

SKB GROUP WITH SUCCESSFUL OPERATIONS IN THE FIRST NINE MONTHS OF 2022

PRESS RELEASE

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In the first nine months of 2022, the SKB Group generated a net profit of 47.0 million EUR, which is 12.4 million EUR (+35.7%) more than in the same period last year. The development of the business result in 2022 was significantly influenced by the net release of impairments and provisions, while the SKB Group maintained its operating profit at the last year's level. Compared to the same period last year, the SKB Group increased its return on equity (ROE) by 3.3 percentage points to 14.4% in the first nine months of 2022, making it one of the most profitable banks in Slovenia.

In the first nine months of 2022, the SKB Group generated 94.7 million EUR in **net banking income**, which is 3.4 million EUR or 3.8% more than in the same period last year. Intensified credit activity contributed significantly to this, which is reflected in the 14.1-percent **growth in loans** in the first nine months of this year (annual growth amounts to +15.6%), mainly in the field of corporate lending and housing loans. Due to increased credit activity and optimization of excess liquidity, net interest increased by 3.7% (2.1 million) and amounted to 59.4 million EUR in the first nine months of 2022. Increased economic activity and higher household consumption had a favourable effect on **higher net income** from fees, which amounted to 30.3 million EUR in the first nine months of 2022. Revenues from credit transactions, card operations, payment transactions, bank account management and income from deposit fees on client deposits increased in particular (as of 1 August this year, SKB bank stopped charging fees for account balance for deposits for all clients). Compared to the average of banks in Slovenia, SKB Bank still maintains a **higher interest and service (fees) margin**.

In the first nine months of 2022, the **operating costs** of the SKB Group increased by 6.6% to 53.1 million EUR as compared to the same period last year, which was mainly due to higher labour costs and higher service costs, as a result of the increased volume of work in the field of digitization and business automation, increased costs due to higher energy prices and inflation, as well as higher costs of regulators. SKB Group's **cost efficiency** deteriorated slightly, as the ratio of costs to generated revenues increased from 54.5% in the first nine months of 2021 to 56.0% in the same period this year. Despite this, compared to the average of Slovenian banks, SKB Bank remains one of the most **cost-effective** banks.

The **operating profit** of the SKB Group in the first nine months of this year amounted to 41.7 million EUR and remained at the same level as in the same period last year.

In the first nine months of 2022, the SKB Group recorded income from risk costs in the amount of 16.6 million EUR, which was significantly influenced primarily by the **release of impairments and provisions** created during the COVID epidemic and the upgrade of the risk methodology. The quality of the loan portfolio remains solid. In the same period last year, income from risks amounted to 1 million EUR. The share of the SKB Group's **non-performing loans** amounted to 1.46% at the end of September 2022.

In the first nine months of 2022, the SKB Group **increased its credit portfolio** by 371 million EUR, or 14%, so that the balance of loans as of 30 September 2022 amounted to 2,998 million EUR. The favourable growth of the portfolio was mainly influenced by the increased volume of newly approved corporate deals and the increased volume of newly approved housing loans. The share of the SKB Group in the **growth of loans** in the entire banking system in the first nine months of this year is 16.0%, of which it contributed 15.6% to the growth of corporate loans in the entire Slovenian banking system, and 13.1% to the growth of housing loans. Also in the **leasing segment**, the SKB Group achieved positive results in the first nine months of 2022. The **deposit portfolio** remains high and stable, while mainly a vista deposits are increasing, and clients are also choosing to invest in Amundi and Moorea investment funds.

The SKB Group maintains good **liquidity** and a solid **capital position**. At the end of September 2022, it strengthened the **capital adequacy ratio** (ratio between capital and risk-adjusted assets) to 15.4 % (14.4 % as of 30 September 2021). The SKB Group's capital base provides a quality foundation for stability of operations.

The OTP Group, owner of the SKB Group, closed the first nine months of 2022 with an **adjusted consolidated profit** of 1,142.7 million EUR, which is 9.1 % more than in the same period last year. The increase in profit after tax was significantly influenced by **increased revenues**, mainly due to the dynamic growth of loans, which was at a record high in the third quarter. Compared to the same period of the previous year, the OTP Group also increased operating costs and risk costs. **Return on equity** based on adjusted profit was 19.1%, which is 0.2 percentage points higher compared to the same period last year (excluding the half-year results of subsidiary banks in Russia and Ukraine, adjusted return on equity would have been 22.1%). **Capital adequacy** amounted to 17.8 %.

A good business result confirms **successful operations**, a well-defined strategy and prudent **risk appetite**.

We are proud that our efforts and performance are also recognized by the professional public. We are recipients of the **WAC Workplace Active Certification**, awarded by the European Federation for Company Sport (EFCS) and intended to European organizations that actively promote health and well-being in the workplace through physical activity. With the main sponsorship of the Olympic Committee of Slovenia for many years, we are a visible supporter of sports, which we further proved in November. Together with the parent group OTP, we are the official partner of the **European Handball Championship**, where we are cheering for our girls in Ljubljana's Stožice arena these days. Anita Stojčevska, Chief Executive Officer of SKB Bank, also joined as an ambassador for the support of this project. In addition to sports, the project also highlights the sustainable operation and promotion of the role of women both in the economy and in sports as well as in all spheres of social life.

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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 2021 in Slovenia, presented by The Banker magazine, Best Bank of 2022 in Slovenia, presented by the Global Finance magazine, Superbrands 2022 Slovenia, and WAC Workplace Active Certification.

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