

## SKB GROUP GENERATED A NET PROFIT OF 54.1 MILLION EUR IN 2019

### PRESS RELEASE

Ljubljana, 9<sup>th</sup> March 2020

**The SKB Group operated with success in 2019, increasing its operating profit by 6.1 % compared to 2018, which was achieved by increasing net banking revenue and reducing operating expenses. The return on equity was 14.8 % in 2019 and the cost-to-income ratio improved from 49.8 % in 2018 to 47.9 % in 2019. The SKB Group's good results are the result of the exceptional work and professionalism of the Group's employees.**

Realized net profit was 6 % (or 3.5 million EUR) lower than in the same period last year. This is attributable to additional impairments. At the time of its acquisition by the OTP Group, SKB Bank adjusted its policy to that of the OTP Group and recorded the fair value of its fixed assets.

in 000 EUR	2019	2018	Difference	%
Net interest income	85,794	82,258	3,537	4.3 %
Net non-interest income	38,244	38,968	-724	-1.9 %
<b>Net banking income</b>	<b>124,038</b>	<b>121,226</b>	<b>2,812</b>	<b>2.3 %</b>
Overhead expenses	-59,465	-60,360	896	-1.5 %
<b>OPERATING INCOME</b>	<b>64,574</b>	<b>60,866</b>	<b>3,708</b>	<b>6.1 %</b>
Provisions and impairments	2,023	9,533	-7,510	-78.8 %
Other	-46	0	-46	
<b>Profit before tax</b>	<b>66,551</b>	<b>70,399</b>	<b>-3,848</b>	<b>-5.5 %</b>
Tax	-12,446	-12,830	384	-3.0 %
<b>NET PROFIT</b>	<b>54,105</b>	<b>57,569</b>	<b>-3,464</b>	<b>-6.0 %</b>

In 2019, the SKB Group successfully **increased its volume of operations** from lending operations and services, which is also reflected in an **increase in net banking income**. Compared to the same period in the previous year, net banking income **increased by 2.8 million EUR (2.3 %)** in 2019.

Through careful management of its overhead expenses, the SKB Group has managed to **reduce its overhead expenses by 1.5 %** or 0.9 million EUR in 2019, compared to the previous year and continued to successfully reduce the cost-to-revenue ratio from 49.8 % in 2018 to 47.9 % in 2019.

With increased competition in 2019, SKB Bank successfully **increased its market share in loans by 56 percentage points to 10.6 %**, by taking an active approach to the market and optimizing its liquidity reserves. Customer confidence is reflected in SKB Bank's increased market share by 18 basis points in the collection of deposits; at the end of 2019, the market share was 8.8 %.

Our subsidiary **SKB Leasing** continued its successful operations in 2019. Its success is the result of business optimization, cost efficiency, as well as the exceptional professionalism and dedication of its employees. In 2019, SKB Leasing's **excellent cooperation with SKB Bank** also contributed to its success. **Synergistic cooperation that consisted in granting leasing deals with the assistance of SKB bank's sales employees** resulted in the realization of one third of SKB Leasing 's total turnover.

**Net profit**, one of the most important parameters of a business's success which should be emphasized, **exceeded the previous year's profit by 29 % in 2019** and **amounted to 13.5 million EUR** (compared to 10.5 million EUR in 2018).

Year 2019 was a **breaking point in the history of OTP Group**: altogether there were **six M&A transactions** being executed (Bulgaria, Albania, Montenegro, Moldova, Serbia and Slovenia). Those acquisitions improved existing market positions in a meaningful way, whereas in new markets OTP acquired banks with substantial market share. Following the big wave of acquisitions, in 2020, capital accumulation and integration of the acquired banks will be in focus.

**In 2019, the OTP Group posted the highest ever after tax profit in its history** (412.6 billion HUF, or approximately 1,248 billion EUR), up to 30 % increase from the previous year. The balance sheet total amounted to 21,122 billion HUF at the end of 2019, approximately 60.9 billion EUR. **Return on equity** increased from 18.7 % in 2018 to 20.3 %, capital adequacy at the end of 2019 was 13.9 %.

At the end of 2019, the Hungarian OTP Group became the majority owner of the SKB Group. As Anita Stojčevska, Chief Executive Officer of SKB Bank said at the transfer of ownership, with the support provided by OTP Bank's management, we will further strengthen our **stability**, increase **growth** and the **profitability of our operations**. The size, capital strength and the development strategy of the OTP Group, together with the digitization of the bank, will have a very favorable impact on our clients' business opportunities. The introduction of new technologies and process optimization will ensure an **excellent user experience**.

Customer satisfaction also depends on the offer, which is why SKB bank is constantly adapting and finding new solutions to make banking operations as easy and reliable as possible. New customers are now given the option of choosing a day-to-day banking package tailored to their needs and at a flat price of 5 EUR per month for a period of 12 months. The offer of consumer loans was adjusted in terms of interest rates, loan approval conditions and creditworthiness assessment.

SKB Bank also offers its customers the option **of asset enhancement through investment funds without entry and exit fees**. Customers can opt for a savings plan with monthly payments into Moorea Funds or invest in Amundi Funds, which have received several awards by the magazine Moje finance.

SKB Bank is constantly developing and offering new solutions. It has joined other banks in Slovenia in offering the new **Flik instant payment service**. The service allows immediate payment between two natural persons through the contact information stored in the mobile phone's directory (mobile phone number, e-mail address).

According to the latest brand and user research, SKB Bank is perceived as a traditional and stable bank with a strong financial background. As the **main sponsor of the Slovenian Olympic team**, the bank is also recognized as an ambassador for sports, health and sustainable development. Customers appreciate it for its know-how and ability to identify their needs and find the best solutions for them.

The bank's success was also recognized by the professional public, as it was given the title of **Bank of the Year in Slovenia** for the eighth consecutive time in nine years by the internationally renowned magazine The Banker.

In addition to its successful operations, SKB Bank was chosen among 25,421 brands in 2019 as one of the top 1 % of brands that deserve the **Superbrands** title. A meticulous selection process involved consumers and members of an expert panel, who recognized SKB as a brand that the consumer knows, trusts and perceives as unique, and as a brand that meets the consumer's needs and which the user can identify with.

#### For more information:

Lara Berlec, Director of Communications · SKB banka d.d. Ljubljana · +386 1 471 59 35 · PR@skb.si

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## SKB Group

The SKB Group is comprised of SKB Bank and its subsidiaries SKB Leasing and SKB Leasing Select. The Group has over 900 employees and provides banking and leasing services to more than 200,000 clients on the Slovenian market. SKB Bank is the recipient of the following prestigious titles: Bank of the Year 2019 in Slovenia, presented by The Banker magazine, Best Bank of 2019 in Slovenia, awarded by Global Finance and Superbrands Slovenia 2020.

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