

## IN 2022, SKB GROUP REACHED IMPORTANT MILESTONES AND CLOSED BUSINESS YEAR WITH NET PROFIT OF 61.1 MILLION EUR

### PRESS RELEASE

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During the year 2022, the SKB Group reached important milestones in its operations and achieved an excellent business result. The Group's total assets exceeded 4.4 billion EUR, which means the Bank's market share in terms of total assets is 8.7 %. It increased its market share in loans to 10.8 % and in deposits to 9.2 %. The SKB Group closed the 2022 business year with a net profit of 61.1 million EUR, which is 15.1 million EUR more than the year before and the most in the history of the SKB Group. The generated net profit provides a 14-percent return on capital, which is 312 basis points more than in 2021. The achieved return on capital ranks the SKB Group among the most profitable banks in Slovenia. The release of impairments and provisions and the increase of net banking income by 7.7 % largely influenced the operating result. At the same time, the Group maintained its position as one of the most cost-effective banks in the Slovenian banking system.

in 000 EUR	2022	2021	Difference	Change (%)
Net interest	85.161	76.416	8.745	11.4
Net non-interest income	46.218	45.575	643	1.4
<b>Net banking income</b>	<b>131.379</b>	<b>121.991</b>	<b>9.388</b>	<b>7.7</b>
Operating costs	-71.702	-66.365	-5.337	8.0
<b>OPERATING PROFIT</b>	<b>59.677</b>	<b>55.626</b>	<b>4.051</b>	<b>7.3</b>
Provisions and impairments	15.873	1.134	14.739	1,299.7
Other	55	-41	96	-234.1
<b>Profit from regular business</b>	<b>75.605</b>	<b>56.719</b>	<b>18.886</b>	<b>33.3</b>
Tax	-14.547	-10.711	-3.836	35.8
<b>Net profit</b>	<b>61.058</b>	<b>46.008</b>	<b>15.050</b>	<b>32.7</b>

In 2022, the SKB Group generated **131.4 million EUR in net banking income**, which is 9.4 million EUR more than in the previous year (7.7%). Net interest income contributed the most to growth. Loan growth, particularly corporate and housing loans, was a key element of net interest growth. In 2022, due to the growth of reference interest rates in the second half of the year, the interest margin increased by 8 basis points to 2.13 %. The increase in revenues from services of the SKB Group was favourably influenced by the increased volume of banking transactions, especially in the area of payment transactions and card operations. Compared to the average of banks in Slovenia, SKB Bank still maintains a higher interest and service margin.

The **operating costs** of the SKB Group increased by 5.3 million EUR (8 %) in 2022. The main contributors to higher operating costs were higher labour costs, due to the adjustment of wages to inflation in accordance with the collective agreement, higher energy costs and IT costs. Operating costs are further encumbered every year by the significantly increased costs of regulators.

**Cost efficiency**, measured as the ratio between costs and generated revenues, amounted to 54.6 % in 2022. Compared to the average of Slovenian banks, SKB Bank continues to be more cost-effective.

Even in 2022, the volume of impairments and provisions is an item that had a significant impact on the SKB Group's result. Favourable economic trends and a change in the methodology for calculating expected credit losses influenced the release of impairments and provisions. The share of non-performing investments of the SKB Group amounted to 1.4 % in 2022 and decreased by 52 basis points. The coverage of non-performing investments with provisions remains at a very high level. The **quality of the SKB Group's portfolio** also continues to be solid.

The capital of the SKB Group meets all prescribed regulatory requirements and provides a high-quality foundation for the Group's stable operations. The capital adequacy ratio was 16.9% in 2022, and the MREL ratio was 22.8 %.

At the announcement of 2022 business results, Anita Stojčevska, Chief Executive Officer of SKB Bank, said:

"The year 2022 will certainly be remembered in the SKB group as a very dynamic year with many influences from the environment. In recent years, we have learned to navigate complex situations successfully, resourcefully and at the same time prudently. Favourable economic activity in the first half of 2022 had a positive impact on the volume of financing in the household and in corporate segments. On the other hand, geopolitical and macroeconomic events had a negative impact on investors' optimism in investing. Therefore, the strategic focus on growth shifted to ensuring adequate profitability. Despite the challenging factors, we operated very successfully, steadily and goal-oriented, and achieved exceptional financial results, numerous awards and recognitions from the professional public and, what ultimately counts the most for us, ended the year with satisfied clients, long-term business partners and connected colleagues.

The period of merging with Nova KBM is ahead of us; during this period, together we will build a new leading bank in Slovenia. In the period since SKB Bank has been a member of the OTP Group, our parent company has already proven its strategic role and development direction. The integration of SKB Bank into the OTP group was successful and we will be happy to share our knowledge and experience with NKBM colleagues. Even during the integration period, SKB Bank will remain a strong and reliable financial partner focused on client needs. As an employer, the Bank will continue to enable employees to further develop their potential, while at the same time we will encourage team spirit."

## ABOUT THE OTP GROUP OPERATIONS

The business result of the OTP Group in 2022 was largely influenced by the war between Russia and Ukraine, the situation of the Hungarian economy and the related measures of the government and the central bank. The consolidated profit of the OTP Group in 2022 amounted to 887 million EUR, and the adjusted consolidated profit amounted to 1,514 million EUR (+9 % year-on-year). The return on capital based on adjusted profit amounted to 18.8 % and was 0.3 percentage points higher than in 2021.

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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 2022 in Slovenia, presented by The Banker magazine, Best Bank of 2022 in Slovenia, presented by the Global Finance magazine, Superbrands 2023 Slovenia, and WAC Workplace Active Certification.

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