

# THE SKB GROUP WITH ENCOURAGING RESULTS IN THE FIRST QUARTER OF 2020; IN MARCH, FIRST SIGNS OF DECLINE AS A CONSEQUENCE OF THE COVID-19 EPIDEMIC

## PRESS RELEASE

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The results of the SKB Group were encouraging in the first quarter of 2020. The credit portfolio of the SKB Bank increased by 94 million euro. The portfolio growth was mainly driven by growth of corporate loans, while the scope of housing loans remained the same and the scope of consumer loans declined somewhat. In the SKB Leasing portfolio, an upcoming crisis could already be felt in the first quarter. Customer deposits grew faster than the credit portfolio, which reflects the trust of customers in stability and strength of the SKB Group and Slovenian inclination to saving.

Net bank revenue and operating costs in the first quarter were at the same level as in the same period last year, if we exclude one-time effects on the result. A drop in interest margin was successfully substituted with the effect of an increase in investments. In March 2020, the revenue from commissions already showed first signs of decline, especially in the field of home payment transactions and card and ATM commissions as a consequence of the influence of the COVID-19 epidemics. In SKB Group we successfully managed the operating costs in all fields. The operating profit in the first quarter of 2020 therefore amounted to 12.5 million euro. The costs of risk still had a positive impact on the result of the Group, though to a lesser extent compared to last year. The result before taxation therefore amounted to 14.4 million euro.

The OTP Group, of which the SKB Group is also a part, reported approximately 35.9 billion HUF (approximately 101.2 million EUR) of profit before tax, while it had amounted to approximately 101.8 billion HUF (approximately 287 million EUR) for the same period last year. In the first quarter, the OTP Group reported a loss after taxation and reconciliation in the amount of 4.1 billion HUF (approximately 11.5 million EUR), where the lower result was a consequence of elevated risk provisions in the amount of 91.7 billion HUF (approximately 258.5 million EUR) due to the calculated yearly negative impact of the COVID-19 pandemic on the portfolio of the entire OTP Group. Amid the significant provisioning the capital position of the Group remained stable and safely complies with all the regulatory requirements, beside all key liquidity ratios are significantly better than the industry average.

Upon publishing the results of the first quarter, Anita Stojčevska, the CEO of the SKB Bank, pointed out: "This epidemic crisis, which will be followed by an economic crisis, is different than the last financial and economic crisis. The banks have entered this crisis with high liquidity and capital strength. We are aware that we are an important link in the economy and that we will – in addition to approving moratoria to the existing loans of our customers – help reboot the economy with various forms of financing for ensuring liquidity of the companies and investments for regaining growth and development. For maintaining the level of consumption and operation of the real estate market we will ensure favourable loans o general public."

### For more information:

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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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