

## SKB GROUP'S FINANCIAL RESULTS FOR 2021 FAVOURABLY AFFECTED BY THE ECONOMIC RECOVERY FOLLOWING THE COVID-19 EPIDEMIC

### PRESS RELEASE

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**SKB Group successfully concluded the financial year 2021 with a net profit of EUR 46.0 million, by EUR 11.2 million higher than in the previous year. It reached a 10.9 % return on equity, which ranks it among the most profitable banks in Slovenia. Better business results are largely due to the general economic recovery following the COVID-19 epidemic, which favourably affected the reduction of costs of risk as well as the increased volume of business with customers.**

in 000 EUR	2021	2020	Difference	Change (%)
Net interest income	76,416	79,895	-3,479	-4.4
Net non-interest income	45,575	42,782	2,793	6.5
<b>Net banking income</b>	<b>121,991</b>	<b>122,677</b>	<b>-686</b>	<b>-0.6</b>
Overhead expenses	-66,365	-62,216	-4,149	6.7
<b>Operating profit</b>	<b>55,626</b>	<b>60,461</b>	<b>-4,835</b>	<b>-8.0</b>
Provisions and impairments	1,134	-18,509	19,643	na
Other	-41	-12	-29	241.7
<b>Profit before tax</b>	<b>56,719</b>	<b>41,940</b>	<b>14,779</b>	<b>35.2</b>
Tax	-10,711	-7,090	-3,621	51.1
<b>Net profit</b>	<b>46,008</b>	<b>34,850</b>	<b>11,158</b>	<b>32.0</b>

Relatively favourable economic conditions in 2021 reflected in increased lending activity of SKB Group, however, in an environment of high excess liquidity and competitive pressure on loan interest rates, **net interest income** decreased. The economic revival affected higher fees and commissions net income, where payment transactions and bank account management remain the largest generators of income. Higher **fees and commissions net income** was also importantly affected by increased lending activity and the introduction of lower threshold for safekeeping fees for customer deposits. In such circumstances SKB Group generated EUR 122.0 million of **net banking income**, a comparable result with the one achieved in the previous year (minimal decrease of 0.6 %). Compared to the average of banks in Slovenia, SKB bank maintains a higher interest and fees and commissions income margin.

**Overhead expenses** of SKB Group increased by 6.7 % in 2021, mainly due to higher staff costs and higher costs of services, a result of increased workload in the field of digitalisation and business automation, as well as, regulatory costs. SKB Group's **cost efficiency** slightly deteriorated in 2021, since the cost to income ratio increased from 50.7 % in 2020 to 54.4 % in 2021. Nevertheless, compared to the average of Slovenian banks in 2021, SKB bank remained one of the most efficient banks.

In 2021, SKB Group's **operating profit** decreased by 8.0 % to EUR 55.6 million due to increased overhead expenses.

The volume of **impairments and provisions** positively affected the result of SKB Group, reflecting the solid asset quality of the loan portfolio. SKB Group's share of non-performing exposures in 2021 was 1.9 %, which represents a yoy decrease of 76 basis points.

SKB Group's capital base consists entirely of core capital and ensures quality foundations for its operations. The **capital adequacy ratio** (ratio between capital and risk weighted assets) was 15.0 % in 2021 (15.2 % in 2020).

SKB Group completed financial year 2021 very successfully. In addition to its financial objectives, it has made a number of shifts in its key strategic orientations: **digitalising operations, simplifying and internal processes**, much has also been made on the development of employees, and the **sustainable business and financing projects**, which in the SKB Group, covers all areas of the banking.

In SKB Group's offer there are investment funds that serve as an excellent **alternative form of savings and investments**. SKB offers **Amundi funds, which were awarded several times in 2021** by Moje finance magazine and recognized as best mutual funds in 2021 in as many as three categories. SKB Bank is constantly recognising and supporting potential in the economy and in the market, so supply is constantly expanding to different segments and population groups. With integrated offer and approach, in 2021, SKB Group also entered the **agro segment**, supporting the development of Slovenian agriculture and starting **project financing in the real estate sector**. SKB bank has **constantly adjusted its offer and benefits for both consumer and housing loans**. With the supply of housing loans, SKB, despite exceptionally low interest rate on the market, remained competitive and achieved exceptional sales and maintained a strong market share.

With strong focus on development projects, SKB is **improving and modernising its channels of digital banking**. The digitisation of banking and internal processes is also one of the main pillars of development and inevitable for the future.

Digital channels with growing basic infrastructure (web, mobile phones) are becoming key drivers of sales. In 2021, SKB has entered into important partnership **with Backbase company**, with which the best digital banking channels are being built as part of the DC3 development project, with the support of the OTP Group.

Despite the difficulties in the business environment associated with the epidemic, SKB Leasing also recorded growth in all three segments of the business and the largest in the personal car financing segment. Thus, they **maintained their position among the three largest leasing companies in Slovenia** with more than 20 % market share. They **further consolidated business partnerships** with passenger car providers of the most successful brands on the Slovenian market. At the same time, they enriched their offer with new forms of financing at the point of sale, within minutes.

The economic recovery in 2021 also favourably affected the financial results of OTP Group, the owner of SKB bank. The consolidated after-tax profit amounted to EUR 1,273.1 million and the consolidated adjusted after-tax profit amounted to EUR 1,386.0 million (+57 % y-o-y). The return on equity based on the adjusted after-tax profit was 18.5 %.

SKB bank **continues with achieving goals**. It will continue on supporting Slovenian economy and as a financial partner, support its customers, businesses and employees. It will follow a clear strategy of development projects that will help to realise the vision that SKB becomes or remains the first choice for customers and offers the **best user experience** in all segments of the market.

#### For more information:

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#### The SKB Group

The SKB Group consists of the SKB Bank and its subsidiaries SKB Leasing and SKB Leasing Select. In 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 2021 in Slovenia, presented by the Global Finance magazine and Superbrands 2022 Slovenia.

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