

WE BUILD THE FUTURE ON TRUST AND AT SEARCH OF BEST SOLUTION - SKB GROUP WAS SUCCESSFUL IN THE FIRST HALF OF 2019

Press release

Ljubljana, 1. 8. 2019

SKB Group¹ generated a net profit of € 34.2 million, which is 40% more than in the same period last year. This good financial results were achieved by improved regular business performance, reflecting in 18% higher gross operating income, and high reversal of provisions for non performing exposures.

Skupina SKB

in 000 EUR	1-6 2019	1-6 2018	Razlika	%
Net interest income	41,591	41,002	589	1.4%
Net non-interest income	18,971	14,660	4,310	29.4%
Net Banking Income	60,561	55,662	4,899	8.8%
Net Banking Income¹	59,294	55,662	3,631	6.5%
Overhead expenses	-29,279	-29,153	-126	0.4%
Gross Operating Income	31,282	26,509	4,773	18.0%
Gross Operating Income¹	30,015	26,509	3,506	13.2%
Provisions and impairments	13,075	3,664	9,411	256.9%
Other	-13	0	-13	
Profit Before Tax	44,344	30,173	14,171	47.0%
Profit Before Tax¹	43,077	30,173	12,903	42.8%
Tax	-10,147	-5,749	-4,399	76.5%
Net Result	34,197	24,424	9,772	40.0%
Net Result¹	33,729	24,424	9,304	38.1%

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

In the first half of 2019, SKB Group **increased the volume of business operations**, which was reflected in the 8.8% increase of net banking income. Compared to the same period last year, the net banking income is EUR 4.9 million higher. Part of this increase, EUR 1.3 million, is at the expense of extraordinary revenue from the valuation of equity investment.

SKB Group significantly **increased its Return on Equity (ROE)**, from 13.7% in the first half of 2018, to 19.4%. With the optimization and careful cost management, SKB Group has maintained overhead expenses at the level of the previous year and successfully **reduced the cost to income ratio (C/I)** to 48.3 % in the first half of 2019, from 52.4 % in the first half of 2018.

¹ SKB Group consists of SKB Bank, SKB Leasing and SKB Leasing Select.

Despite the fact that SKB Group is constantly following the prudent risk policies, following the improvement of the situation of several clients, as well as due to the good performance of the recovery departments, SKB Group **recorded also in this year reversal of provisions for bad debt**, which additionally had an impact on the higher level of net profit.

SKB Bank managed to maintain a **10% market share in loans** in spite of demanding environment and increased competition. Since the beginning of the year SKB Bank's market share in housing loans has increased by 10 basis points to 14% at the end of June 2019. With **8.7% market share in deposits**, SKB maintained its position on the market. In a rapidly changing banking business, on the increased needs and wishes of clients, SKB responded with **an improved offer of banking services and products**, such as instalments purchases on SKB Visa and Mastercard credit cards, Moorea funds with an option of savings plan, a new package offer in frame of which clients can choose between three different packages: MOJ S, MOJ M and MOJ L package.

SKB Leasing Group, which is 100% owned by SKB, still ranks among **the leading leasing companies in Slovenia**, with a total financial leasing amounting to EUR 488.2 million, by 1.3% more than at the end of 2018.

Milan Žičar, alternate Chief Executive Officer of SKB, presented the achieved business results with the following words: "SKB Group enjoys the reputation of a solid and safe financial institution, it has the trust of its clients² and will continue to strive to build good relations with them and provide them with quality financial services. For the past 18 years, this has been done under the auspices of Societe Generale Group, which on 3 May 2019 announced the sale of SKB Group to the Hungarian OTP Group. The conclusion of the sale process is expected towards the end of this year, depending on the approval of the various regulatory bodies. OTP Group is a strategic owner with a long-term vision of development, which will enable SKB Group to successfully meet new challenges and opportunities also in the future."

Additional information:

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SKB Group

SKB Group consists of SKB Bank and its daughter companies SKB Leasing and SKB Leasing Select. SKB Group totals 909 employees in Slovenia, who are offering banking and leasing services to more than 200,000 clients on the Slovenian market. Since 2001 SKB Group has been a part of Societe Generale Group, one of the leading European financial groups with more than 150 years banking history. Its 147,000 employees offer banking services to 31 million clients.

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²A recently conducted survey in SKB showed that 90 percent of respondents agreed that the employees in SKB are friendly and that they are doing their job well.