

PRESS RELEASE

Ljubljana, 7. 2. 2019

SKB Group^a posted a net result of 57.6 million euros in 2018

It is 32.7% higher than in 2017, and represents the second best financial result of the SKB Group since it belongs to Société Générale. Return on Equity (ROE) increased from 11.7% to 16.6%, and the Cost to Income ratio (C/I) decreased from 52.6% to 49.8%. These results are driven by an outstanding performance of all the businesses carried out by the Group.

SKB Group non-audited financial results 2018

in 000 EUR	2018	2017	Difference	Change (%)
Net interest income	82,258	78,026	4,232	5.4%
Net non-interest income	38,968	32,705	6,263	19.1%
Net Banking Income	121,226	110,731	10,495	9.5%
Net Banking Income¹	118,256	109,552	8,705	7.9%
Overhead expenses	-60,360	-58,223	-2,137	3.7%
Gross Operating Income	60,866	52,508	8,358	15.9%
Gross Operating Income¹	57,896	51,329	6,568	12.8%
Provisions and impairments	9,533	485	9,048	1,865.6%
Other	0	60	-60	
Profit Before Tax	70,399	53,053	17,346	32.7%
Profit Before Tax¹	67,429	51,874	15,556	30.0%
Tax	-12,830	-9,686	-3,144	32.5%
Net Result	57,569	43,367	14,202	32.7%
Net Result¹	55,118	42,259	12,859	30.4%

¹ Excluding items that are not directly related to SKB Group's business.

SKB Group increased its **Net Banking Income** (NBI) by 9.5%. The increase remains significant when excluding non-business-related incomes, such as dividends or capital gains. It is the direct consequence of a strong commercial dynamism, fostered by both quality of the services and a consistent development of products and channels.

Gross Operating Income (GOI) grew by 15.9%, also supported by gains of efficiency.

Net Cost of Risk (NCR) had a strong, positive impact (+9.5 million) on the net result of the Group, for the third year in a row. This does not only reflect a favorable financial environment, but also an efficient management of the Non-Performing Loans (NPLs), and a deep risk culture throughout the organization.

^a SKB Group consists of SKB Banka, SKB Leasing and SKB Leasing Select.

SKB Banka increased its **loans market share** by 23 basis points at the end of the year, reaching 10%. The volume of newly granted loans increased by 5.8% compared to 2017, and was supported by all the segments in which the bank operates.

Market share on **housing loans** increased by 64 basis points, to 13.9%, and the volume of newly granted loans increased by 9.7%. The growth in the volume of newly granted **consumer loans** reached 14.2%, supported by a reshaping of the quick loans offer. The bank introduced **installments facility on credit cards** in November.

The total market share of **loans to corporates** increased by 18 basis points, to 8.7%. Growth was particularly strong on SMEs. Several development initiatives were taken to increase clients' satisfaction in areas such as trade finance, and cash management.

Overall, **clients' deposits** increased by 6.7%, reflecting the bank's outstanding reputation, and robustness.

Number of **clients' accounts** increased, with significant developments in our private banking area, and in the youngs segment, mainly due to a historically good cooperation with the e-Student Service.

SKB also improved the contact points through which its clients interact with the bank. It refreshed its **website** www.skb.si. Through a partnership with NKBM, it more than tripled the number of **ATMs** where its clients can withdraw cash for free in Slovenia. At the same time, the bank upgraded the services available on its mobile banking platform, **MOJ@SKB**, improving clients' security. Finally, it widened the role of its **Contact Center**, to the benefit of all its clients.

SKB Leasing Group confirmed its leading position in Slovenia, the area of financial leasing for movable assets. The volume of newly granted leasing facilities increased by 9%.

Andre Gardella, Chief Executive Officer of SKB: "In SKB, we help our clients to build their future. We deeply transformed our network, in order to improve our clients' satisfaction, enabling faster decisions. We more than tripled the number of ATMs where they can withdraw cash for free, in Slovenia. We invested in new products and further developed our channels, both for individuals and corporates. For the 7th time in the last 8 years, SKB was awarded as Best Bank in Slovenia by The Banker. Financial results are robust, reflecting the strong dynamism of its teams. I would like to thank them today, and to thank our clients for their loyalty. We commit to serve them with renewed enthusiasm, and new developments, in 2019!"

^b SKB Leasing Group includes SKB Leasing, 100% owned by SKB Banka, and SKB Leasing Select, 100% owned by SKB Leasing.