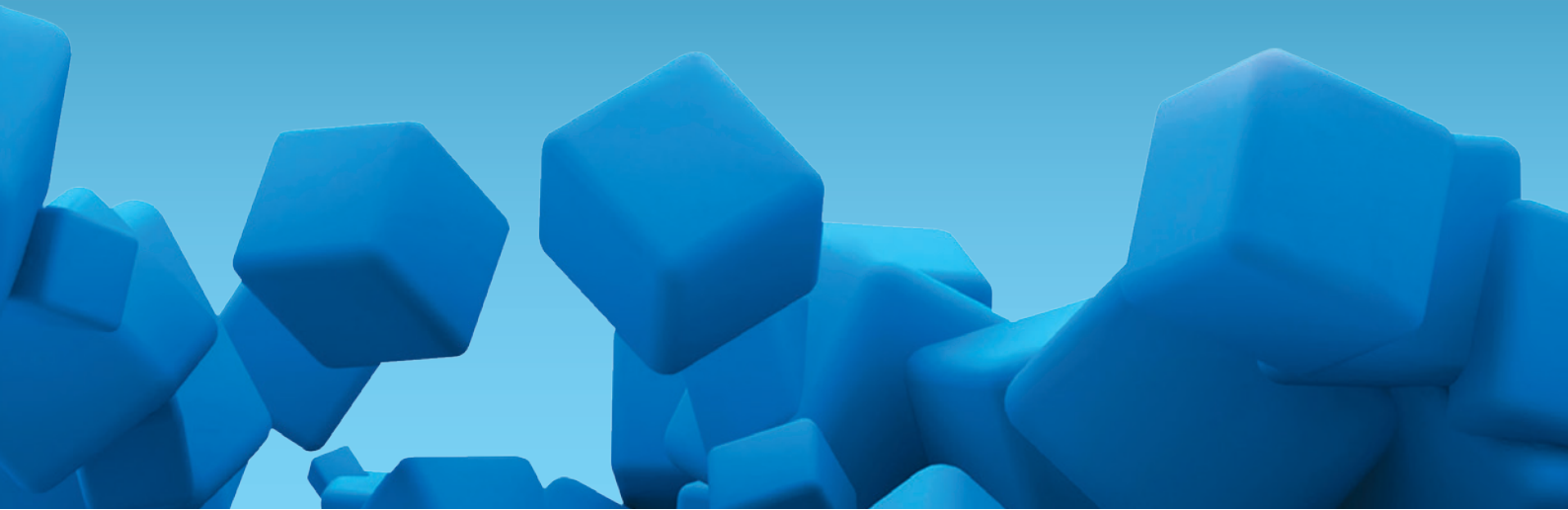


# KentBank at a glance



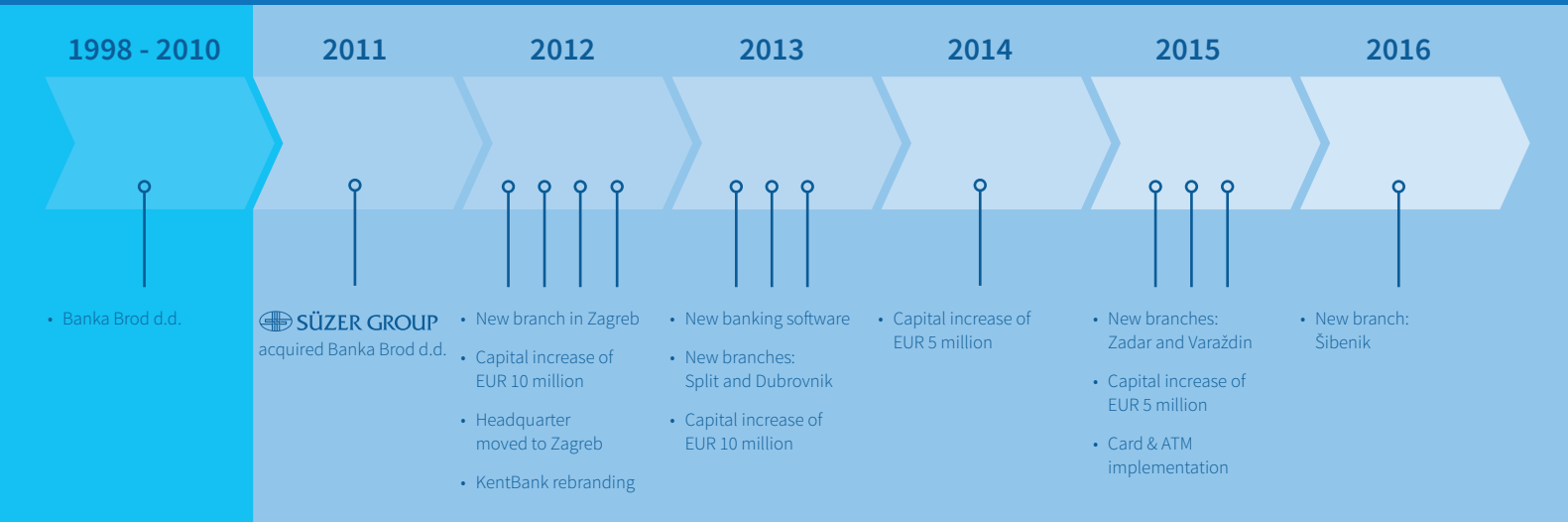
# BANK OVERVIEW

You are in good hands.

# Agenda

- BANK HISTORY & OWNERSHIP STRUCTURE
- BRANCH NETWORK
- VISION & MISSION
- MACROECONOMIC DATA
- FINANCIAL HIGHLIGHTS
- RETAIL BANKING
- CORPORATE BANKING
- SME BANKING

# Bank history & ownership structure



## ABOUT SÜZER GROUP

KentBank is wholly owned by Süzer Group.

Süzer Group was established in **1952** in Turkey and today represents Turkey internationally, having established partnerships with world-wide leaders in their sectors.

It is one of the leading groups in Turkey with a sustainable growth mission, an innovative vision and domestic, as well as foreign, investments.



From a regional to a national commercial bank with **14 branches** covering the whole of Croatia.

Continuous expansion of the branch network and modernization of existing branches.

New branches opened in **Zadar** and **Varaždin** in 2015.  
New branch opened in **Šibenik** in 2016.

New branch will be opened in **Zagreb** in 4Q 2016.

As of July 2016, the bank has **178** educated, experienced and professional employees and is constantly working on improving its staffing structure.

## vision

To be a growing international commercial bank with sustainable profit.

## mission

Creating additional value for its customers, employees, local community and shareholders through a tailor-made approach and innovative products in order to ensure continuous progress in business operations.

## orientation

Wide range of tailor made products & nationwide branch network

### Focus on service quality:

- quick response
- flexible and tailor-made approach to each client

Good asset quality with a diversified portfolio

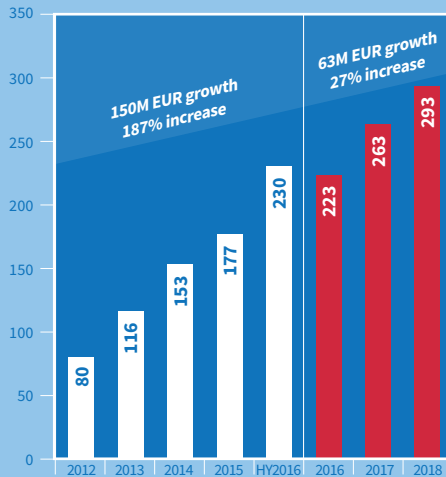
Modern business system and processes

Stable and sustainable profit

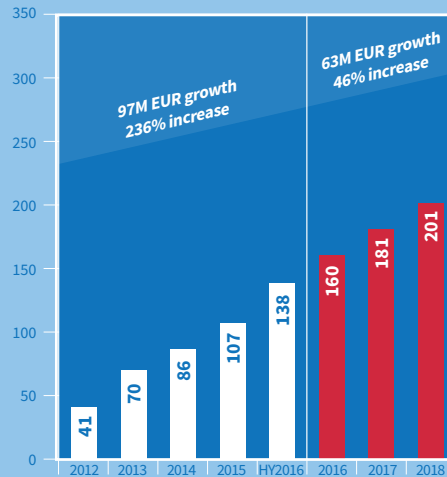
You are in good hands.

	2013	2014	2015	2016F	2017F
<b>ACTIVITY</b>					
Nominal GDP (EURbn)	43.5	43.0	43.9	44.4	45.8
GDP per capita (EUR)	10,225	10,114	10,334	10,476	10,799
Real GDP growth (%)	-1.1	-0.4	1.6	3.0	2.5
Industrial production (YoY, %)	-1.8	1.2	2.7	2.7	3.0
Unemployment rate (ILO, average %)	17.3	17.3	16.5	15.7	15.0
<b>PRICES</b>					
CPI inflation (average % YoY)	2.2	-0.2	-0.5	-0.5	1.4
CPI inflation (end-year % YoY)	0.3	-0.5	-0.6	0.6	1.4
PPI inflation (average % YoY)	0.5	-2.7	-3.9	-3.6	1.5
Net wages (% YoY, nominal EUR)	-0.1	-0.4	3.4	1.0	1.1
<b>EXTERNAL BALANCE</b>					
Export of goods and services (EUR bn)	18.8	20.0	21.8	22.5	23.3
Import of goods and services (EUR bn)	18.6	19.0	20.4	21.3	22.1
Trade balance (EUR milion)	-6.6	-6.3	-6.5	-6.6	-6.8
Trade balance (% of GDP)	-15.1	-14.7	-14.9	-14.8	-14.9
Net FDI (EURbn)	0.9	1.3	1.2	1.3	1.5
FDI (% of GDP)	2.0	3.0	2.7	3.0	3.4
<b>DEBIT INDICATORS</b>					
Gross external debit (EUR bn)	46.0	46.7	46.4	47.7	50.2
Gross external debit (% of GDP)	105.6	108.4	105.7	107.5	109.6
<b>EXCHANGE RATE</b>					
EUR/HRK (end-year)	7.64	7.66	7.64	7.66	7.67
EUR/HRK (average)	7.57	7.63	7.61	7.60	7.63
USD/HRK (end-year)	5.55	6.30	6.99	7.60	8.03
USD/HRK (average)	5.71	5.75	6.86	7.14	7.87
<b>CREDIT RATING (July 2016)</b>					
S&P - BB (outlook negative)					
Moody's - Ba2 (outlook negative)					
Fitch - BB (outlook negative)					

ASSETS, M EUR



LOANS, M EUR



#### Continuous increase in asset size:

- 2012 vs 1H2016 - 187% increase
- 27% increase is planned for the period from 2016 to 2018

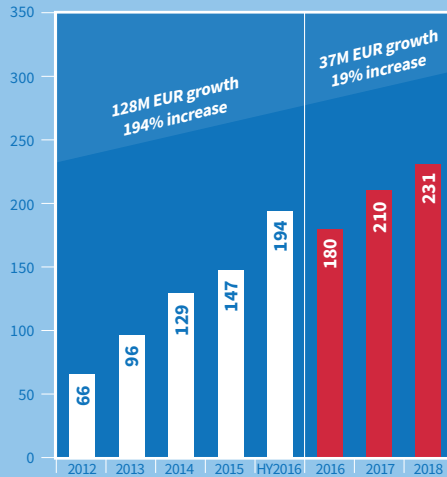
#### Well-diversified balance sheet and funding base:

- retail deposits are the main source of funding
- loans make up 60% of assets in 1H2016
- securities make up 25% of assets in 1H2016

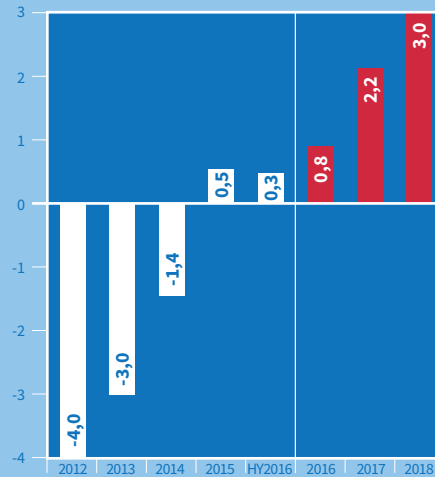
Based on audited financials from 2012 to 2015 | HY2016 based on unaudited financials | from 2016 to 2018 budgeted figures



## DEPOSITS, M EUR



## NET PROFIT, M EUR

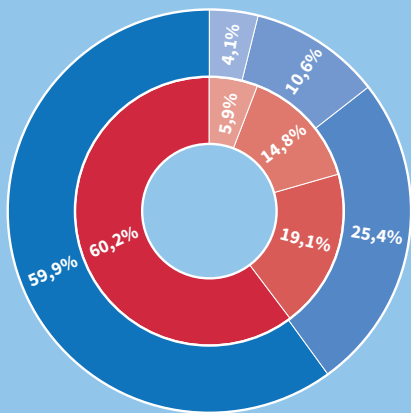


## Profitability

- the main reason for losses during previous years were provisions provided for loans
- in 2015, the bank recorded a net profit
- in 1H2016, profit amounted to EUR 0,3 million

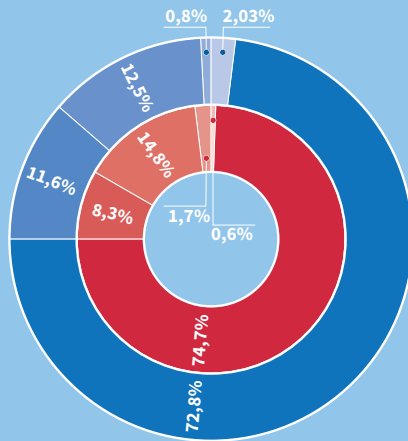
Based on audited financials from 2012 to 2015 | HY2016 based on unaudited financials | from 2016 to 2018 budgeted figures

## ASSETS STRUCTURE



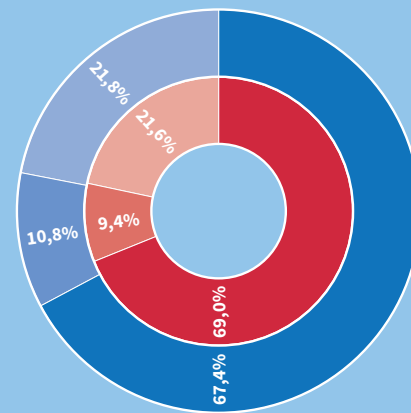
- Loans
- Securities
- Cash and deposits (including CNB)
- Other asset

## LIABILITIES STRUCTURE



- Term deposits
- Demand deposits
- Capital
- Other liabilities
- Bank borrowings

## INCOME STRUCTURE

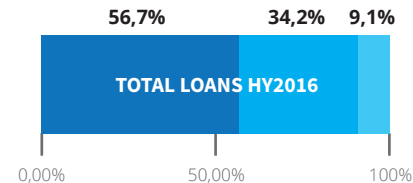
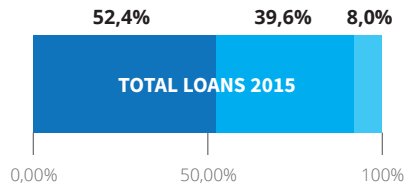


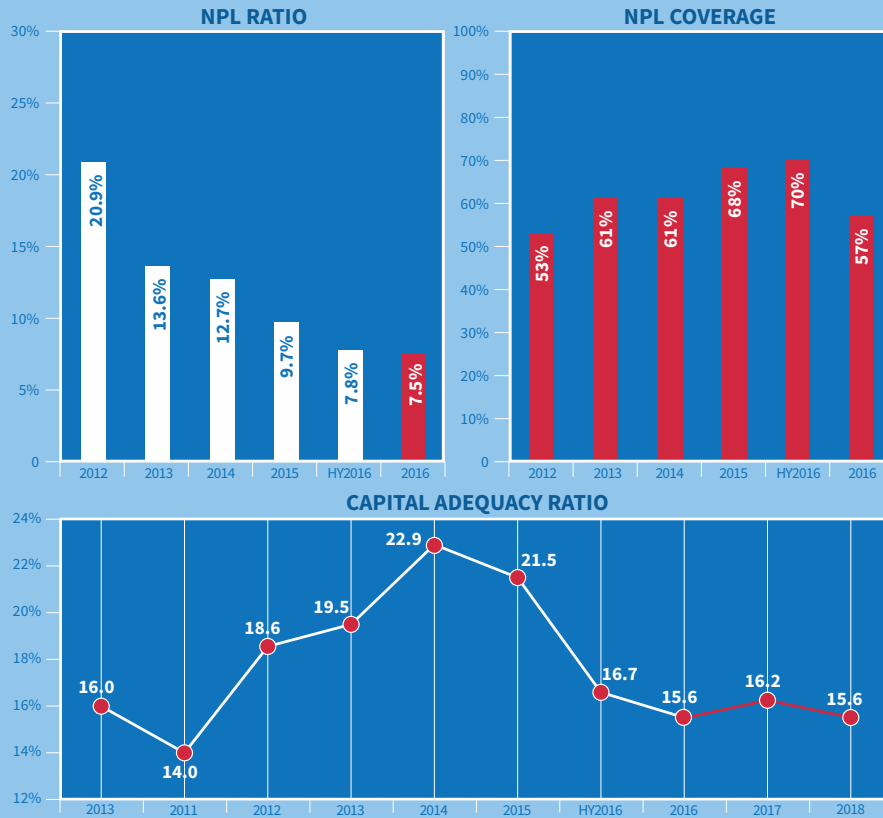
- Net interest Income
- Net Fee Income
- Other operating Income

Source: 2015 audited and 2016 unaudited report

Inner circle – 2015 | Outer circle – HY2016

- Corporate loans
- Retail loans
- SME loans





Based on audited financials from 2012 to 2015 | HY2016 based on unaudited financials | from 2016 to 2018 budgeted figures

#### Decreasing trend in NPL ratio due to:

- new high-quality loan portfolio
- systematic improvements for achieving efficient monitoring and a strong collection department

#### High NPL coverage

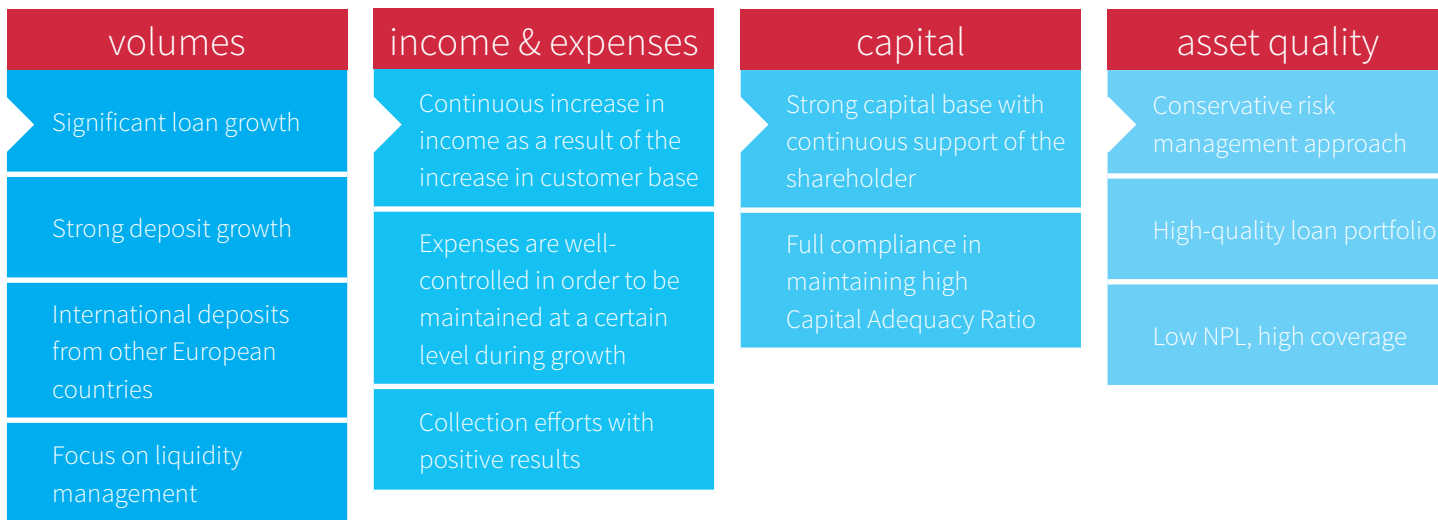
New Scoring System for further improvement of NPL ratio

The Bank always maintains a higher CAR ratio than it is legally required.

# Financial highlights

	31. 12. 2015	30. 06. 2016	CHANGE %
<b>ASSETS (000 EUR)</b>			
Cash and Banks (including CNB)	26,277	24,353	-7%
Marketable securities	33,808	58,464	73%
Loans	106,877	137,818	29%
Other assets	10,486	9,453	-10%
<b>TOTAL ASSETS</b>	<b>177,448</b>	<b>230,088</b>	<b>30%</b>
<b>LIABILITIES (000 EUR)</b>			
Bank borrowings	1,000	5,240	424%
Deposits	147,199	194,200	32%
Other liabilities	2,948	1,924	-35%
Capital	26,301	28,724	9%
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>177,448</b>	<b>230,088</b>	<b>30%</b>
<b>PROFIT/LOSS (000 EUR)</b>			
	<b>CURRENT PERIOD 30. 06. 2015</b>	<b>CURRENT PERIOD 30. 06. 2016</b>	<b>CHANGE%</b>
NET interest income	2,444	3,136	28%
Net Fee and commission income	332	500	51%
Other operating income	765	1,014	33%
Total income	3,541	4,650	31%
Total G&A expenses	-3,148	-3,612	15%
Impairment losses and provisions	-283	-728	157%
<b>PROFIT/(LOSS)</b>	<b>109</b>	<b>310</b>	<b>184%</b>

Source: 2015 based on audited financials | HY2015&HY2016 based on unaudited financials

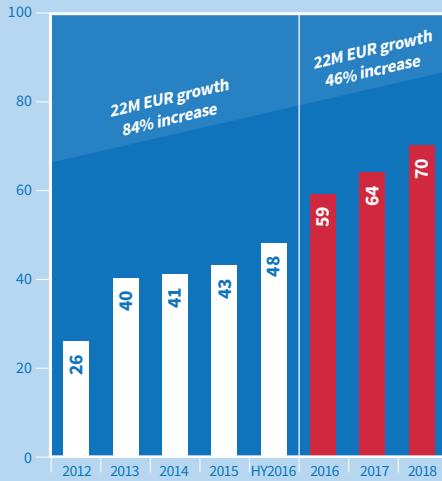




The “e-Citizen” system enables modern, fast and easy communication with public administration.

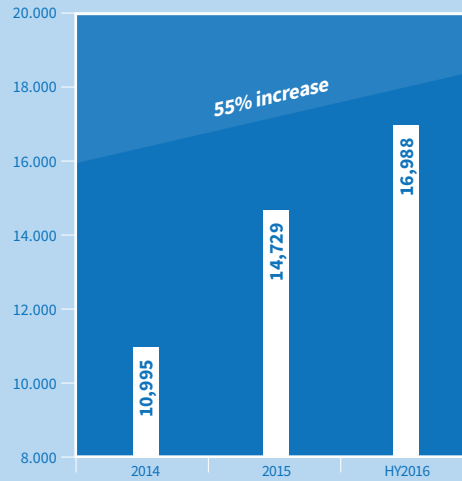
The system provides numerous electronic services of various public authorities, over 30 online services to clients at any time and without a need to wait in line.

## RETAIL LOANS, M EUR

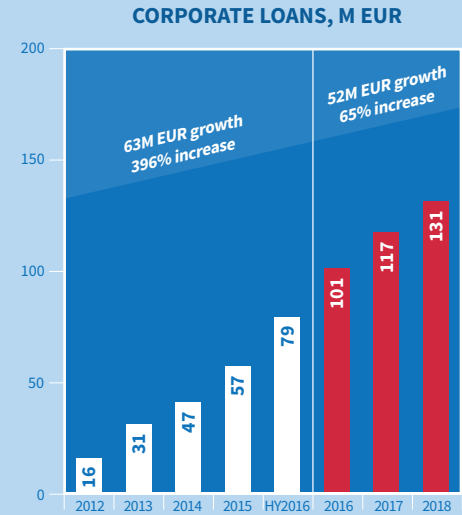


\*SME segmentation started in 2015

## ACCOUNTS



Based on audited financials from 2012 to 2015 | HY2016 based on unaudited financials | from 2016 to 2018 budgeted figures



\*SME segmentation started in 2015

Tailor-made approach

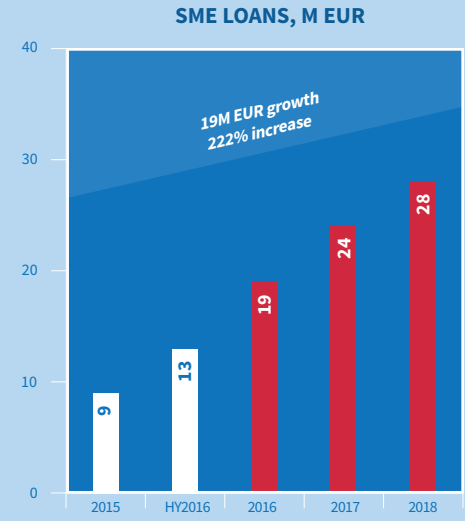
Fast and flexible service

Cooperation with highest-quality clients on the market

Strengthening of market presence – cooperation with HBOR

Based on audited financials from 2012 to 2015 | HY2016 based on unaudited financials | from 2016 to 2018 budgeted figures





\*SME segmentation started in 2015

**SME as a new focus in 2016 (101% budget execution for newly granted loans in the first 6 months)**

**New sales concept**

**New products (building renovation loans, business cards, Internet banking, insurance policies)**

**Scoring system for high asset quality**

Based on audited financials from 2012 to 2015 | HY2016 based on unaudited financials | from 2016 to 2018 budgeted figures

# You are in good hands.



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