



UNAUDITED
INTERIM FINANCIAL STATEMENTS OF
SID BANK AND SID BANK GROUP
JANUARY 1, 2012 – MARCH 31, 2012

Edition: May 30, 2012



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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	http://www.sid.si

SID Bank Group is consisted of the following companies

	Relationship	Ownership in percent
SID banka, d. d., Ljubljana	Parent company	-
SID - Prva kreditna zavarovalnica, d. d., Ljubljana (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 (hereinafter CMSR)	Co-foundation	-

2. NOTES TO SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

The financial statements of SID Bank and SID Bank Group for the period ended 31 March 2012 were authorised for issue on 23 April 2012 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.

Interim 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 statement for the period from January to March 2012 are unaudited.

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 2011.

Consolidation

Consolidated financial statements include the following companies:

- By the method of full consolidation:
 - Parent company - SID banka,
 - Subsidiary company - PKZ,

- By the proportional consolidation method of PRVI FAKTOR Group.

Due to immateriality for the true and fair representation of Income statement, Statement of comprehensive income, Statement of financial position, Statement of changes in equity and Statement of cash flows SID Bank excluded from consolidation PRO KOLEKT Group and CMSR institute.

Significant events after the end of reporting period

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

3. KEY FIGURES OF SID BANK AND SID BANK GROUP

Income Statement Summary (in EUR thousand)	SID Bank		SID Bank Group	
	1-3/2012	1-3/2011	1-3/2012	1-3/2011
Net interest income	15,687	12,798	16,670	13,948
Net non-interest income	1,238	1,063	2,491	2,946
Operating costs	(1,961)	(1,865)	(3,495)	(3,234)
Impairment and Provisions	(10,082)	(1,890)	(9,959)	(2,265)
Profit on ordinary activities	4,882	10,106	5,707	11,395
Net profit for the financial period	3,906	8,086	4,470	9,004
Statement of Financial Position Summary (in EUR thousand)	31.3.2012	31.12.2011	31.3.2012	31.12.2011
Total assets	4,205,938	4,029,216	4,401,372	4,219,093
Loans to banks	3,141,929	2,997,154	3,162,395	3,018,972
Loans to non-bank customers	684,705	701,410	798,424	810,720
Received deposits and loans from banks	2,082,405	2,086,028	2,203,183	2,210,499
Received deposits and loans from non-bank customers	150,961	150,179	150,961	150,179
Debt securities	1,419,844	1,404,906	1,419,844	1,404,906
Total equity	339,767	332,008	360,930	352,439
Selected indicators* (in percent)	1-3/2012	1-12/2011	1-3/2012	1-12/2011
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**	3.26	3.11	3.29	3.20
Profitability:				
– interest margin	1.54	1.36	1.55	1.43
– financial intermediation margin	1.66	1.46	1.72	1.73
– return on assets before tax	0.48	0.19	0.53	0.34
– return on equity before tax	5.78	2.23	6.40	4.02
– return on equity after tax	4.63	1.93	5.01	3.14
Operating costs:				
– operating costs/ average assets	0.19	0.19	0.32	0.34
– operating costs/net income	11.59	13.07	18.24	19.51
Number of employees	113	112	337	331
Shares	31.3.2012	31.12.2011		
– 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)	109.49	106.99		

* The selected indicators relating to the quarterly period are converted on annual level.

** 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).

4. INCOME STATEMENT

In EUR thousand	SID Bank		SID Bank Group	
	1-3/2012	1-3/2011	1-3/2012	1-3/2011
Interest income	43,165	34,583	45,918	37,493
Interest expenses	(27,478)	(21,785)	(29,248)	(23,545)
Net interest income	15,687	12,798	16,670	13,948
Dividend income	0	0	352	0
Fee and commission income	411	532	1,159	1,452
Fee and commission expenses	(203)	(215)	(368)	(337)
Fee and commission net income	208	317	791	1,115
Realised gains and losses on financial assets and liabilities not measured at fair value through profit and loss	115	18	115	18
Gains and losses on financial assets and liabilities held for trading	0	0	(3)	0
Fair value adjustments in hedge accounting	358	0	358	0
Exchange differences	(3)	(8)	(251)	335
Gains and losses on derecognition of assets other than held for sale	0	(3)	0	(20)
Other operating net income	560	739	1,129	1,498
Administration costs	(1,824)	(1,711)	(3,253)	(3,027)
Depreciation	(137)	(154)	(242)	(207)
Provisions	(160)	981	306	1,275
Impairment	(9,922)	(2,871)	(10,265)	(3,540)
Profit on ordinary activities	4,882	10,106	5,707	11,395
Tax expense (income) related to profit from continuing operations	(976)	(2,020)	(1,237)	(2,391)
Net profit for the financial period	3,906	8,086	4,470	9,004
Basic earnings per share *	1.26	2.62		

* 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	
	1-3/2012	1-3/2011	1-3/2012	1-3/2011
Net profit for the financial period after tax	3,906	8,086	4,470	9,004
Other comprehensive income after tax	3,082	(706)	3,251	(720)
Available for sale financial assets	3,853	(882)	4,139	(955)
Valuation gains (losses) taken to equity	3,968	(864)	4,254	(937)
Transferred to profit or loss	(115)	(18)	(115)	(18)
Other items	0	0	(51)	44
Income tax relating to components of other comprehensive income*	(771)	176	(837)	191
Total comprehensive income for the financial period after tax	6,988	7,380	7,721	8,284

*Tax on profit from revaluation surplus in interim reports is estimated therefore is not recorded in the evidences of SID Bank, which results in the difference between the Total comprehensive income for the financial period after tax and the Statement of changes in equity. The same applies for SID bank Group.

6. STATEMENT OF FINANCIAL POSITION

In EUR thousand	SID Bank		SID Bank Group	
	31.3.2012	31.12.2011	31.3.2012	31.12.2011
Cash and cash balances with the central banks	15,474	41,696	15,475	41,697
Financial assets held for trading	3	3	3	3
Available-for-sale financial assets	279,225	212,240	309,083	243,646
Loans	3,826,634	3,698,564	3,960,819	3,829,692
- <i>Loans to banks</i>	3,141,929	2,997,154	3,162,395	3,018,972
- <i>Loans to non - bank customers</i>	684,705	701,410	798,424	810,720
Derivatives – hedge accounting	65,188	58,847	65,188	58,847
Property, plant and equipment	3,885	3,893	7,614	6,863
Investment property	0	0	265	261
Intangible assets	211	222	1,210	1,142
Investments in subsidiaries, associates and joint ventures	11,919	11,919	419	419
Tax assets	1,775	1,516	4,406	3,826
- <i>Current tax assets</i>	732	473	1,819	1,195
- <i>Deferred tax assets</i>	1,043	1,043	2,587	2,631
Other assets	1,624	316	36,890	32,697
TOTAL ASSETS	4,205,938	4,029,216	4,401,372	4,219,093
Deposits from central banks	205,274	50,014	205,274	50,014
Financial liabilities held for trading	38	35	38	35
Financial liabilities measured at amortised cost	3,653,210	3,641,113	3,773,988	3,765,584
- <i>Deposits from banks</i>	88,202	119,498	88,202	119,498
- <i>Deposits from non-bank customers</i>	5	5	5	5
- <i>Loans and advances from banks</i>	1,994,203	1,966,530	2,114,981	2,091,001
- <i>Loans and advances from non-bank customers</i>	150,956	150,174	150,956	150,174
- <i>Debt securities</i>	1,419,844	1,404,906	1,419,844	1,404,906
Provisions	4,781	4,621	36,401	36,629
Tax liabilities	1,094	248	1,137	467
- <i>Current tax liabilities</i>	976	130	1,018	349
- <i>Deferred tax liabilities</i>	118	118	119	118
Other liabilities	1,774	1,177	23,604	13,925
TOTAL LIABILITIES	3,866,171	3,697,208	4,040,442	3,866,654
Basic equity	300,000	300,000	300,000	300,000
Share premium	1,139	1,139	1,139	1,139
Revaluation reserve	1,681	(2,173)	878	(3,194)
Reserves from profit	31,300	31,300	50,132	50,132
Treasury shares	(1,324)	(1,324)	(1,324)	(1,324)
Retained earnings (including income from the reporting period)	6,971	3,066	10,105	5,686
TOTAL EQUITY	339,767	332,008	360,930	352,439
TOTAL LIABILITIES AND EQUITY	4,205,938	4,029,216	4,401,372	4,219,093

7. INCOME STATEMENT OF SID BANK BY QUARTERS

In EUR thousand	2012		2011		
	Q1	Q4	Q3	Q2	Q1
Interest income	43,165	42,699	41,594	38,496	34,583
Interest expenses	(27,478)	(28,470)	(27,424)	(25,320)	(21,786)
Net interest income	15,687	14,229	14,170	13,176	12,797
Dividend income	0	0	2,574	0	0
Fee and commission income	411	460	462	500	532
Fee and commission expenses	(203)	(208)	(253)	(218)	(215)
Fee and commission net income	208	252	209	282	317
Realised gains and losses on financial assets and liabilities not measured at fair value through profit or loss	115	416	(513)	(1,519)	18
Gains and losses on financial assets and liabilities held for trading	0	(4)	1	0	0
Gains and losses on financial assets and liabilities designated at fair value through profit or loss	0	31	0	0	0
Fair value adjustments in hedge accounting	358	(1,073)	79	14	0
Exchange differences	(3)	7	10	(4)	(7)
Gains and losses on derecognition of assets other than held for sale	0	0	0	(1)	(3)
Other operating net income	560	643	656	728	739
Administration costs	(1,824)	(1,789)	(1,809)	(1,708)	(1,711)
Depreciation	(137)	(145)	(144)	(145)	(154)
Provisions	(160)	(1,416)	(1,471)	43	982
Impairment	(9,922)	(16,421)	(11,100)	(10,876)	(2,872)
Profit or loss on ordinary activities	4,882	(5,270)	2,662	(10)	10,106
Tax expense (income) related to profit from continuing operations	(976)	1,005	(20)	1	(2,020)
Net profit or loss for the financial period	3,906	(4,265)	2,642	(9)	8,086

8. INCOME STATEMENT OF SID BANK GROUP BY QUARTERS

In EUR thousand	2012		2011		
	Q1	Q4	Q3	Q2	Q1
Interest income	45,918	46,451	44,457	41,767	37,493
Interest expenses	(29,248)	(30,536)	(29,158)	(26,694)	(23,545)
Net interest income	16,670	15,915	15,299	15,073	13,948
Dividend income	352	0	0	0	0
Fee and commission income	1,159	1,922	1,501	1,174	1,452
Fee and commission expenses	(368)	(185)	(455)	(785)	(337)
Fee and commission net income	791	1,737	1,046	389	1,115
Realised gains and losses on financial assets and liabilities not measured at fair value through profit or loss	115	416	(513)	(1,519)	18
Gains and losses on financial assets and liabilities held for trading	(3)	(21)	1	0	0
Gains and losses on financial assets and liabilities designated at fair value through profit or loss	0	31	0	0	0
Fair value adjustments in hedge accounting	358	(1,073)	79	14	0
Exchange differences	(251)	205	247	426	335
Gains and losses on derecognition of assets other than held for sale	0	1	(3)	0	(20)
Other operating net income	1,129	2,443	2,174	3,445	1,498
Administration costs	(3,253)	(3,600)	(3,251)	(3,380)	(3,027)
Depreciation	(242)	(249)	(254)	(220)	(207)
Provisions	306	1,123	(2,175)	243	1,275
Impairment	(10,265)	(17,482)	(11,874)	(11,917)	(3,540)
Profit or loss on ordinary activities	5,707	(554)	776	2,554	11,395
Tax expense (income) related to profit from continuing operations	(1,237)	427	(443)	(701)	(2,391)
Net profit or loss for the financial period	4,470	(127)	333	1,853	9,004

9. STATEMENT OF CHANGES IN EQUITY OF SID BANK

For the period January 1, 2012 – March 31, 2012

In EUR thousand	Basic equity	Share premium	Revaluation reserves	Reserves from profit	Retained earnings (including income from the reporting period)	Treasury shares	Total equity
Balance at 1 January 2012	300,000	1,139	(2,173)	31,300	3,066	(1,324)	332,008
Comprehensive income for the financial period after tax	0	0	3,853	0	3,906	0	7,759
Balance at 31 March 2012	300,000	1,139	1,681	31,300	6,971	(1,324)	339,767

For the period January 1, 2012 – March 31, 2011

In EUR thousand	Basic equity	Share premium	Revaluation reserves	Reserves from profit	Retained earnings (including income from the reporting period)	Treasury shares	Total equity
Balance at 1 January 2011	300,000	1,139	90	25,191	2,720	(1,324)	327,816
Comprehensive income for the financial period after tax	0	0	(882)	0	8,086	0	7,204
Balance at 31 March 2011	300,000	1,139	(792)	25,191	10,806	(1,324)	335,020

10. STATEMENT OF CHANGES IN EQUITY OF SID BANK GROUP

For the period January 1, 2012 – March 31, 2012

In EUR thousand	Basic equity	Share premium	Revaluation reserves	Reserves from profit	Retained earnings (including income from the reporting period)	Treasury shares	Total equity
Balance at 1 January 2012	300,000	1,139	(3,194)	50,132	5,686	(1,324)	352,439
Comprehensive income for the financial period after tax	0	0	4,022	0	4,470	0	8,492
Other*	0	0	50	0	(51)	0	(1)
Balance at 31 March 2012	300,000	1,139	878	50,132	10,105	(1,324)	360,930

* Foreign currency translation differences in the consolidation.

For the period January 1, 2011 – March 31, 2011

In EUR thousand	Basic equity	Share premium	Revaluation reserves	Reserves from profit	Retained earnings (including income from the reporting period)	Treasury shares	Total equity
Balance at 1 January 2011	300,000	1,139	273	35,671	9,096	(1,324)	344,855
Comprehensive income for the financial period after tax	0	0	(896)	0	9,004	0	8,108
Other*	0	0	(44)	0	44	0	0
Balance at 31 March 2011	300,000	1,139	(667)	35,671	18,144	(1,324)	352,963

* Foreign currency translation differences in the consolidation.

11. STATEMENT OF CASH FLOWS*

In EUR thousand	SID Bank		SID Bank Group	
	1-3/2012	1-3/2011	1-3/2012	1-3/2011
A. CASH FLOWS FROM OPERATING ACTIVITIES				
a) Total profit before tax	4,882	10,106	5,707	11,395
Depreciation	137	154	242	207
Impairments of tangible assets, investment property, intangible assets and other assets	(9,922)	(2,871)	10,265	3,540
Net (gains)/losses from exchange differences	3	8	251	(335)
Other (gains)/losses from investment activities	0	0	(352)	0
Other adjustments to total profit before tax	(198)	(982)	(664)	0
Cash flow from operating activities before changes in operating assets and liabilities	(5,098)	6,413	15,449	14,807
b) (Increases)/decreases in operating assets	(9,602)	19,866	(36,146)	5,858
c) Increases/(decreases) in operating liabilities	164,154	337,588	169,621	341,300
d) <u>Cash flow from operating activities (a+b+c)</u>	149,454	363,867	148,924	361,965
e) Income taxes (paid) refunded	(389)	(55)	(1,147)	(435)
f) <u>Net cash flow from operating activities (d+e)</u>	149,065	363,812	147,777	361,530
B. CASH FLOWS FROM INVESTING ACTIVITIES				
a) Receipts from investing activities	0	0	352	0
b) Cash payments on investing activities	(118)	(124)	(1,065)	(432)
c) <u>Net cash flow from investing activities (a-b)</u>	(118)	(124)	(713)	(432)
C. CASH FLOWS FROM FINANCING ACTIVITIES				
a) Receipts from financial activities	0	0	0	0
b) Cash payments f financing activities	0	0	0	0
c) <u>Net cash flow from financing activities (a-b)</u>	0	0	0	0
D. Effects of change in exchange rates on cash and cash equivalents	0	0	0	0
E. <u>Net increase in cash and cash equivalents (Af+Bc+Cb)</u>	148,947	363,688	147,064	361,098
F. Opening balance of cash and cash equivalents	172,352	38,008	194,171	52,688
G. Closing balance of cash and cash equivalents (D+E+F)	321,299	401,696	341,235	413,786

*Condensed statement of cash flows.