



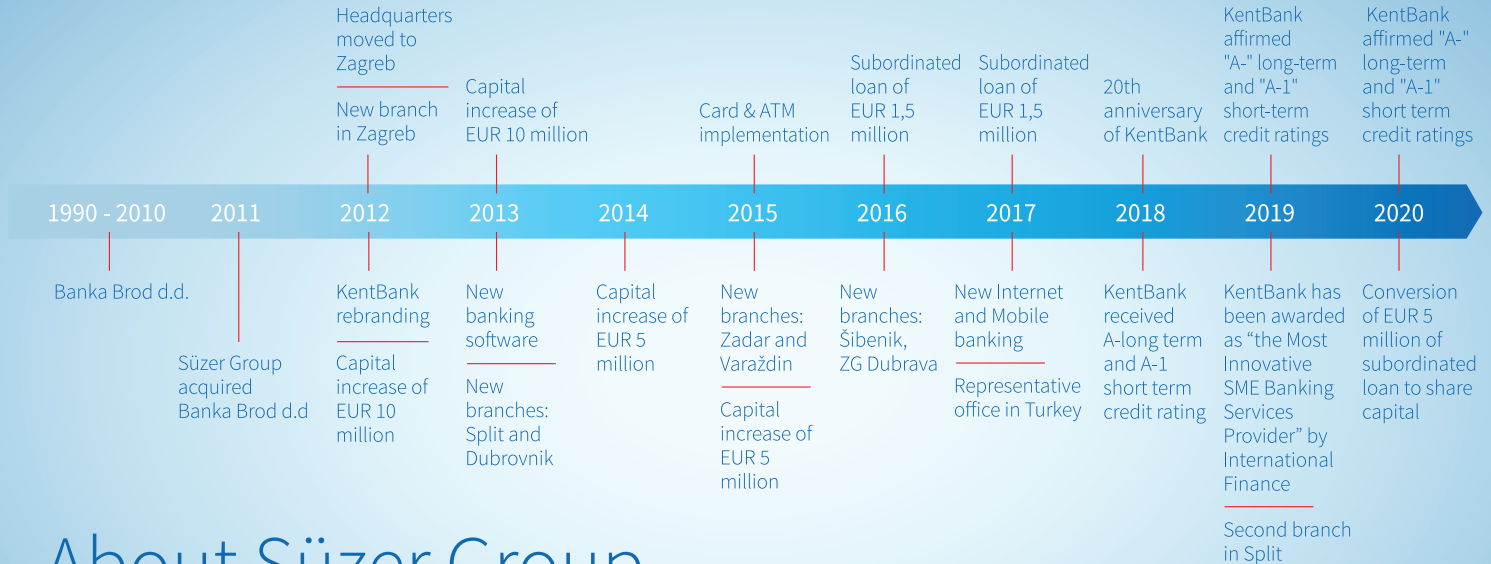
# BANK OVERVIEW

„You are in good hands”

June 2021, 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 other.

# OVERVIEW



- National Bank with 15 branches across major cities in Croatia
- Negative trends from the beginning of 2020 caused by the Covid-19 pandemic affected the bank's operations and results, but despite the challenging 2020 for the whole banking sector, with the growth in balance sheet, the Bank continued with generating positive results
- In 2020 the Bank's share capital was increased by 5m EUR by converting a hybrid instrument
- In 2019 KentBank has been awarded as "the Most Innovative SME Banking Services Provider" by International Finance
- In 2018 Bank celebrated its 20th anniversary
- In 2017 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
- At the end of 2020, the Bank had 193 educated, experienced and professional employees and is constantly working on improving its staffing structure.

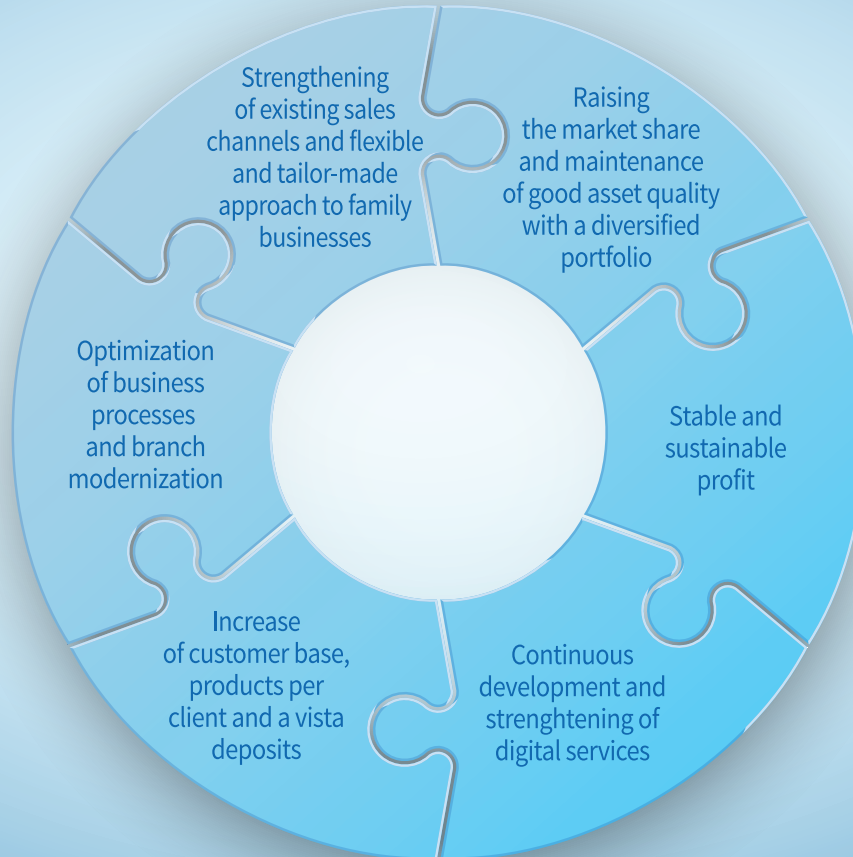
# COVID-19 PANDEMIC

In 2020 during the pandemic, the Bank continued to regularly operate, and adjusted its operations in accordance with the adopted instructions, taking all necessary activities and measures to ensure smooth and continuous operations and at the same time providing necessary liquidity

During the pandemic, liquidity, solvency and capitalization of the Bank were not endangered, and in accordance with the instructions and measures of the civil protection headquarters, the Bank ensured availability of all its products and services

In 2020 the Bank adopted a package of customer support measures to demonstrate, in these difficult times, that it has a primarily partnership relationship with its customers and to support in difficult times every entrepreneur who gave it his or her confidence

The Bank has prepared supporting measures to address all customers, whether natural or legal, whose business is affected by the COVID-19 virus pandemic by allowing to clients possibility of moratoriums. The clients were also enabled to withdraw cash at no charge at all ATMs of other banks in the Republic of Croatia.



# MACROECONOMIC DATA



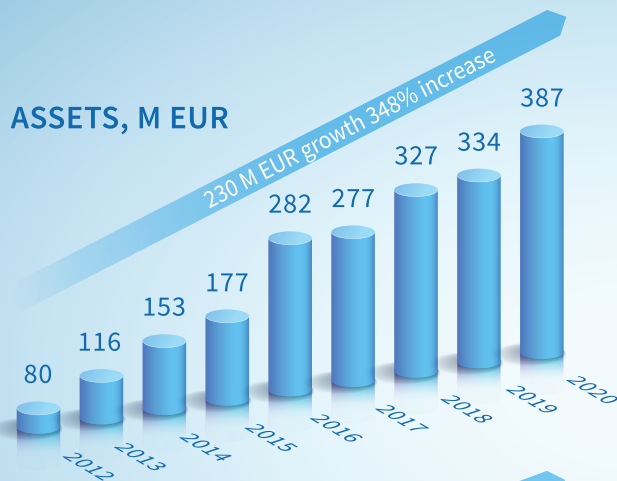
## Macroeconomic indicators

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-	Stable	BBB-	Stable	BBB	Stable	A-(Crt)	Stable
Moody's	Ba1	Stable	Ba1	Stable	<b>ST Rating</b>	<b>Outlook</b>	<b>ST Rating</b>	<b>Outlook</b>
Standard & Poor's	BBB-	Stable	BBB-	Stable	A-3	Stable	A-1(Crt)	Stable

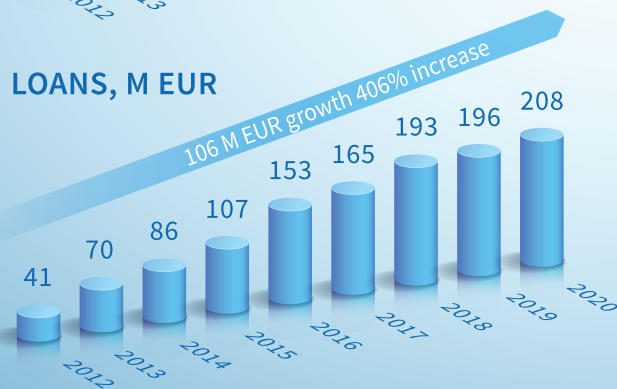
## Summary of macroeconomic indicators

	2019	2020	2021F	2022F	2023F
Nominal GDP (EURbn)	54,3	49,3	52,8	55,2	57,4
GDP per capita (EUR)	13.350	12.192	13.151	13.847	14.523
GDP growth (%)	2,9%	-8,0%	5,1%	3,0%	2,5%
CPI infltion (eop)	1,4%	-0,7%	1,0%	1,5%	1,5%
Unemployment rate (%)	6,5%	7,5%	7,2%	6,8%	6,5%
Budget balance (% of GDP)	0,4%	-7,4%	-4,2%	-3,0%	-2,5%
Public debt (% of GDP)	73,2%	88,7%	87,5%	85,1%	82,8%
Exports (%)	8,2%	-25%	21,4%	14,5%	6,5%
Imports (%)	6,2%	-14%	13,9%	9,0%	4,0%
CURrent Account balance (% of GDP)	2,8%	-0,8%	0,5%	1,9%	0,0%
Foreign debt (% of GDP)	75,3%	82,3%	81,8%	78,9%	79,9%
EUR/HRK (end-year)	7,44	7,54	7,55	7,53	7,53

## ASSETS, M EUR



## LOANS, M EUR



## Balance sheet

- 2012 vs 2020 asset size increase - 307m EUR or 383%
- In March 2021 asset size reached 3 billion HRK
- In comparison with 2019 asset size increased 53m EUR or 16%
- In 2020 and 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

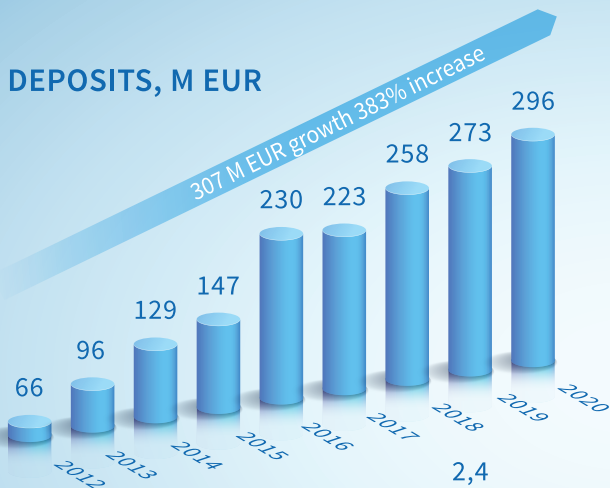
## Loan portfolio

- Continuous and controlled increase in loan portfolio (7% in 2020 in comparison with 2019)
- Increase in share of retail loans in total loan portfolio as one of the strategic goals in upcoming years
- Loan to deposit ratio increased from 62% to 70% between 2012 and 2020



# DEPOSITS AND PROFITABILITY

## DEPOSITS, M EUR

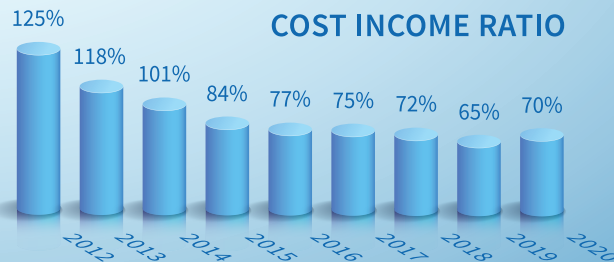


## Funding sources:

- Retail deposits are the main source of funding
- Deposits represent 77% of total funding sources
- Significant increase in 2016 was result of implementation of new channels for acquisition of international deposits
- In 2020 deposits increased 23M EUR or 10%
- Share of a vista increased from 26% to 33% in 2020
- Stable deposit base

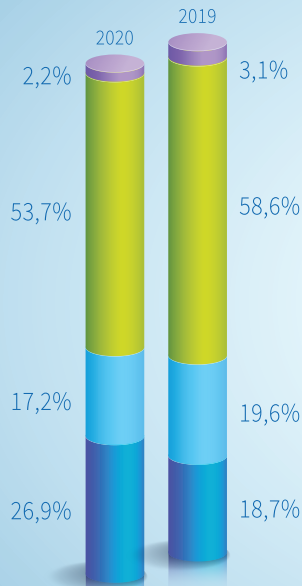
## Profitability:

- Stable profit increase over the years
- 2020 profit lower due Covid-19 pandemic
- Well-controlled expenses
- Increased C/I ratio due to lower operating income resulting from pandemic



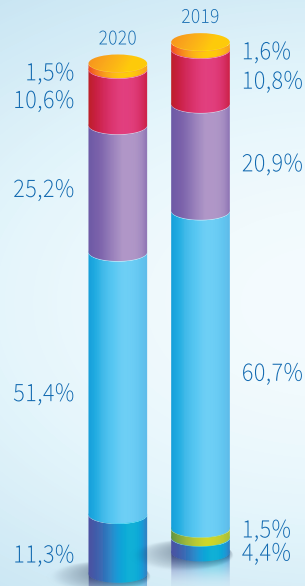
# 2020 AND 2019 IN COMPARISON

## ASSET STRUCTURE



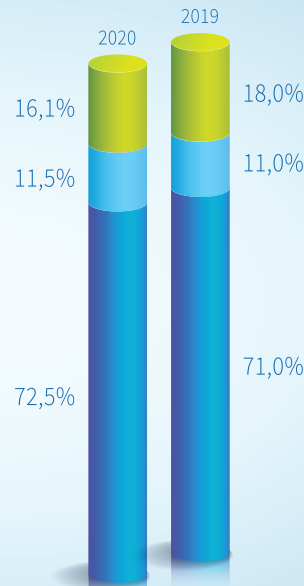
- Cash and deposits (including CNB)
- Securites
- Loans
- Other assets

## LIABILITIES STRUCTURE



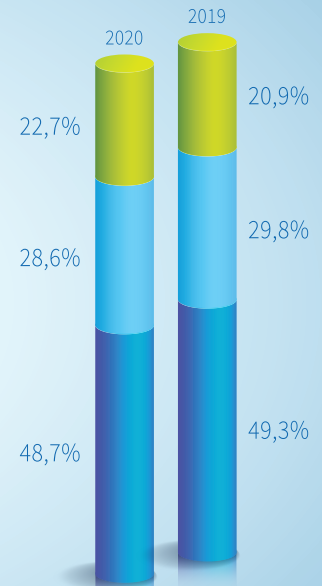
- Bank borrowings
- Subordinated loan
- Term deposits
- Demand deposits
- Capital
- Other liabilities

## INCOME STRUCTURE



- Net interest income
- Net Fee income
- Other operating income

## TOTAL LOANS



- Corporate
- Retail
- SME

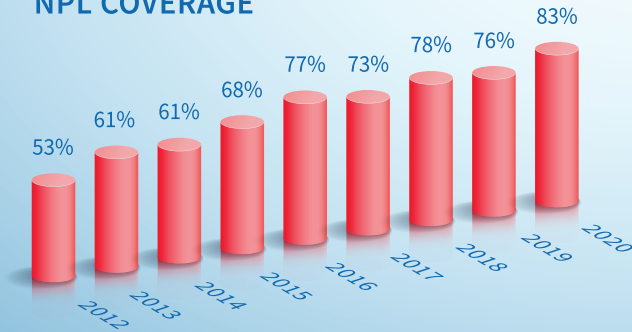
# ASSET QUALITY

## NPL 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

## NPL COVERAGE



## CAPITAL ADEQUACY RATIO



# FINANCIAL HIGHLIGHTS



<b>ASSETS (000 EUR)</b>	<b>31.12.2019</b>	<b>31.12.2020</b>	<b>CHANGE %</b>
CASH AND ACCOUNTS AT BANKS AND CNB	62,600	104,188	66%
MARKETABLE SECURITIES	65,493	66,669	2%
LOANS	195,838	207,635	6%
OTHER ASSETS	10,401	8,442	-19%
<b>TOTAL ASSETS</b>	<b>334,333</b>	<b>386,933</b>	<b>16%</b>

<b>LIABILITIES (000 EUR)</b>	<b>31.12.2019</b>	<b>31.12.2020</b>	<b>CHANGE %</b>
BANK BORROWINGS	14,777	43,579	195%
SUBORDINATED LOAN	5,013	0	-100%
DEPOSITS	272,987	296,434	9%
OTHER LIABILITIES	5,501	5,919	8%
CAPITAL	36,055	41,002	14%
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>334,333</b>	<b>386,933</b>	<b>16%</b>

<b>PROFIT/LOSS (000 EUR)</b>	<b>31.12.2019</b>	<b>31.12.2020</b>	<b>CHANGE %</b>
NET INTEREST INCOME	10,471	9,967	-5%
NET FEE AND COMMISSION INCOME	1,625	1,575	-3%
OTHER OPERATING INCOME	2,657	2,208	-17%
TOTAL INCOME	14,753	13,749	-7%
TOTAL G&A EXPENSES	-9,614	-9,637	0%
IMPAIRMENT LOSSES AND PROVISIONS	-2,451	-3,169	29%
CORPORATE TAX	-276	-162	-41%
<b>PROFIT/(LOSS)</b>	<b>2,412</b>	<b>782</b>	<b>-68%</b>

# OUR ADVANTAGES



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

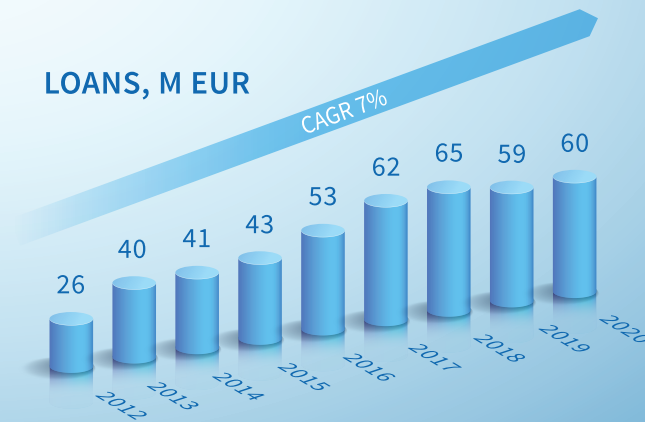




RETAIL A VISTA,  
M EUR



LOANS, M EUR





- 85M EUR or 129% increase in loan portfolio since 2015
- In 2020 loan portfolio increased 11M EUR or 8%
- Building renovation loans – total of 591 buildings were renovated with Kentbank financial support
- Cooperation with HBOR and HAMAG
- Business with guarantees and letter of credit

**LEGAL ENTITIES  
LOANS, M EUR**



## 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:

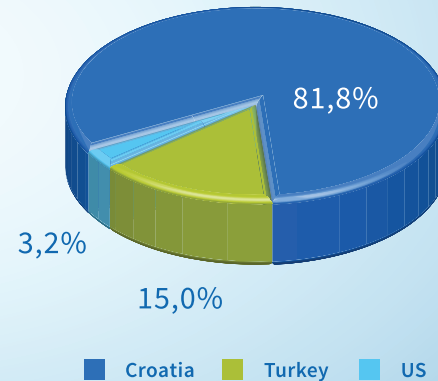
Active role in marketable securities trading both in primary and secondary market,

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 2020**  
(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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