accounting	(70)	134	(70)	133
Net exchange differences	6	(10)	2	(7)
Net losses on derecognition of assets	0	(5)	0	(5)
Other net operating gains	1,448	1,526	5,665	6,856
Administrative costs	(10,227)	(9,806)	(14,084)	(13,484)
Depreciation	(790)	(613)	(1,114)	(984)
Provisions	551	(27,238)	2,032	(27,705)
Impairment	(8,771)	(6,330)	(9,486)	(6,626)
Share of the profit of investment in subsidiaries, associates and joint ventures	35	910	0	0
Profit before tax from continuing operations	12,668	12,150	13,806	12,216
Tax (income) related to profit or loss from continuing operations	(2,169)	(7,606)	(2,411)	(7,824)
Net profit for the financial year	10,499	4,544	11,395	4,392
Basic earnings per share (in EUR)³	3.38	1.46	3.67	1.42

³ Basic earnings per share are equal to the revised earnings per share because the SID Bank has no dilutive instruments.

7 STATEMENT OF COMPREHENSIVE INCOME

In EUR thousand	SID Bank		SID Bank Group	
	2015	2014	2015	2014
Net profit for the financial year after tax	10,499	4,544	11,395	4,392
Other comprehensive income after tax	(1,610)	4,938	(1,537)	5,485
Items that will not be reclassified to profit or loss	0	0	3	(17)
Actuarial gains (losses) on defined benefit pension plans	0	0	4	(21)
Income tax relating to items that will not be reclassified	0	0	(1)	4
Items that may be reclassified to profit or loss	(1,610)	4,938	(1,540)	5,502
Gains (losses) in connection to available-for-sale financial assets	(1,940)	5,949	(1,856)	6,628
Valuation gains (losses) taken to equity	821	7,296	932	7,975
Transfer of gains or losses into profit or loss	(2,761)	(1,347)	(2,788)	(1,347)
Income tax relating to items that may be reclassified to profit or loss	330	(1,011)	316	(1,126)
Total comprehensive income for the financial year after taxation	8,889	9,482	9,858	9,877

8 STATEMENT OF CHANGES IN EQUITY

8.1 Statement of Changes in Equity of SID Bank

For the 2015 financial year

In EUR thousand	Share capital	Share premium account	Accumulated other comprehensive income	Profit reserves	Retained earnings (including net profit for the period)	Treasury shares	Total equity
Opening balance for the financial year (before restatement) 1 Jan 2015	300,000	1,139	6,644	46,658	2,158	(1,324)	355,275
Opening balance for the financial year 1 Jan 2015	300,000	1,139	6,644	46,658	2,158	(1,324)	355,275
Total comprehensive income for the financial year after taxation	0	0	(1,610)	0	10,499	0	8,889
Transfer of net profit to reserves from profit	0	0	0	7,670	(7,670)	0	0
Closing balance for the financial year 31 Dec 2015	300,000	1,139	5,034	54,328	4,987	(1,324)	364,164
Distributable profit for the financial year					4,987		

For the 2014 financial year

In EUR thousand	Share capital	Share premium account	Accumulated other comprehensive income	Profit reserves	Retained earnings (including net profit for the period)	Treasury shares	Total equity
Opening balance for the financial year (before restatement) 1 Jan 2014	300,000	1,139	1,706	41,961	2,311	(1,324)	345,793
Opening balance for the financial year 1 Jan 2014	300,000	1,139	1,706	41,961	2,311	(1,324)	345,793
Total comprehensive income for the financial year after taxation	0	0	4,938	0	4,544	0	9,482
Transfer of net profit to reserves from profit	0	0	0	4,697	(4,697)	0	0
Closing balance for the financial year 31 Dec 2014	300,000	1,139	6,644	46,658	2,158	(1,324)	355,275
Distributable profit for the financial year					2,158		

8.2 Statement of Changes in Equity of SID Bank Group

For the 2015 financial year

In EUR thousand	Share capital	Share premium account	Accumulated other comprehensive income	Profit reserves	Retained earnings (including net profit for the period)	Treasury shares	Total equity
Opening balance for the financial year (before restatement) 1 Jan 2015	300,000	1,139	7,132	63,750	1,970	(1,324)	372,667
Opening balance for the financial year 1 Jan 2015	300,000	1,139	7,132	63,750	1,970	(1,324)	372,667
Total comprehensive income for the financial year after taxation	0	0	(1,537)	0	11,395	0	9,858
Transfer of net profit to reserves from profit	0	0	0	7,570	(7,570)	0	0
Other*	0	0	2	0	(2)	0	0
Closing balance for the financial year 31 Dec 2015	300,000	1,139	5,597	71,319	5,794	(1,324)	382,525

*Transfer actuarial loss

For the 2014 financial year

In EUR thousand	Share capital	Share premium account	Accumulated other comprehensive income	Profit reserves	Retained earnings (including net profit for the period)	Treasury shares	Total equity
Opening balance for the financial year (before restatement) 1 Jan 2014	300,000	1,139	1,648	58,621	2,706	(1,324)	362,790
Opening balance for the financial year 1 Jan 2014	300,000	1,139	1,648	58,621	2,706	(1,324)	362,790
Total comprehensive income for the financial year after taxation	0	0	5,484	0	4,393	0	9,877
Transfer of net profit to reserves from profit	0	0	0	5,129	(5,129)	0	0
Closing balance for the financial year 31 Dec 2014	300,000	1,139	7,132	63,750	1,970	(1,324)	372,667

9 CASH FLOW STATEMENT

In EUR thousand	SID Bank		SID Bank Group	
	2015	2014	2015	2014
A. CASH FLOWS FROM OPERATING ACTIVITIES				
a) Net profit before tax	12,668	12,150	13,806	12,216
Depreciation	790	613	1,114	984
Impairments of available-for-sale financial assets	313	828	313	828
Loan impairments	8,213	5,502	8,213	5,502
Impairments of property, plant and equipment, investment property, intangible assets and other assets	0	0	714	296
Impairments of capital investments in subsidiaries, associates and joint ventures	245	0	245	0
Net (gains) of investments in subsidiaries, associates and joint ventures	(35)	(910)	0	0
Net (gains)/losses from exchange differences	(6)	10	(2)	7
Net losses from sale of tangible assets and investment properties	0	5	0	5
Other adjustments in pre-tax net profit or loss	(484)	27,092	(1,960)	27,558
Cash flows from operating activities before changes in operating assets and liabilities	21,704	45,290	22,443	47,396
b) Decrease in operating assets	380,746	8,510	404,570	10,065
Net (increase) in available-for-sale financial assets	(229,417)	(365,301)	(230,327)	(366,316)
Net decrease in loans	601,274	369,097	620,068	369,760
Net decrease in assets held for hedging	9,045	4,741	9,045	4,741
Net (increase) in non-current assets held for sale	(197)	0	(197)	0
Net (increase)/decrease in other assets	41	(27)	5,981	1,880
c) (Decrease) in operating liabilities	(377,557)	(253,928)	(383,022)	(257,720)
Net (decrease) in financial liabilities held for trading	0	(1)	0	(1)
Net (decrease) in deposits and loans measured at amortised cost	(175,572)	(52,629)	(175,558)	(53,557)
Net (decrease) in debt securities measured at amortised cost	(201,859)	(201,267)	(201,859)	(201,267)
Net (decrease) in derivative financial liabilities held for hedging	0	(129)	0	(129)
Net increase/(decrease) in other liabilities	(126)	98	(5,605)	(2,766)
d) Cash flows from operating activities (a+b+c)	24,893	(200,128)	43,991	(200,259)
e) (Paid)/refunded corporate income tax	(13,935)	(1,059)	(13,695)	(1,824)
f) Net cash flows from operating activities (d+e)	10,958	(201,187)	30,296	(202,083)
B. CASH FLOWS FROM INVESTING ACTIVITIES				
a) Inflows from investing activities	35	910	0	0
b) Outflows from investing activities	(289)	(3,520)	(388)	(3,635)
c) Net cash flows from investing activities (a+b)	(254)	(2,610)	(388)	(3,635)
D. Effect of exchange rate difference on cash and cash equivalents	31	6	31	6
E. Net increase/(decrease) in cash assets and cash equivalents (Af+Bc)	10,704	(203,797)	29,908	(205,718)
F. Opening balance of cash and cash equivalents	3,051	206,842	12,942	218,654
G. Closing balance of cash and cash equivalents (D+E+F)	13,786	3,051	42,881	12,942

10 OTHER DISCLOSURES

10.1 Related Party Disclosures

Significant relations of SID Bank with subsidiaries and joint ventures:

	31.12.2015			31.12.2014		
	Subsidiaries	Joint ventures	Total	Subsidiaries	Joint ventures	Total
Receivables						
Loans	20	80,349	80,369	36	94,122	94,158
Other financial assets	8	0	8	13	0	13
Gross exposure	28	80,349	80,377	49	94,122	94,171
Value adjustments	(1)	(17,436)	(17,436)	(2)	(12,174)	(12,176)
Net exposure	27	62,913	62,940	47	81,948	81,995
Other financial liabilities	0	113	113	8	125	133
Provisions	2	31,375	31,377	2	31,625	31,627
Total tax liabilities	2	31,487	31,489	10	31,750	31,760

	2015			2014		
	Subsidiaries	Joint ventures	Total	Subsidiaries	Joint ventures	Total
Interest income	1	2,480	2,480	1	4,286	4,287
Fee and commission income	0	0	0	0	55	55
Income from other services	88	0	88	90	0	90
Share of the profit of investment in subsidiaries, associates and joint ventures	35	0	35	910	0	910
Fee and commission expenses	0	(113)	(113)	0	(125)	(125)
Expenses for other services	(1)	0	(1)	(20)	0	(20)
Provisions	0	251	250	(2)	(31,625)	(31,627)
Impairments	1	(3,379)	(3,379)	2	9,079	9,081
Total	123	(762)	(638)	981	(18,330)	(17,349)

10.2 Segment Reporting

Allocation and disclosure by operating segment is carried out on the basis of the attributes of individual business activities at the SID Bank Group. The majority of the SID Bank Group's operations are on the domestic market, for which reason the Group does not disclose additional itemization by geographical segments.

The SID Bank Group business activities can be divided into three operating segments:

- banking,
- credit and investment insurance, and
- factoring.

Each operating segment is organised as a legal entity in the form of an independent undertaking. Within the SID Bank Group banking services are provided by the controlling company SID Bank credit and investment insurance is carried out at PKZ, and factoring is the domain of the Prvi faktor Group. The factoring segment includes 50% proportionate share of the Prvi faktor Group. The individual operating segments include products and services that differ from the other operating segments in terms of risk and return. Transactions between the operating segments are executed at normal commercial terms.

For the 2015 financial year

In EUR thousand	Banking	Credit and investment insurance	Factoring	Total	Interrelations in the Group	Relations to third parties
Interest income	53,641	362	4,290	58,293	(1,325)	56,968
Interest expenses	(31,395)	0	(2,557)	(33,952)	1,207	(32,745)
Net interest	22,246	362	1,733	24,341	(118)	24,223
Fee and commission income	3,097	0	1,176	4,273	0	4,273
Fee and commission expenses	(911)	(14)	(171)	(1,096)	124	(972)
Net fee and commission	2,186	(14)	1,005	3,177	124	3,301
Net realised gains on financial assets and liabilities not measured at fair value through profit or loss	2,807	27	0	2,834	0	2,834
Net gains/losses on financial assets and liabilities held for trading	3	0	(5)	(2)	0	(2)
Gains on financial assets and liabilities recognised at fair value through the statement of profit or loss	3,244	0	0	3,244	0	3,244
Changes in fair value in hedge accounting	(70)	0	0	(70)	0	(70)
Net exchange differences gain or loss	6	(4)	555	557	0	557
Net gains from derecognition of assets other than held for sale	0	0	4	4	0	4
Other net operating gains or losses	1,448	4,222	(39)	5,631	(73)	5,558
NET INCOME/EXPENSE	31,870	4,593	3,253	39,716	(67)	39,649
Other information by segments	(19,202)	(3,420)	(4,752)	(27,374)	3,098	(24,276)
Administrative costs	(10,227)	(3,862)	(2,493)	(16,582)	5	(16,577)
Depreciations and amortisation	(790)	(325)	(59)	(1,174)	0	(1,173)
Provisions	551	1,481	(61)	1,971	(251)	1,720
Impairments	(8,771)	(714)	(2,139)	(11,624)	3,379	(8,246)
Share of the profit of investment in subsidiaries, associates and joint ventures	35	0	0	35	(35)	0
Profit/loss from ordinary operations	12,633	1,173	(1,499)	12,342	3,031	15,373
Corporate income tax on ordinary operations	(2,169)	(242)	(680)	(3,091)	0	(3,091)
Net profit/loss for the financial period	10,499	931	(2,179)	9,251	3,031	12,282
ASSETS AND LIABILITIES						
Total assets	3,198,967	56,850	86,930	3,342,747	(59,499)	3,283,248
Long-term interests in subsidiaries, associates and joint ventures	8,413	0	0	8,413	(8,413)	0
Liabilities (other than equity) by segment	2,834,803	30,077	88,149	2,953,029	(71,610)	2,881,418
Total equity	364,164	26,773	(1,219)	389,718	12,112	401,831
Decrease in property, plant and equipment and intangible assets	(501)	(681)	(45)	(1,227)	0	(1,227)

For the 2014 financial year

In EUR thousand	Banking	Credit and investment insurance	Factoring	Total	Interrelations in the Group	Relations to third parties
Interest income	97,604	489	7,272	105,365	(2,209)	103,156
Interest expense	(54,357)	(20)	(5,445)	(59,822)	2,138	(57,684)
Net interest	43,247	469	1,827	45,543	(71)	45,472
Fee and commission income	3,528	0	2,030	5,558	(27)	5,531
Fee and commission expenses	(690)	(13)	(494)	(1,197)	197	(1,000)
Net fee and commission	2,838	(13)	1,536	4,361	170	4,531
Gains/(losses) realised on financial assets and liabilities not measured at fair value through profit or loss	(1,148)	0	296	(852)	1,763	911
Gains/(losses) on financial assets and liabilities held for trading	13	0	(2)	11	0	11
Gains on financial assets and liabilities recognised at fair value through the statement of profit or loss	8,632	0	0	8,632	0	8,632
Changes in fair value in hedge accounting	134	0	0	134	0	133
Net exchange differences gain or loss	(10)	3	882	875	0	875
Net gains/losses on derecognition of assets other than held for sale	(5)	0	8	3	0	3
Other net operating gains or losses	1,526	5,334	(26)	6,834	(113)	6,721
NET INCOME/EXPENSE	55,227	5,793	4,521	65,541	1,749	67,289
Other information by segments	(43,077)	(4,818)	(3,301)	(51,196)	21,641	(29,554)
Administrative costs	(9,806)	(3,684)	(2,814)	(16,304)	5	(16,298)
Depreciations and amortisation	(613)	(371)	(67)	(1,051)	0	(1,051)
Provisions	(27,238)	(467)	0	(27,705)	31,625	3,920
Impairments	(6,330)	(296)	(420)	(7,046)	(9,079)	(16,125)
Share of the profit of investment in subsidiaries, associates and joint ventures	910	0	0	910	(910)	0
Profit/loss from ordinary operations	12,150	975	1,220	14,345	23,390	37,735
Corporate income tax on ordinary operations	(7,606)	(218)	(691)	(8,515)	0	(8,515)
Net profit/loss for the financial period	4,544	757	529	5,830	23,390	29,219
ASSETS AND LIABILITIES						
Total assets	3,577,036	62,768	102,116	3,741,920	(52,878)	3,689,042
Long-term interests in subsidiaries, associates and joint ventures	8,831	0	0	8,831	(8,413)	418
Liabilities (other than equity) by segment	3,221,761	36,964	100,366	3,359,091	(78,756)	3,280,335
Total equity	355,275	25,804	1,750	382,829	25,878	408,707
Increase/decrease in property, plant and equipment and intangible assets	2,902	(256)	(26)	2,620	0	2,620

10.3 Fair Values of Financial Assets and Liabilities

Fair values of financial assets and liabilities measured at fair value:

	SID Bank							
	31.12.2015				31.12.2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	13,177	887,429	37,998	938,604	531,775	163,221	15,987	710,983
Debt securities	13,177	884,810	32,001	929,988	531,775	157,375	15,987	705,137
Equity securities		2,619	5,997	8,616	0	5,846	0	5,846
Derivatives held for hedging	0	14,312	0	14,312	0	28,394	0	28,394
Total financial assets	13,177	901,741	37,998	952,916	531,775	191,615	15,987	739,377
Financial liabilities held for trading	0	0	0	0	0	3	0	3
Total financial liabilities	0	0	0	0	0	3	0	3

	SID Bank Group							
	31.12.2015				31.12.2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	13,973	909,683	37,998	961,654	551,949	165,116	15,987	733,052
Debt securities	13,973	907,064	32,001	953,038	551,949	159,270	15,987	727,206
Equity securities	0	2,619	5,997	8,616	0	5,846	0	5,846
Derivatives held for hedging	0	14,312	0	14,312	0	28,394	0	28,394
Total financial assets	13,973	923,995	37,998	975,966	551,949	193,510	15,987	761,446
Financial liabilities held for trading	0	0	0	0	0	3	0	3
Total financial liabilities	0	0	0	0	0	3	0	3

Financial instruments presented at fair value in statement of financial position of SID Bank and the SID Bank Group are financial assets and liabilities intended for trading, available-for-sale financial assets and derivatives used for hedging.

Financial assets and liabilities for trading and derivatives used for hedging, which include interest rate swaps, are valued by acknowledging market interest rates and yield curves.

Fair value of available-for-sale financial assets is determined by prices quoted on active markets for identical assets, by prices quoted for similar assets and by prices quoted for identical or similar assets on inactive markets.

Table of transfers between levels in 2015:

	SID Bank		SID Bank Group	
	Transfers from level 1 to level 2	Transfers from level 3 to level 1	Transfers from level 1 to level 2	Transfers from level 3 to level 1
Financial assets measured at fair value				
Available-for-sale financial assets	483,221	3,106	496,929	3,106
Debt securities	483,221	3,106	496,929	3,106

Transfer from level 1 to live 2 is mainly due to the classification of investments in bonds, which are valued on the basis of the rate of Bloomberg (BGN - Bloomberg Generic Price) at level 2, while in 2014 they were included in the level 1.

10.4 Changes in classification of financial assets

Based on the sales activities in 2015, SID Bank transferred the investments in companies Prvi faktor, Ljubljana and Pro Kolekt, Ljubljana to non-current assets held for sale. SID Bank measures the non-current assets held for sale in Pro Kolekt, Ljubljana at fair value in the amount of EUR 197 thousand. The investment in Prvi faktor, Ljubljana is measured at EUR 0, the same as before the transfer.

10.5 Contingent and Potential Liabilities

In EUR thousand	SID Bank and SID Bank Group	
	31.12.2015	31.12.2014
Guarantees	53,953	58,384
Liabilities from approved unused loans	111,442	54,786
Total assumed commitments	165,395	113,170
Provisions for off-balance-sheet risks - guarantees	(31,459)	(33,006)
Provisions for off-balance-sheet risks – undrawn loans	(3,111)	(2,150)
Total provisions for assumed commitments	(34,570)	(35,156)

Contingent and potential liabilities disclose the value of unused loans approved for domestic banks and corporate, the value of uncalled unpaid capital and the value of given guarantees. The amount of approved loans that had not yet been disbursed as at 31 December 2015 totalled EUR 32.1 million for corporates, and EUR 67.4 million for banks. Guarantees decreased in 2015 due to maturity. Potential liabilities from uncalled unpaid capital amounts to EUR 12 million.

11 EVENTS AFTER REPORTING DATE

There were no business events after the reporting date that would have an impact on the separate and consolidated financial statements of SID Bank and SID Bank Group.

In February 2016, SID Bank has successfully completed the sales process by signing the sales contract for the total proportion of the subsidiary company Pro Kolekt, Ljubljana and transfer of the total purchase price.