



BANK OVERVIEW

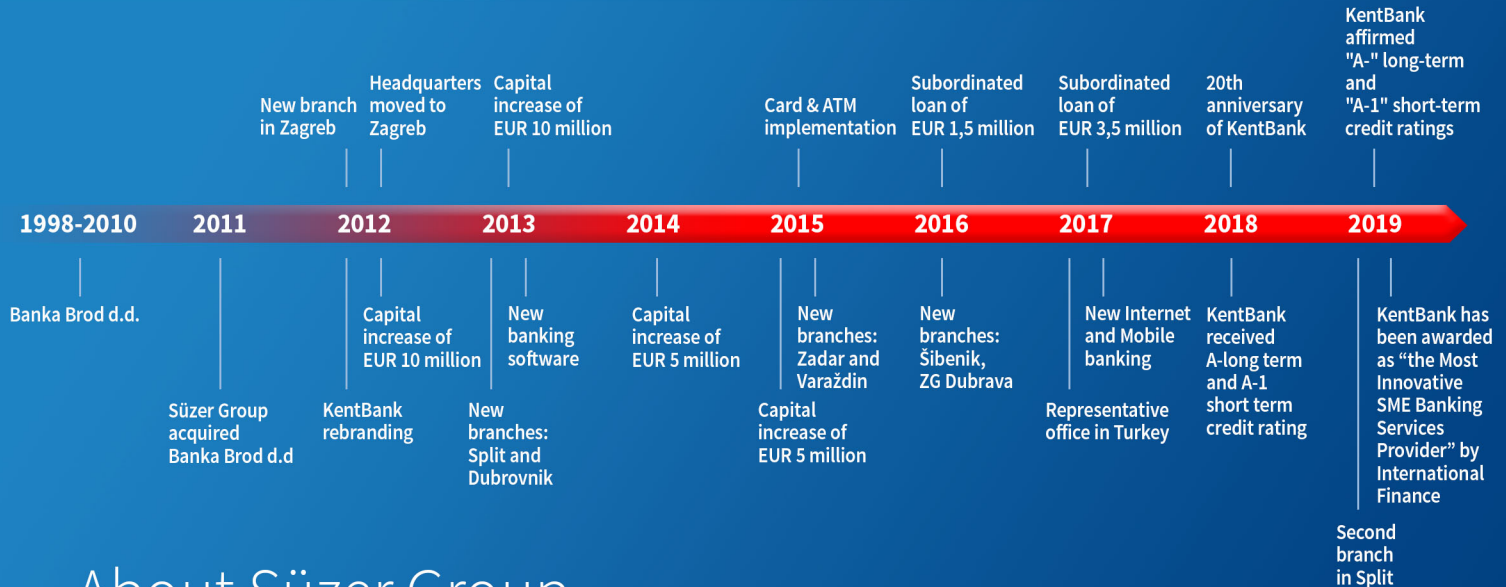
You are in good hands

June 2020, Zagreb

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BANK HISTORY & OWNERSHIP STRUCTURE



About Süzer Group

KentBank is entirely owned by Süzer Group which was established in Turkey in 1952.

Pursuant to the liberalization of the Turkish economy starting from the 1980's, the group embarked on a phase of growth and became one of the first few Turkish companies whose foreign trade volume exceeds 1 billion dollars. In 2011 Süzer Group acquired Banka Brod d.d. and has since then, continued to grow together with KentBank d.d. Süzer Group provides a wide range of activities including real estate development, construction, energy, finance, tourism and others.

OVERVIEW



- National Bank with 15 branches across major cities in Croatia
- In 2020 Bank appointed a new President of the Management Board
- Second branch in Split opened in 2019
- In 2018 Bank celebrated its 20th anniversary
- In 2017, the Bank opened its Representative office in Turkey
- Continuous development of digital services and business processes
- Access to more than 1.000 ATM's in MBNet network
- 3rd Bank in the Croatian banking system with credit rating
- In 2019, KentBank has been awarded as “the Most Innovative SME Banking Services Provider” by International Finance
- At the end of 2019, the Bank had 184 educated, experienced and professional employees and is constantly working on improving its staffing structure

20TH ANNIVERSARY OF KENTBANK

KentBank started its path in 1998 under the name of Štedionica Brod (Savings bank Brod), which continued to develop as Banka Brod (Bank Brod) headquartered in Slavonski Brod. 2011 marked a major milestone because Bank Brod was taken over by Eksen Holding, a member of Süzer Group, one of the most powerful economic groups in the Republic of Turkey. Bank Brod was then renamed into KentBank.

In more recent history, KentBank has been acknowledged as fastest growing bank in the Republic of Croatia in 2016, and its steady growth and development continues in the direction of digitalization of business.

On May 14, 2018, KentBank celebrated its 20th anniversary at a reception at the Esplanade Hotel, Zagreb with the theme of the famous train Orient Express. This famous train historically linked Paris via Zagreb with Istanbul, just as KentBank connects Croatian and Turkish cultures and countries. With this reception, we wanted to show our gratitude to everyone who has given us their trust and cooperation over the years.

AWARDS AND CORPORATE SOCIAL RESPONSIBILITY

KentBank has been awarded as “the Most Innovative SME Banking Services Provider” by International Finance, premium business and finance magazine published by UK’s International Finance Publications.

The global banking sector is constantly evolving due to many regulations, technology developments and market reforms. The International Finance Banking Awards highlight the accomplishments of banks leading in innovation, infrastructure development and commitment to customers, and KentBank was chosen as one of them.



Mr. Mustafa Süzer, the owner of KentBank d.d.

In 2019 Executive Board of the Croatian-Turkish Friendship Association rewarded KentBank with the jubilee recognition for special support and contribution to the development of Croatian-Turkish relations.

At the ceremony held on October 24th at the Mimara Museum in Zagreb, the 25th anniversary of the founding of the Croatian-Turkish Friendship Association was celebrated. On this occasion, the owner of KentBank, Mr. Mustafa Süzer, was honored with the Grand Friendship Charter for his contribution to the development of economic relations between Croatia and Turkey.

Through various donations, the Bank continuously supports different sports, cultural and humanitarian events and associations.

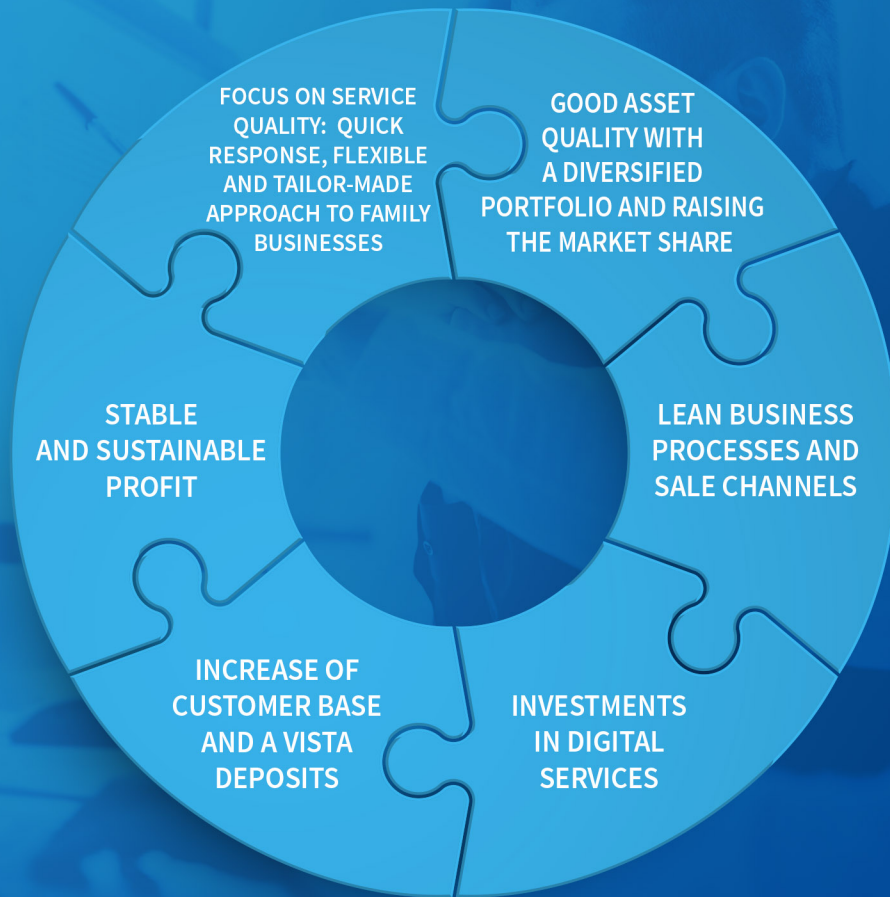
KENTBANK'S CREDIT RATING

Thanks to the high capitalization and a strong capital adequacy ratio JCR Eurasia Rating, an international institution for credit rating aimed at Euroasia market, in 2018. has assigned KentBank d.d. the long term credit rating 'A- (Crt)' and the short term credit rating 'A-1 (Crt)' with the 'stable' prospects for both ratings.

In 2019. thanks to an improvement in the quality and structure of the balance sheet, the Bank 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.

High capitalization, clear development projects, quality credit portfolio and good ratio of NPLs are a guarantee of further development of business operations of KentBank in Croatia, which is also evidenced by opening of the second branch in Split. 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.

STRATEGY



MACROECONOMIC DATA

Summary of Macroeconomic indicators

	2017	2018	2019	2020F	2021F
Nominal GDP (EURbn)	49,1	51,7	54,0	47,5	52,1
GDP per capita (EUR)	11.907	12.631	13.342	11.835	13.065
GDP growth (%)	3,1%	2,7%	2,9%	-10,5%	6,9%
CPI Inflation (eop)	1,2%	0,8%	1,4%	0,6%	2,0%
Unemployment rate (%)	11,2%	8,4%	6,6%	10,2%	7,8%
Budget balance (% of GDP)	0,8%	0,2%	-0,3%	-6,1%	-1,9%
Public debt (% of GDP)	77,8%	74,7%	73,2%	87,5%	82,6%
Exports (%)	6,8	3,7	4,6	-20,2	21,0
Imports (%)	8,4	7,5	5,0	-13,1	15,6
Current Account balance (EURbn)	1,7	1,0	1,6	-2,9	0,3
Current Account (% of GDP)	3,4%	1,9%	2,9%	-6,0%	0,7%
Gross foreign debt (% of GDP)	88,9%	82,7%	75,7%	90,5%	84,2%
Net FDI (% of GDP)	2,3%	1,5%	1,9%	2,8%	1,9%
EUR/HRK (end-year)	7,51	7,42	7,44	7,50	7,50

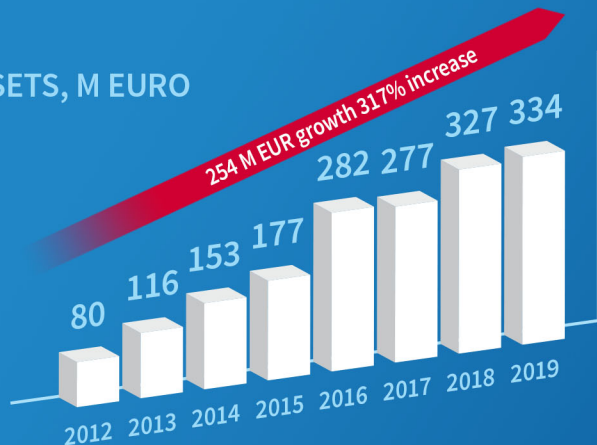
Source: Eurostat, CNB, NBS, Unicredit Research

Ratings

	Croatia Foreign Currency		Croatia Domestic Currency		KENTBANK - International Local and Foreign Currency		KENTBANK National Rating	
	LT Rating	Outlook	LT Rating	Outlook	LT Rating	Outlook	LT Rating	Outlook
Fitch Ratings	BBB-	Positive	BBB-	Positive	BBB	Stable	A-(Crt)	Stable
Moody's	Ba2	Positive	Ba2	Positive	ST Rating	Outlook	ST Rating	Outlook
Standard & Poor's	BBB-	Stable	BBB-	Stable	A-3	Stable	A-1(Crt)	Stable

VOLUMES

ASSETS, M EURO



Balance sheet

- 2012 vs 2019 asset size increased 254m EUR or 317%
- In comparison with 2018 asset size increased 7m EUR or 2%
- In 2018 Kentbank had highest increase in the Croatian banking sector
- Focus on growth of loan portfolio, interest earning asset and profit
- Maintaining and securing liquidity and funding sources
- Conservative risk management approach
- Diversified balance sheet

LOANS, M EURO

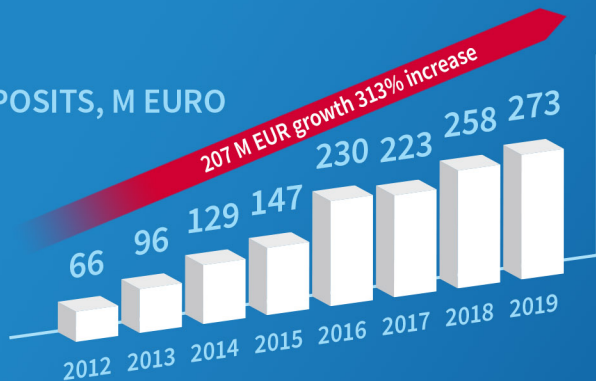


Loan portfolio

- Continuous and controlled increase in loan portfolio
- Loan to deposit ratio increased from 62% to 72% between 2012 and 2019

DEPOSITS AND PROFITABILITY

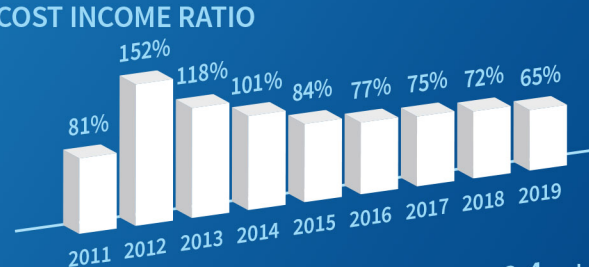
DEPOSITS, M EURO



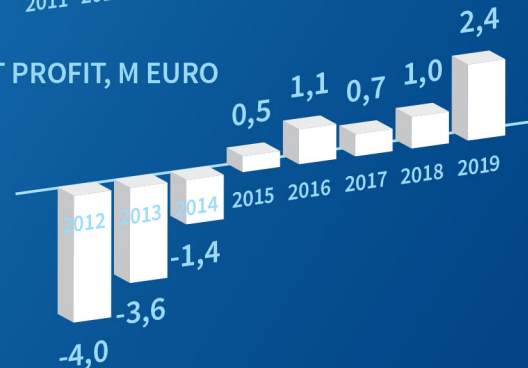
Funding sources:

- Retail deposits are the main source of funding
- Significant increase in 2016 was result of implementation of new channels for acquisition of international deposits
- In 2019 deposits increased 15M EUR or 6%
- Share of a vista increased from 24% to 26% in 2019
- Stable deposit base

COST INCOME RATIO



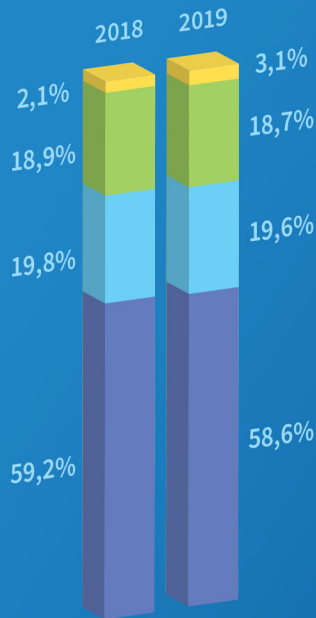
NET PROFIT, M EURO



Profitability:

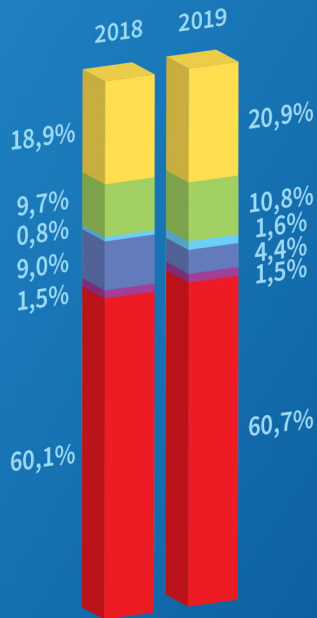
- Stable profit increase over the years, giving sustainability
- Continuous increase in income and well-controlled expenses

2019 AND 2018 IN COMPARISON



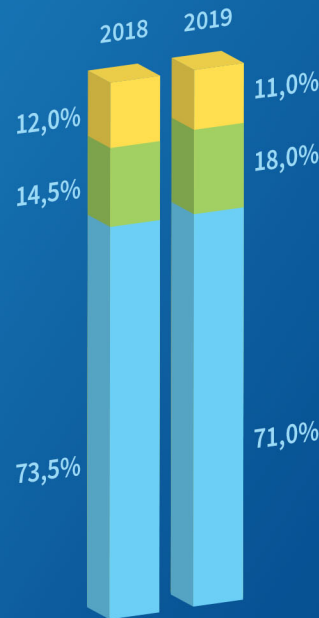
ASSETS STRUCTURE

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



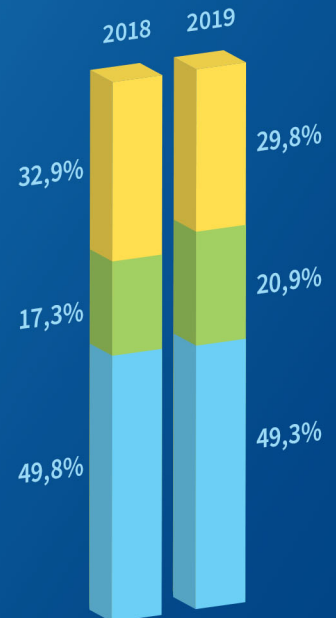
LIABILITIES STRUCTURE

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



INCOME STRUCTURE

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

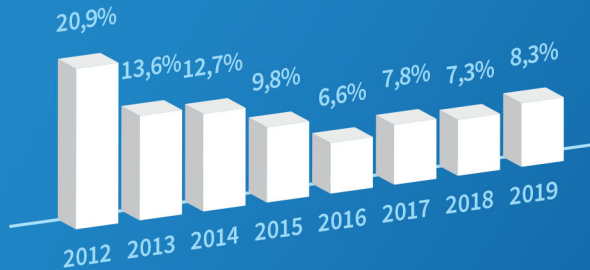


TOTAL LOANS

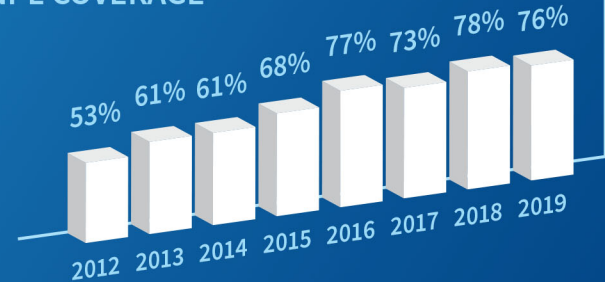
- Retail
- SME
- Corporate

ASSET QUALITY

NPL RATIO



NPL COVERAGE



CAPITAL ADEQUACY RATIO



One of the lowest NPL ratio in the banking sector

Maintenance of low NPL ratio

High NPL coverage

The Bank maintains a higher CAR ratio than it is legally required at all times.

FINANCIAL HIGHLIGHTS

ASSETS (000 EUR)	31.12.2018	31.12.2019	CHANGE %
CASH AND ACCOUNTS AT BANKS AND CNB	61,706	62,600	1%
MARKETABLE SECURITIES	64,744	65,493	1%
LOANS	193,388	195,838	1%
OTHER ASSETS	6,964	10,401	49%
TOTAL ASSETS	326,802	334,333	2%

LIABILITIES (000 EUR)	31.12.2018	31.12.2019	CHANGE %
BANK BORROWINGS	29,530	14,777	-50%
SUBORDINATED LOAN	5,012	5,013	0%
DEPOSITS	258,165	272,987	6%
OTHER LIABILITIES	2,537	5,501	117%
CAPITAL	31,557	36,055	14%
TOTAL LIABILITIES AND EQUITY	326,802	334,333	2%

PROFIT/LOSS (000 EUR)	31.12.2018	31.12.2019	CHANGE %
NET INTEREST INCOME	9,118	10,471	15%
NET FEE AND COMMISSION INCOME	1,485	1,625	9%
OTHER OPERATING INCOME	1,804	2,657	47%
TOTAL INCOME	12,407	14,753	19%
TOTAL G&A EXPENSES	-8,903	-9,614	8%
IMPAIRMENT LOSSES AND PROVISIONS	-2,488	-2,451	1%
CORPORATE TAX	0	-276	0%
PROFIT/(LOSS)	1,016	2,412	137%

NEW AND INNOVATIVE PRODUCTS

KENT DEBIT CARD - an unique debit card on the market that enables ATM cash withdrawal in instalments and splitting of all transactions made on all POS devices in the country and abroad, the Internet and web shops on 2-12 installments via m-Kent, e-Kent or upon branch visit

A **KentBank Non-Purpose Loan** with a Pledge of Real Estate allows you to close all your liabilities or use it for any other purpose, with a favorable interest rate and longer repayment period

Self-service payment machines allow you to skip the line and pay your utilities much faster with just a few touches

Mobile banking m-Kent is an innovative application that combines private and business accounts and allows you to quickly and easily switch between them without logging-in or off

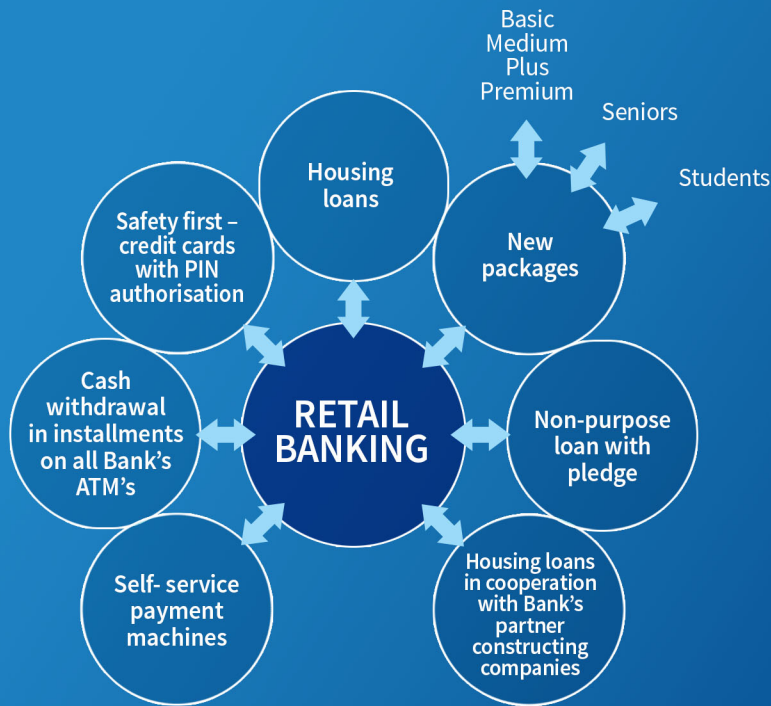


Veselite se i na rate dijelite!

Kupnja uz plaćanje na rate.



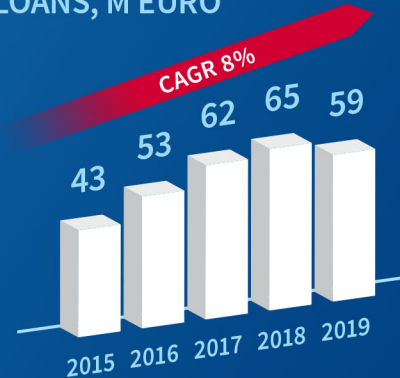
RETAIL BANKING



RETAIL A VISTA, M EURO



RETAIL LOANS, M EURO



CORPORATE BANKING



- POS services
- Tailor-made approach
- Fast and flexible service
- Cooperation with highest-quality clients on the market
- Issuing all type of guarantees
- Cooperation with HBOR
- Business with guarantees and trade finance

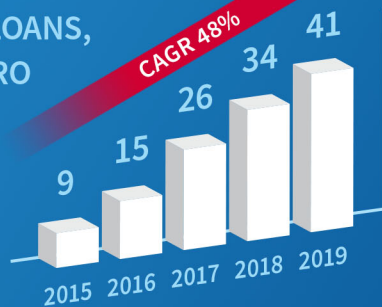
CORPORATE LOANS M EURO



SME BANKING

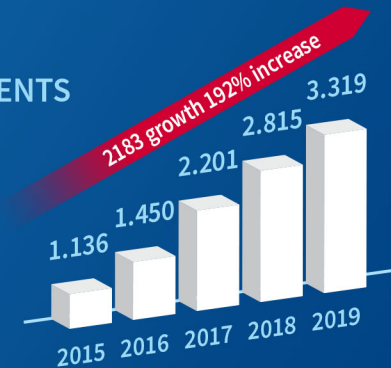


SME LOANS,
M EURO



- 33M EUR or 376% increase in loan portfolio since 2015
- In 2019 loan portfolio increased 7M EUR or 22%
- 25% increase in fee income in comparison with 2018
- Building renovation loans – total of 356 buildings were renovated with Kentbank financial support in total amount of 10,5M EUR
- 1.950 buildings in portfolio
- Cooperation with 64 building management companies
- 3.319 clients (18% increase compared to 2018)

SME CLIENTS



TREASURY BANKING

Liquidity management:

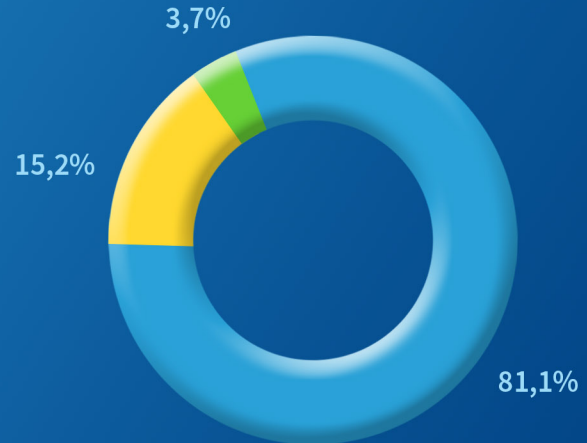
- Continuously high liquidity
- Managing the liquidity surplus
- Collecting deposits from other financial institutions
- Providing short term funding through MM operations

Marketable securities trading:

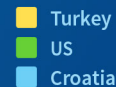
- Active role in marketable securities trading both in primary and secondary market
- Mainly Croatian bonds and other sovereign bonds (EU)

FX desk:

- Managing foreign currency position according to market volatility
- Active F/X trade with clients offering competitive rates



MARKETABLE SECURITIES
December 2019 (Per Country, Nominal value)



REPRESENTATIVE OFFICE AND TURKISH DESK

- Turkish desk established in 2015 in the Bank
- Representative office opened in Istanbul at the end of 2017
- KentBank pays special attention to economic cooperation between Croatian and Turkish companies and provides information and advisory support to partners and customers
- Our aim is to create new business opportunities for entrepreneurs from Croatia and Turkey and to be a bridge that connects the economies of these two countries
- Corporate and SME entrepreneurs have full access to comprehensive solutions for all their trade finance and corporate banking needs as well as an access to international banking products and services



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