



KentBank affirmed "A-" long-term and "A-1" short-term credit ratings

Zagreb, 20 November 2019 - Thanks to an improvement in the quality and structure of the balance sheet, KentBank is affirmed with a long-term credit rating 'A-' and a short-term credit rating 'A-1' with a 'stable' outlook for both ratings. The rating was confirmed by JCR Eurasia Rating, an international credit rating institution focused on the Eurasia market. KentBank's international ratings in foreign currency and local currency were raised to 'BBB' as a reflection of an increase in the credit rating assigned to Croatia.

On the assets side, KentBank recorded an increase in the share of the loans in relation to debt securities which on average increased interest income. The positive trend in income is also the result of a nominal increase in the number of loans and a higher proportion of signed loans with higher yields as opposed to investing in government bonds and bills. On the liabilities side, KentBank has been able to increase the proportion of demand deposits and thereby reduce financing costs, thus increasing its net interest margin.

JCR Eurasia Rating assesses KentBank's asset quality better than its competitors and the banking sector in Croatia, although the resulting provisioning costs reduce profitability. The level of non-performing loans in Croatia remains high, and despite its better position relative to the sector, KentBank still has a high share of such loans, which opens the door for future improvements.

"We are extremely pleased that in Croatia our turn of the strategy towards alternative sources of financing has yielded positive results, which was ultimately recognized by the JCR Eurasia Rating Agency. We focused on the placement of a number of different types of the loans as well as on the provision of appropriate forms of savings. I believe we can use this momentum to succeed even more in the coming year", the Chairman of the Management Board, Mr. Murat Betonier, stated.

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