Press Release

Ljubljana, 9.2.2018

**SKB Group posted a net result of 43.4 million euros in 2017, driven by a resilient growth of revenues and a cautious management of risks and costs**

**In 2017, SKB Group[[1]](#footnote-1) posted a net profit of 43.4 M euros, 31.9% lower than in 2016. The decrease is mainly due to the fact that 2016 results had been boosted by exceptional events :**

* **a 9.7 M euros capital gain related to the sale of equity investments,**
* **a 15.5 M euros reversal of provisions due to an improved quality of credit portfolios.**

**SKB Group’s underlying business showed signs of real dynamism in 2017, with an increase of net banking income of 1.8%, and a stable gross operating profit. Net cost of risk remained positive this year, with a 0.5 M euros reversal of provisions.**

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| **SKB Group - non-audited financial results 2017** | |  |  |  |
|  |  |  |  |  |
| in 000 EUR | **2017** | **2016** | **Difference** | **Change (%)** |
| Net interest income | 78.026 | 73.091 | 4.935 | 6.8% |
| Net non-interest income | 32.705 | 44.410 | -11.705 | -26.4% |
| **Net banking income** | **110.731** | **117.501** | **-6.770** | **-5.8%** |
| ***Net banking income2*** | ***109.552*** | ***107.634*** | ***1.918*** | ***1.8%*** |
| Overhead expenses | -58.223 | -56.179 | -2.044 | 3.6% |
| **Gross operating income** | **52.508** | **61.322** | **-8.814** | **-14.4%** |
| ***Gross operating income2*** | ***51.329*** | ***51.455*** | ***-126*** | ***-0.2%*** |
| Provisions and impairments | 485 | 15.534 | -15.049 | -96.9% |
| Other | 60 | -420 | 480 | -114.3% |
| **Profit before tax** | **53.053** | **76.436** | **-23.383** | **-30.6%** |
| ***Profit before tax2*** | ***51.874*** | ***66.569*** | ***-14.695*** | ***-22.1%*** |
| Tax | -9.686 | -12.744 | 3.058 | -24.0% |
| **Net profit** | **43.367** | **63.692** | **-20.325** | **-31.9%** |
| **Net profit2** | **42.259** | **55.352** | **-13.093** | **-23.7%** |

[[2]](#footnote-2)

**SKB Bank’s market share in loans** for individuals increased from 11.4% in December 2016 to 11.6% in December 2017, in a growing market ; this increase is the result of an excellent acceptance of the bank’s housing loans by the market. Market share on loans for corporates is of 9.6% in December 2017, versus 9.1% one year earlier.

SKB Leasing Group, which is 100% owned by SKB Bank, continues to rank **among the top leading leasing companies in Slovenia**, with a total volume of financial leasing of 438.5 M euros, 13.9% higher than at the end of 2016.

SKB Bank is also strongly present with various cultural and sports sponsorships and with the main sponsorship of the Slovenian Olympic Teams. It is also present with its initiative for the Slovenian Movement, **#vztrajam (#I never give up)** which contributes to socially responsible activities.

The active role of SKB Bank in the banking area, the quality of its services and customers’ confidence were also reflected in three important international awards received in 2017. “The Banker” elected it as **Bank of 2017 in Slovenia**, “Global Finance” and “Euromoney” as **Best Bank in Slovenia**.

**Andre Gardella, Chief Executive Officer of SKB Bank,** commented on 2017 results : *»The financial results achieved in 2017 prove once more the solidity of SKB Group. Our business is resilient, as shown by an increasing level of revenues on a pro forma basis, in spite of a tough environment characterized by very low interest rates and fierce competition. Our balanced business model, our risk culture and our cautiousness on costs, allowed us to steadily go through the four seasons of the economical cycle. More importantly, our client-centric strategy pays off, as proven by both the expansion of business operations and the loyalty of our clients."*

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1. SKB Group consists of SKB Bank, SKB Leasing and SKB Leasing Select. [↑](#footnote-ref-1)
2. Excluding extraordinary revenues in 2016 and 2017 from the sale of capital investments and dividends received. [↑](#footnote-ref-2)