



UNAUDITED
INTERIM FINANCIAL STATEMENTS OF
SID BANK AND SID BANK GROUP
1 JANUARY 2012 – 30 SEPTEMBER 2012

Edition: 30 October 2012



CONTENTS

1.	BASIC INFORMATION	3
2.	NOTES TO SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS.....	3
3.	FINANCIAL HIGHLIGHTS AND PERFORMANCE INDICATORS	4
4.	INCOME STATEMENT.....	6
5.	STATEMENT OF COMPREHENSIVE INCOME	7
6.	STATEMENT OF FINANCIAL POSITION	8
7.	INCOME STATEMENT OF SID BANK – BY QUARTERS.....	9
8.	INCOME STATEMENT OF SID BANK GROUP – BY QUARTERS.....	10
9.	STATEMENT OF CHANGES IN EQUITY OF SID BANK.....	11
10.	STATEMENT OF CHANGES IN EQUITY OF SID BANK GROUP.....	12
11.	STATEMENT OF CASH FLOWS	13

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	00386 1 200 75 00
Telefax	00386 1 200 75 75
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 30 September 2012 were authorised for issue on 25 October 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 statements for the period from January to September 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:

- SID banka and
- PKZ.

- By the proportional consolidation method of PRVI FAKTOR Group.

Due to the material insignificance for displaying true and fair financial accounts of SID Bank Group, financial statements of PRO KOLEKT Group and CMSR were disregarded.

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

Following the downgrade of the Slovenian government's rating, on 6 August 2012 Moody's Investors Service has downgraded the rating of SID Bank to Baa2 with a negative outlook from A2.

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 mio and prematurely repaid EUR 17.6 mio worth of already issued bonds (SEDABI 2.66 10/12). In October 2012 SID Bank enhanced the issue of (SEDABI 3,42 09/27/13) by EUR 60 mio and simultaneously repurchased EUR 20 mio of already issued bonds (SEDABI 2.66 10/12).

At the end of last year a contract was signed between SID Bank and the Ministry of finance for the financing and conducting of financial engineering for stimulating technological development projects 2011-2013, whereby each party contributed to a certain amount of financing and correspondingly bears the same proportion of risk. As a result SID Bank noted EUR 17.1 mio of revaluation revenues (the item Profits from financial assets and liabilities, recognized after their fair value through the Profit and Loss Account). On the other hand SID bank makes impairments and write-offs to all loans granted under this lending scheme. Expenses deriving from the latter amounted to EUR 17.2 from January to September 2012.

3. FINANCIAL HIGHLIGHTS AND PERFORMANCE INDICATORS

	SID Bank		SID Bank Group	
	1-9/2012	1-9/2011	1-9/2012	1-9/2011
Income Statement Summary (in EUR thousand)				
Net interest income	49,259	40,143	53,375	44,320
Net non-interest income	22,069	3,580	25,664	8,732
Operating costs	(5,982)	(5,671)	(10,835)	(10,339)
Impairment and Provisions	(53,737)	(25,294)	(55,513)	(27,988)
Profit on ordinary activities	11,609	12,758	12,691	14,725
Net profit for the financial period	9,813	10,719	10,281	11,190
Statement of Financial Position Summary (in EUR thousand)	30.9.2012	31.12.2011	30.9.2012	31.12.2011
Total assets	4,230,827	4,029,216	4,413,155	4,219,093
Loans to banks	3,177,631	2,997,154	3,208,453	3,018,972
Loans to non-bank customers	661,433	701,410	753,448	810,720
Received deposits and loans from banks	1,972,574	2,086,028	2,082,245	2,210,499
Received deposits and loans from non-bank customers	133,155	150,179	133,155	150,179
Debt securities	1,554,467	1,404,906	1,554,467	1,404,906
Total equity	344,448	332,008	364,113	352,439
Selected indicators * (in percent)	1-9/2012	1-12/2011	1-9/2012	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**	4.32	3.11	4.18	3.20
Profitability:				
– interest margin	1.60	1.36	1.65	1.43



– financial intermediation margin	2.31	1.46	2.44	1.73
– return on assets before tax	0.38	0.19	0.39	0.34
– return on equity before tax	4.55	2.23	4.72	4.02
– return on equity after tax	3.84	1.93	3.83	3.14

Operating costs:				
– operating costs/ average assets	0.19	0.19	0.33	0.34
– operating costs/net income	8.39	13.07	13.71	19.51
Capital adequacy ratio**	13.80	14.35	13.31	13.78

Number of employees	118	112	345	331
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Shares	30.9.2012	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)	110.31	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 PRVI FAKTOR Group (banking group of SID Bank).

4. INCOME STATEMENT

In EUR thousand	SID Bank		SID Bank Group	
	1-9/2012	1-9/2011	1-9/2012	1-9/2011
Interest income	122,941	114,673	131,491	123,717
Interest expenses	(73,682)	(74,530)	(78,116)	(79,397)
Net interest income	49,259	40,143	53,375	44,320
Dividend income	1,632	2,574	353	0
Fee and commission income	1,327	1,494	3,668	4,127
Fee and commission expenses	(539)	(686)	(1,590)	(1,577)
Fee and commission net income	788	808	2,078	2,550
Realised gains and losses on financial assets and liabilities not measured at fair value through profit and loss	179	(2,014)	179	(2,014)
Gains and losses on financial assets and liabilities held for trading	0	1	(7)	1
Gains and losses on financial assets and liabilities designated at fair value through profit or loss	17,148	0	17,148	0
Fair value adjustments in hedge accounting	656	93	657	93
Exchange differences	(6)	(1)	73	1,008
Gains and losses on derecognition of assets other than held for sale	0	(4)	(56)	(23)
Other operating net income	1,672	2,123	5,239	7,117
Administration costs	(5,556)	(5,228)	(10,093)	(9,658)
Depreciation	(426)	(443)	(742)	(681)
Provisions	(9,119)	(446)	(10,366)	(657)
Impairment	(44,618)	(24,848)	(45,147)	(27,331)
Profit on ordinary activities	11,609	12,758	12,691	14,725
Tax expense (income) related to profit from continuing operations	(1,796)	(2,039)	(2,410)	(3,535)
Net profit for the financial period	9,813	10,719	10,281	11,190
Basic earnings per share *	3.16	3.45		

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

5. STATEMENT OF COMPREHENSIVE INCOME

In EUR thousand	SID Bank		SID Bank Group	
	1-9/2012	1-9/2011	1-9/2012	1-9/2011
Net profit for the financial period after tax	9,813	10,719	10,281	11,190
Other comprehensive income after tax	2,630	(74)	1,396	(200)
Available for sale financial assets	3,273	(93)	2,104	(283)
Valuation gains (losses) taken to equity	3,463	(28)	2,294	(218)
Transferred to profit or loss	(190)	(65)	(190)	(65)
Other items	0	0	(45)	23
Income tax relating to components of other comprehensive income*	(643)	19	(663)	60
Total comprehensive income for the financial period after tax	12,443	10,645	11,677	10,990

*Tax on profit from revaluation surplus for the financial period January – September 2011 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	
	30.9.2012	31.12.2011	30.9.2012	31.12.2011
Cash and cash balances with the central banks	14,098	41,696	14,099	41,697
Financial assets held for trading	5	3	5	3
Available-for-sale financial assets	288,886	212,240	313,438	243,646
Loans	3,839,064	3,698,564	3,961,901	3,829,692
- Loans to banks	3,177,631	2,997,154	3,208,453	3,018,972
- Loans to non - bank customers	661,433	701,410	753,448	810,720
Derivatives – hedge accounting	71,608	58,847	71,608	58,847
Property, plant and equipment	3,762	3,893	7,553	6,863
Investment property	0	0	556	261
Intangible assets	295	222	1,413	1,142
Investments in subsidiaries, associates and joint ventures	11,919	11,919	419	419
Tax assets	381	1,516	3,209	3,826
- Current tax assets	0	473	1,078	1,195
- Deferred tax assets	381	1,043	2,131	2,631
Other assets	809	316	38,954	32,697
TOTAL ASSETS	4,230,827	4,029,216	4,413,155	4,219,093
Deposits from central banks	206,199	50,014	206,199	50,014
Financial liabilities held for trading	44	35	43	35
Financial liabilities measured at amortised cost	3,660,196	3,641,113	3,769,867	3,765,584
- Deposits from banks	38,771	119,498	38,771	119,498
- Deposits from non-bank customers	5	5	5	5
- Loans and advances from banks	1,933,803	1,966,530	2,043,474	2,091,001
- Loans and advances from non-bank customers	133,150	150,174	133,150	150,174
- Debt securities	1,554,467	1,404,906	1,554,467	1,404,906
Provisions	13,737	4,621	48,981	36,629
Tax liabilities	1,169	248	1,212	467
- Current tax liabilities	1,069	130	1,112	349
- Deferred tax liabilities	100	118	100	118
Other liabilities	5,034	1,177	22,740	13,925
TOTAL LIABILITIES	3,886,379	3,697,208	4,049,042	3,866,654
Share capital	300,000	300,000	300,000	300,000
Share premium	1,139	1,139	1,139	1,139
Revaluation reserve	455	(2,173)	(1,755)	(3,194)
Reserves from profit	34,365	31,300	53,915	50,132
Treasury shares	(1,324)	(1,324)	(1,324)	(1,324)
Retained earnings (including income from the reporting period)	9,813	3,066	12,138	5,686
TOTAL EQUITY	344,448	332,008	364,113	352,439
TOTAL LIABILITIES AND EQUITY	4,230,827	4,029,216	4,413,155	4,219,093

7. INCOME STATEMENT OF SID BANK – BY QUARTERS

In EUR thousand	2012			2011	
	Q3	Q2	Q1	Q4	Q3
Interest income	38,607	41,169	43,165	42,699	41,594
Interest expenses	(21,574)	(24,630)	(27,478)	(28,470)	(27,424)
Net interest income	17,033	16,539	15,687	14,229	14,170
Dividend income	1,632	0	0	0	2,574
Fee and commission income	459	457	411	460	462
Fee and commission expenses	(160)	(176)	(203)	(208)	(253)
Fee and commission net income	299	281	208	252	209
Realised gains and losses on financial assets and liabilities not measured at fair value through profit or loss	0	64	115	416	(513)
Gains and losses on financial assets and liabilities held for trading	0	0	0	(4)	1
Gains on financial assets and liabilities designated at fair value through profit or loss	5,061	12,087	0	31	0
Fair value adjustments in hedge accounting	462	(164)	358	(1,073)	79
Exchange differences	(6)	3	(3)	7	10
Gains and losses on derecognition of assets other than held for sale	0	0	0	0	0
Other operating net income	533	579	560	643	656
Administration costs	(1,781)	(1,951)	(1,824)	(1,789)	(1,809)
Depreciation	(150)	(139)	(137)	(145)	(144)
Provisions	698	(9,657)	(160)	(1,416)	(1,471)
Impairment	(22,585)	(12,111)	(9,922)	(16,421)	(11,100)
Profit or loss on ordinary activities	1,196	5,531	4,882	(5,270)	2,662
Tax expense (income) related to profit from continuing operations	78	(898)	(976)	1,005	(20)
Net profit or loss for the financial period	1,274	4,633	3,906	(4,265)	2,642

8. INCOME STATEMENT OF SID BANK GROUP – BY QUARTERS

In EUR thousand	2012			2011	
	Q3	Q2	Q1	Q4	Q3
Interest income	41,414	44,159	45,918	46,451	44,457
Interest expenses	(22,771)	(26,097)	(29,248)	(30,536)	(29,158)
Net interest income	18,643	18,062	16,670	15,915	15,299
Dividend income	(4)	5	352	0	0
Fee and commission income	1,238	1,271	1,159	1,922	1,501
Fee and commission expenses	(630)	(592)	(368)	(185)	(455)
Fee and commission net income	608	679	791	1,737	1,046
Realised gains and losses on financial assets and liabilities not measured at fair value through profit or loss	0	64	115	416	(513)
Gains and losses on financial assets and liabilities held for trading	(1)	(3)	(3)	(21)	1
Gains on financial assets and liabilities designated at fair value through profit or loss	5,061	12,087	0	31	0
Fair value adjustments in hedge accounting	463	(164)	358	(1,073)	79
Exchange differences	415	(91)	(251)	205	247
Gains and losses on derecognition of assets other than held for sale	(8)	(48)	0	1	(3)
Other operating net income	1,470	2,640	1,129	2,443	2,174
Administration costs	(3,277)	(3,563)	(3,253)	(3,600)	(3,251)
Depreciation	(261)	(239)	(242)	(249)	(254)
Provisions	(109)	(10,563)	306	1,123	(2,175)
Impairment	(22,500)	(12,382)	(10,265)	(17,482)	(11,874)
Profit or loss on ordinary activities	500	6,484	5,707	(554)	776
Tax expense (income) related to profit from continuing operations	94	(1,267)	(1,237)	427	(443)
Net profit or loss for the financial period	594	5,217	4,470	(127)	333

9. STATEMENT OF CHANGES IN EQUITY OF SID BANK

For the period 1 January 2012 – 30 September 2012

In EUR thousand	Share capital	Share premium	Revaluation reserves	Reserves from profit	Retained earnings (including income from the reporting period)	Treasury shares	Total equity
Balance as 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	2,630	0	9,813	0	12,443
Transfer of net profit to reserves from profit	0	0	0	3,066	(3,066)	0	0
Balance as at 30 September 2012	300,000	1,139	456	34,365	9,813	(1,324)	344,449

For the period 1 January 2011 – 30 September 2011

In EUR thousand	Share capital	Share premium	Revaluation reserves	Reserves from profit	Retained earnings (including income from the reporting period)	Treasury shares	Total equity
Balance as 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	(93)	0	10,719	0	10,626
Transfer of net profit to reserves from profit	0	0	0	2,720	(2,720)	0	0
Balance as at 30 September 2011	300,000	1,139	(3)	27,911	10,719	(1,324)	338,442

10. STATEMENT OF CHANGES IN EQUITY OF SID BANK GROUP

For the period 1 January 2012 – 30 September 2012

In EUR thousand	Share capital	Share premium	Revaluation reserves	Reserves from profit	Retained earnings (including income from the reporting period)	Treasury shares	Total equity
Balance as 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	1,396	0	10,281	0	11,677
Transfer of net profit to reserves from profit	0	0	0	3,784	(3,784)	0	0
Other*	0	0	45	0	(45)	0	0
Balance as at 30 September 2012	300,000	1,139	(1,753)	53,916	12,138	(1,324)	364,116

* Foreign currency translation differences in the consolidation.

For the period 1 January 2011 – 30 September 2011

In EUR thousand	Share capital	Share premium	Revaluation reserves	Reserves from profit	Retained earnings (including income from the reporting period)	Treasury shares	Total equity
Balance as 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	(219)	0	11,190	0	10,971
Transfer of net profit to reserves from profit	0	0	0	8,590	(8,590)	0	0
Other*	0	0	(23)	0	23	0	0
Balance as at 30 September 2011	300,000	1,139	31	44,261	11,719	(1,324)	355,826

* Foreign currency translation differences in the consolidation.

11. STATEMENT OF CASH FLOWS*

In EUR thousand	SID Bank		SID Bank Group	
	1-9/2012	1-9/2011	1-9/2012	1-9/2011
A. CASH FLOWS FROM OPERATING ACTIVITIES				
a) Total profit before tax	11,609	12,758	12,691	14,725
Depreciation	426	443	742	681
Impairments of tangible assets, investment property, intangible assets and other assets	44,618	24,848	45,147	27,331
Net (gains)/losses from exchange differences	6	1	(73)	(1,008)
Other (gains)/losses from sale of tangible assets and investment properties	0	0	56	0
Other (gains)/losses from investment activities	(1,632)	(2,574)	(353)	0
Other (gains)/losses from financing	0	0	0	0
Other adjustments to total profit before tax	8,456	352	9,703	563
Cash flow from operating activities before changes in operating assets and liabilities	63,483	35,828	67,913	42,292
b) (Increases)/decreases in operating assets	(59,138)	(91,185)	(42,416)	(86,957)
c) Increases/(decreases) in operating liabilities	160,799	17,376	152,966	38,151
d) Cash flow from operating activities (a+b+c)	165,144	(37,981)	178,463	(6,514)
e) Income taxes (paid) refunded	260	(2,388)	(1,048)	(5,966)
f) Net cash flow from operating activities (d+e)	165,404	(40,369)	177,415	(12,480)
B. CASH FLOWS FROM INVESTING ACTIVITIES				
a) Receipts from investing activities	1,632	2,574	353	0
b) Cash payments on investing activities	368	206	2,054	3,285
c) Net cash flow from investing activities (a-b)	1,264	2,368	(1,701)	(3,285)
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) Net cash flow from financing activities (a-b)	0	0	0	0
D. Effects of change in exchange rates on cash and cash equivalents	0	0	0	0
E. Net increase in cash and cash equivalents (Af+Bc+Cb)	166,668	(38,001)	175,714	(15,765)
F. Opening balance of cash and cash equivalents	172,352	38,008	194,171	130,951
G. Closing balance of cash and cash equivalents (D+E+F)	339,020	7	369,885	115,186

*Condensed statement of cash flows.