

OTP BANK SUCCESSFULLY COMPLETED THE ACQUISITION OF SKB BANK

PRESS RELEASE

8th January 2020

Hungarian OTP Bank has successfully completed the acquisition of SKB in the end of last year and became 99.73 percent owner of SKB Bank. This is the first OTP investment in Slovenia which continues to strengthen the position of the largest independent financial group in Central and Eastern Europe.

"Since its foundation in 1949, OTP Bank has gone a remarkable path. Its market capitalization was around 300 million euros at the time of its entry on the stock market, it has grown up to 12.5 billion euros today. The average return on equity in the banking sector is around 12 percent, while at OTP it is around 21 percent. These numbers clearly show the stability and development quality of the bank," said Sándor Csányi, Chairman of the Board of Directors and CEO of OTP Bank, in the beginning of a press conference held today in Ljubljana with high representatives of OTP Bank and SKB Bank on the occasion of the closure of the financial transaction thanks to which the majority of shares of SKB Bank have been transferred into the ownership of OTP Bank.

Since 2002, when OTP began intensive regional expansion, they entered banking markets in Slovakia, Bulgaria, Romania, Croatia, Serbia, Ukraine, Russia and Montenegro. In recent years, they have continued to strengthen in banking markets of Albania, Moldova and Slovenia. Today, OTP Bank is present in 12 countries of Central and Eastern Europe.

"The banks we have taken over during this period, all improved their operations and strengthened their market positions. The goal we pursue in all markets where we are present, is to become a leading bank or at least one of the leading banks. In Slovenia, like in other markets, we also want to achieve this position, primarily through organic growth strategy, but also keeping an eye on acquisition options, continuous development and user-friendly digitization. Today, OTP Bank is already one of the most modern digital banks in Europe. We want to transfer our knowledge and experience to all markets where we are present, including Slovenia," Csányi pointed out about ambitions and further steps.

With 8.3 % market share and more than 200,000 customers, SKB Bank is the fourth largest bank in Slovenia. In the past 9 years it has received the Bank of the Year award eight times, awarded by the renowned international financial magazine The Banker. In 2019 the Global Finance recognized SKB Bank as the Best Bank in Slovenia. SKB Bank's management remains local and will be led by two experienced Slovenian managers, Anita Stojčevska as Chief Executive Officer and Vojka Ravbar, who remains Deputy Chief Executive Officer.

"The bank's orientation and values remain the same. With the support, knowledge and experience provided by OTP Bank, we will further strengthen our stability, increase growth and the profitability of our operations. We already can say we closed the year 2019 as planned. In the first nine months of 2019, the SKB Group generated a net profit of 45.7 million euros, which is 30 % more than in the same period of year before.

Good net operating results were reflected in the higher net profit, which reflect in 11 % higher operating profit, and the elimination of provisions and impairments for exposure to risky transactions. In the first 9 months of 2019, the SKB Group increased its business volume, which was reflected in 7 % or 5.9 million euros increase of net banking revenues. The return on equity also increased from 13.3 % in the first nine months of 2018 to 16.9 % in the first nine months of 2019.

Despite the challenging environment and increased competition, SKB managed to maintain around 10 % market share in loans, with a market share of home loans at 13.9 % at the end of September last year. SKB also increased the market share in deposits to 8.9 %. SKB Leasing, a wholly owned subsidiary of SKB, has maintained its position as one of the leading leasing companies in Slovenia, with a total financial leasing amount of 486 million euros, which is 4 million euros more than at the end of 2018. In September 2019, pre-tax profit of the SKB leasing group amounted to 13.6 million Euros, which is 2.8 million euros more than in the same period of previous year.

Ahead of us, there is a period of business process consolidation and integration into the OTP business system. Our customers will not notice the integration process, but they will be the ones who will benefit most from this acquisition," said Anita Stojčevska, Chief Executive Officer of SKB Bank.

She also stressed that they would continue with their commitment to CSR projects and to the local environment. "We remain the main sponsor of the Slovenian Olympic Committee and a strong supporter of Slovenian representatives at this year's Summer Olympics in Tokyo. We also continue to support urban beekeeping, which is part of our commitment and the project SKB - with nature in the city," concluded Stojčevska.

SKB Banka and its new owner are entering a new era, in which they will finish integrating into the OTP bank system and harmonizing business processes. Additionally, they announce a greater emphasis on digitizing the bank, developing new services and products, and improving the customer experience.

About SKB Bank

The SKB Group consists of **SKB Bank and SKB Leasing Group**, which includes SKB Leasing and SKB Leasing Select. SKB Bank is **the fourth largest bank in Slovenia with an 8.3 % market share, has more than 200,000 clients** (almost 185,000 individual customers and almost 19,000 corporate entities). It is a development-oriented **universal bank** providing a comprehensive and diverse range of quality banking products and services through various sales channels, including **53 branches across Slovenia**.

SKB Bank responded to the rapidly changing banking business, to the larger needs and wishes of its customers by improving the range of banking services and products, such as the new Moorea Mutual Funds with the option of a savings plan, and a new packages for clients - individuals to choose from three different packages: MOJ S, MOJ M and MOJ L package. The packages are tailor made for customers regarding their use of banking services and needs.

Special attention is also given to the safety of the business, so in 2019 SKB upgraded MOJ@SKB mobile bank with additional security features, with the customer experience still at the forefront.

SKB Leasing and SKB Leasing Select are in the process of **upgrading their banking services and leasing products**.

About OTP Bank

OTP Group is one of **the largest, most stable and reliable independent** financial service providers in Central and Eastern Europe, with a comprehensive range of banking services for individuals and legal entities. It delivers high-quality financial solutions that meet the needs of more than **18.8 million customers**, with nearly **1,700 branches** (according to Q3 2019) and **state-of-the-art digital channels**. The OTP Group provides services in the fields of insurance, real estate, factoring, leasing and asset management, investments and pension funds. It is **the largest commercial bank in Hungary with a 28 % market share**. OTP is one of the most profitable banking groups in the region, with 1 billion euros in profits in 2018 and **21 % return on equity**, the highest among European banking groups.

Entering the Slovenian market, the OTP Group is currently **present in 12 countries** of the region: Hungary, Slovenia, Bulgaria, Croatia, Serbia, Romania, Russia, Ukraine, Slovakia, Montenegro, Albania and Moldova.

The Group's development is continuous - in terms of digitization, IT technology or processes, it is one of the most modern banks in Europe. The OTP Group is headquartered in Europe and is fully compliant with European standards and regulations in the areas of corporate governance, business compliance and transparency.

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SKB Group

SKB Group consists of SKB Bank and its daughter companies SKB Leasing and SKB Leasing Select. SKB Group totals more than 900 employees in Slovenia, who are offering banking and leasing services to more than 200,000 clients on the Slovenian market. SKB bank has received two respectable international recognitions. One is »Bank of the year 2019 in Slovenia« decided by The Banker magazine and the other »The best bank in 2019 in Slovenia « decided by Global Finance magazine.

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