

WORKING TOGETHER AS A GROUP, WE CAN WORK BETTER - ALSO FOR CHARITABLE PURPOSES

PRESS RELEASE

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We are happy and proud to announce that the professional magazine The Banker recognized us as the best bank for the twelfth time and awarded us the title "Bank of the Year 2023 in Slovenia". The expert jury evaluates professionalism, business performance, innovation, and orientation towards the future. In addition to SKB Bank, our sister banks from Croatia, Montenegro and Albania also received the title in their respective countries.



Anita Stojčevska, Chief Executive Officer of SKB Bank emphasized at the presentation of the award:

»Our goal is to provide easy, stable, and secure services in all channels. We always strive to be a reliable and strong financial partner for individuals and the Slovenian economy and to provide right and effective solutions. We are honoured that our efforts are also recognized by the professional public. This is the twelfth time we have received the title "Bank of the Year in Slovenia", which we are very proud of. With various forms of support, we will continue to take care of the wider social environment, promote charity, sustainability, and volunteering«.

On this occasion, we present to you the business results of the first nine months of this year.

In the first nine months of 2023, the SKB Group generated a net profit of 60.1 million EUR, which represents a 27.7-percent increase compared to the same period last year. The higher operating result reflects higher net interest income as a result of the current trend in market interest rates. In the first nine months of **2023**, the SKB Group **achieved a return on equity (ROE) of 16.6 %, which is 2.2 percentage points higher than in the same period last year.**

We generated 134.1 million EUR in **net banking income**, which is 39.3 million EUR or 41.5 % more than in the same period last year. Higher market interest rates had a positive impact on interest income from the loan portfolio and excess liquidity in the form of investments with other banks. As a result, the SKB Group generated 101.8 million EUR in net interest income, which is 71.3 % more than in the same period last year. Compared to the same period last year, net income from fees decreased by 7.6 % to 28.0 million EUR, mainly due to the elimination of fees for customer deposits in August last year. Compared to the average of banks in Slovenia, SKB Bank maintains a higher interest margin and a higher margin from fees.

The operating costs of the SKB Group in the first nine months of 2023 amounted to 62.0 million EUR and compared to the same period last year increased by 8.9 million EUR or 16.8%. Higher operating costs were mostly influenced by higher labour costs, mainly due to the adjustment of salaries to inflation, followed by higher depreciation and higher IT costs. **The SKB Group improved its cost efficiency**, as the ratio between operating expenses and net banking income in this period amounted to 46.3%, and was 9.8 percentage points lower than in the same period last year. SKB Bank thus remains **one of the most cost-effective banks in the Slovenian banking system**.

The SKB Group thus generated an **operating profit of 72.0 million EUR**, which represents a **72.8-percent increase** compared to the same period last year.

In the first nine months of 2023, the SKB Group recorded revenues from risk costs, which were 14.1 million EUR or 84.5% lower than in the same period last year. The quality of the loan portfolio remains solid. As of the end of September 2023, the share of the SKB Group's non-performing loans amounted to 1.36%.

As of the end of September 2023, the SKB Group's **loan portfolio** amounted to 2,915.8 million EUR and decreased by 2.7% on an annual basis, and by 2.0% in the first nine months of 2023. Due to rising interest rates, the demand for housing loans and corporate loans was lower than last year, which is also the key reason for the lower loan portfolio. Despite this, SKB Bank maintained its market share of total loans in 2023, which amounted to 10.7% at the end of September 2023, and in October we already recorded a slightly increased volume of newly approved loans to households. **In the leasing segment**, the SKB Group continues to successfully increase its portfolio in 2023.

As of the end of September 2023, **the volume of deposits of the SKB Group** amounted to 3,543.2 million EUR, which represents an annual growth of 1.5%. In the first nine months of 2023, the volume of deposits decreased by 3.3%, i.e. it is lower both in the household segment and in the corporate segment. SKB Bank's customers also invest in alternative savings products, such as Amundi and Moorea investment funds and investments in treasury bills.

The SKB Group maintains good liquidity and a solid capital position. On an annual basis, it strengthened the capital adequacy ratio (ratio between capital and risk-adjusted assets) from 15.4% at the end of September 2022 to 19.7% at the end of September 2023. The capital base of the SKB Group provides a quality foundation for the stability of operations.

The OTP Group, the owner of the SKB Group, achieved an adjusted consolidated profit of 2.0 billion EUR in the first nine months of 2023, which is 79% more compared to the same period last year. The higher result was mainly influenced by the growth of net banking income, namely both net interest income and net non-interest income, and lower risk costs than in the same period last year. Return on capital based on adjusted profit was 29.8% (+10.7 percentage points compared to the same period last year), and capital adequacy was 18.8%.

For more information:

Lara Berlec, Head of Communications • SKB d.d. Ljubljana • +386 (01) 471 59 35 • PR@skb.si

The SKB Group

The SKB Group consists of the SKB Bank and its subsidiaries SKB Leasing and SKB Leasing Select. At the SKB Group more than 900 employees are carrying out banking and leasing services for more than 200,000 clients in the Slovenian market. SKB Bank is the holder of prestigious titles: Bank of the Year 2023 in Slovenia, presented by The Banker magazine, Best Bank of 2023 in Slovenia, presented by the Global Finance magazine, Superbrands 2023 Slovenia, and WAC Workplace Active Certification.

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