

BANK OVERVIEW

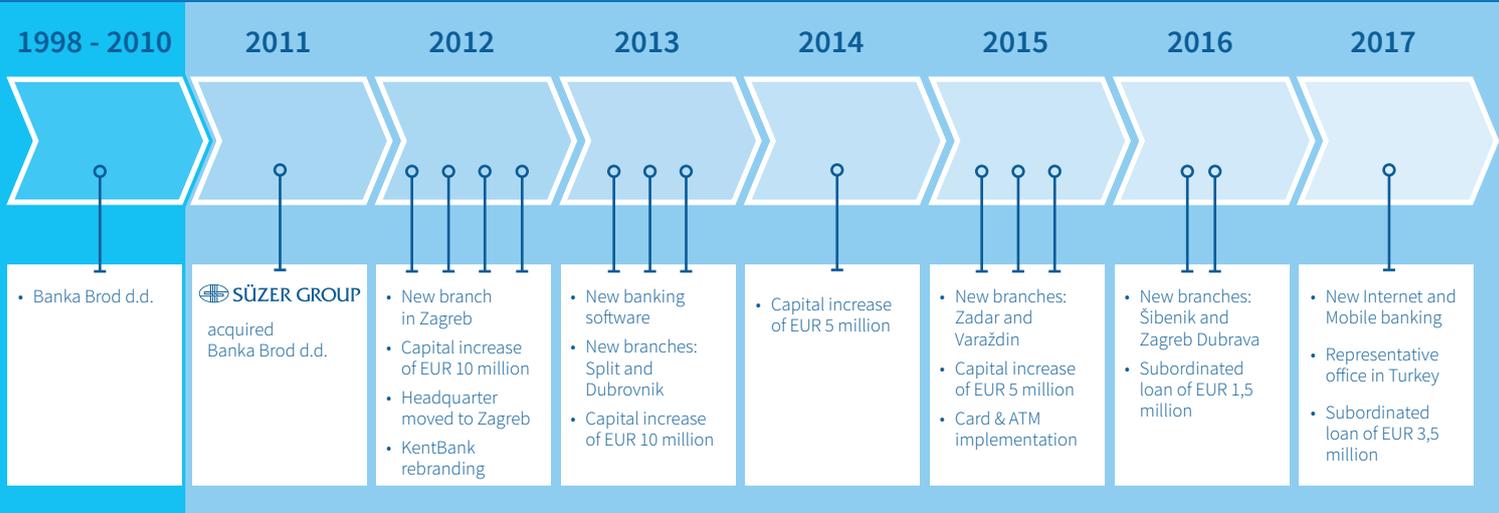


You are in good hands.

Agenda

- BANK HISTORY & OWNERSHIP STRUCTURE
- OVERVIEW
- STRATEGY
- MACROECONOMIC DATA
- VOLUMES
- DEPOSITS AND PROFITABILITY
- 2017 AND 2016 IN COMPARISON
- ASSET QUALITY
- FINANCIAL HIGHLIGHTS
- M-KENT
- RETAIL BANKING
- CORPORATE BANKING
- SME BANKING
- TREASURY BANKING
- REPRESENTATIVE OFFICE AND TURKISH DESK

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.



National Bank with **15 branches** across major cities in Croatia

Continuous development of digital services

In 2017, the Bank opened its **Representative office in Turkey**

Access to more than **1.000 ATM's** in MBNet network

Bank on the EU market

At the end of 2017, the Bank had **193** educated, experienced and professional employees and is constantly working on improving its staffing structure.



Focus on service quality:

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

Good asset quality
with a diversified portfolio

Modern business system,
process and sale channels

Stable and
sustainable profit

SUMMARY OF MACROECONOMIC INDICATORS

	2016	2017	2018F	2019F
Nominal GDP (EURbn)	46,4	48,7	51,0	53,1
GDP per capita (EUR)	11.118	11.806	12.364	12.873
Real GDP growth (YoY,%)	3,2%	2,8%	2,8%	2,6%
CPI Inflation (average% YoY)	-1,1%	1,1%	1,2%	1,5%
Unemployment rate (average %)	13,1%	11,2%	9,8%	9,1%
Exports (EURbn)	22,778	25,081	26,084	27,127
Imports (EURbn)	21,438	23,437	24,843	26,334
Trade balance (EURbn)	-7,342	-8,158	-8,562	-9,345
Merchandise trade balance (% of GDP)	-15,8	-16,8	-16,8	-17,6
Current Account (EURbn)	1,209	1,904	1,015	0,816
Current Account (% of GDP)	2,6	3,9	1,9	1,5
Gross external debt (EURbn)	41,668	40,049	40,887	41,778
Gross external debt (% of GDP)	89,8	82,3	80,1	78,7
Net FDI (EURbn)	1,893	1,296	2,005	2,225
FDI (% of GDP)	4,1	2,7	3,9	4,2
EUR/HRK (end-year)	7,56	7,51	7,45	7,45

Trade balance: Import, Export, Tourism receipts, EU transfers | Source: Croatian National Bank, Central Bureau of Statistics, Ministry of Finance

RATINGS*

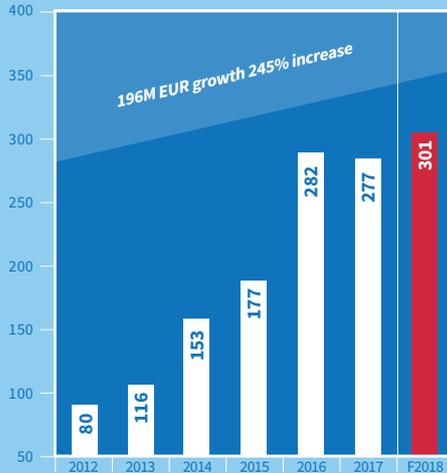
Fitch Ratings
Moody's
Standard & Poor's

Source: Bloomberg

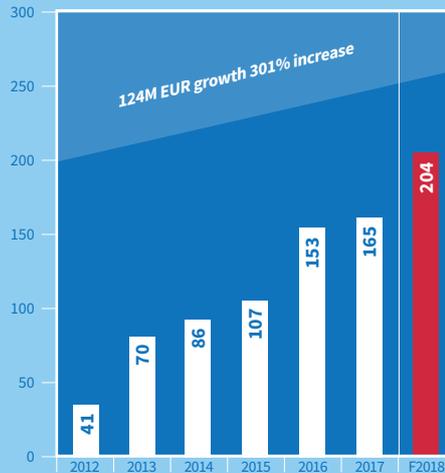
Foreign Currency		Domestic Currency	
LT Rating	Outlook	LT Rating	Outlook
BB+	Stable	BB+	Stable
Ba2	Stable	Ba2	Stable
BB+	Stable	BB+	Stable

Croatian GDP growth is expected to slow down slightly in comparison to 2016 when the growth rate was at maximum, due to reaction of imports, structural lack of labour force in propulsive sectors despite still high unemployment and late restructurings in problem enterprises such as Petrokemija, shipyards and parts of Agrokor. Domestic demand is expected to continue to grow at moderate rates, which implies favourable external position despite of somewhat stronger reaction of imports. Therefore current account position shall remain in the positive zone, a need for rising foreign debt shall remain contained and capital inflows will mainly continue via FDI, combining retained earnings in traditional inward oriented sectors such as telecom and banking, and greenfield investment in tradable sectors, mainly in booming tourism industry. Inflation is expected to remain low and the exchange rate stable.

ASSETS, M EUR



LOANS, M EUR

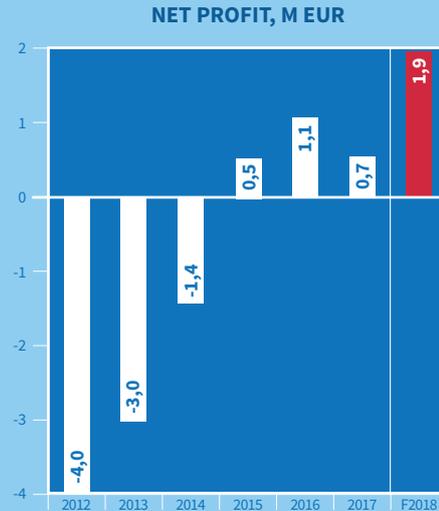
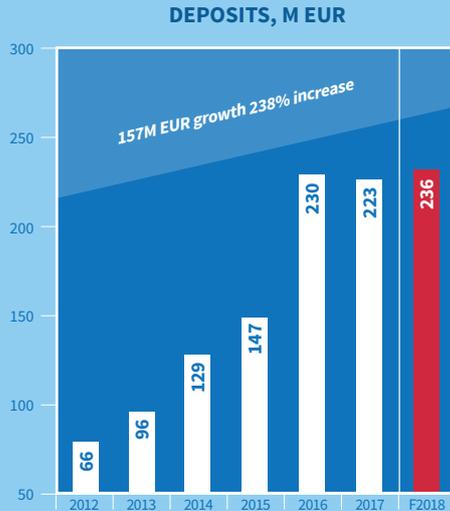


Continuous increase in asset size:

- 2017 vs 2012 asset size increase - 196m EUR or 245% increase
- Focus on liquidity management
- Significant increase of customer base
- Conservative risk management approach

Balance sheet:

- Controlled increase in loan portfolio
- Loans make up 60% of assets in 2017
- Loan to deposit ratio increased from 62% to 74% between 2012 and 2017
- In 2017 loans increased by 8%



Funding sources:

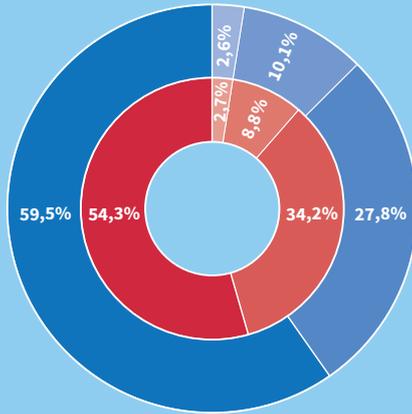
- Retail deposits are the main source of funding
- Significant increase in 2016 due to implementation of new channels for acquisition of international deposits
- Share of a vista increased from 5% to 18% in the period between 2012 and 2017
- Diversified and stable deposit base

Profitability:

- Bank started generating profit since 2015
- 2017 profit amounts to 0,7M EUR
- Losses before 2015 are a result of high provision expenses and made investments

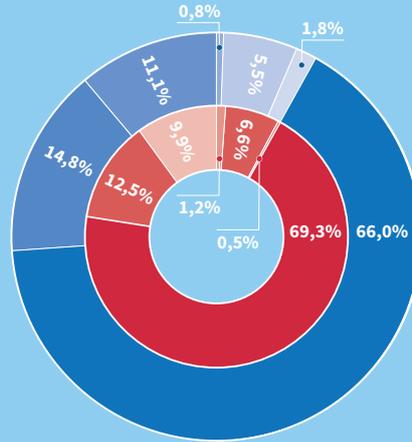
2017 and 2016 in comparison

ASSETS STRUCTURE



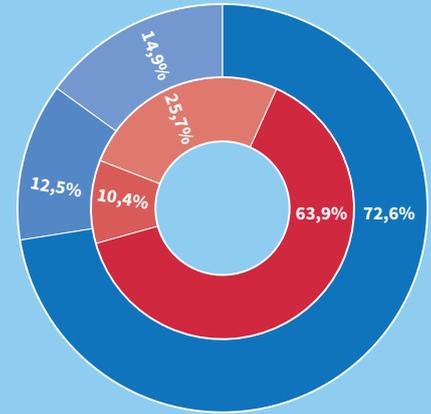
- Loans
- Securities
- Cash and deposits (including CNB)
- Other asset

LIABILITIES STRUCTURE



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

INCOME STRUCTURE



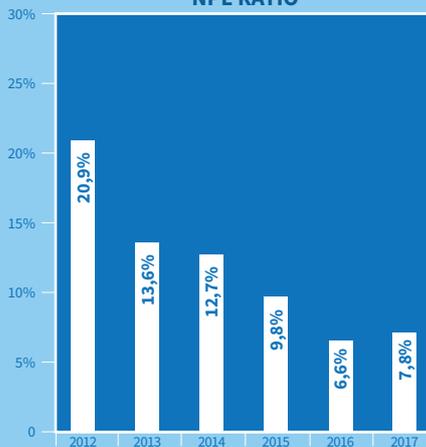
- Net interest Income
- Net Fee Income
- Other operating Income

Inner circle - 2016 | Outer circle - 2017

- Corporate loans
- Retail loans
- SME loans



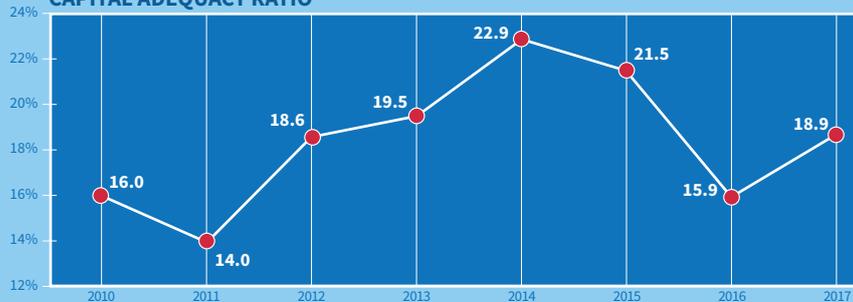
NPL RATIO



NPL COVERAGE



CAPITAL ADEQUACY RATIO



Decreasing trend in NPL ratio till 2017 due to:

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

High NPL coverage

Maintenance of low NPL ratio supported with scoring system

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

ASSETS (000 EUR)	31. 12. 2016	31. 12. 2017	CHANGE %
CASH AND ACCOUNTS AT BANKS AND CNB	24,867	28,036	13%
MARKETABLE SECURITIES	96,265	76,806	-20%
LOANS	153,042	164,670	8%
OTHER ASSETS	7,569	7,131	-6%
TOTAL ASSETS	281,743	276,643	-2%
LIABILITIES (000 EUR)	31. 12. 2016	31. 12. 2017	CHANGE%
BANK BORROWINGS	18,560	15,425	-17%
SUBORDINATED LOAN	1,500	5,000	233%
DEPOSITS	230,440	223,478	-3%
OTHER LIABILITIES	3,377	2,080	-38%
CAPITAL	27,866	30,660	10%
TOTAL LIABILITIES AND EQUITY	281,743	276,643	-2%
PROFIT/LOSS (000 EUR)	31. 12. 2016	31. 12. 2017	CHANGE%
NET INTEREST INCOME	6,477	7,982	23%
NET FEE AND COMMISSION INCOME	1,050	1,368	30%
OTHER OPERATING INCOME	2,601	1,633	-37%
TOTAL INCOME	10,129	10,983	8%
TOTAL G&A EXPENSES	-7,787	-8,290	6%
IMPAIRMENT LOSSES AND PROVISIONS	-1,266	-1,996	58%
PROFIT/(LOSS)	1,076	697	-35%



Introduced in August 2017 for IOS and Android

Easy overview of all accounts

“Photo-pay” technology - best in class

Single sign on technology - login once and access both Your private and business accounts

Convert your purchases to installment payments - great and unique option

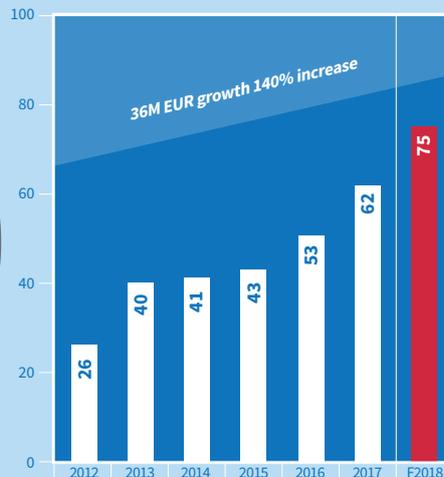
Login with PIN or fingerprint

Opening term deposits with few taps

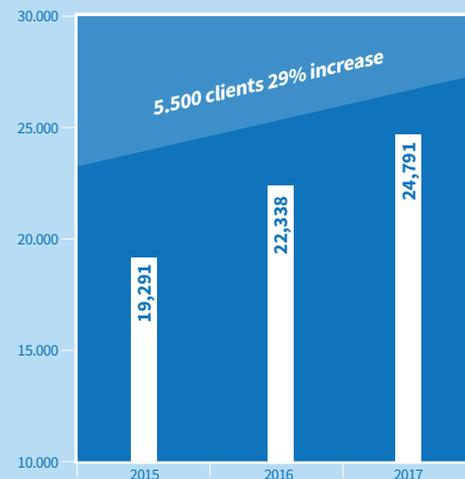
HRK and SEPA (Single Euro Payments Area) EUR payments



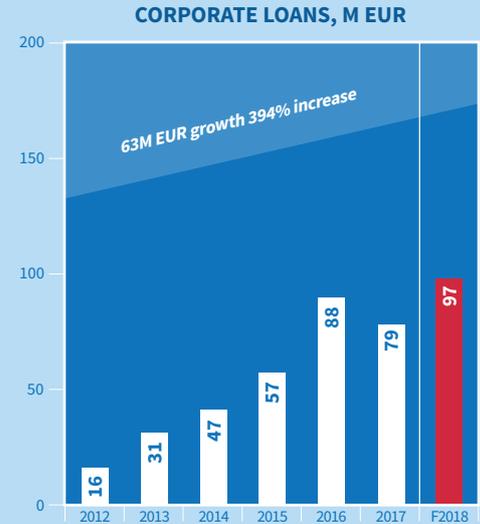
RETAIL LOANS, M EUR



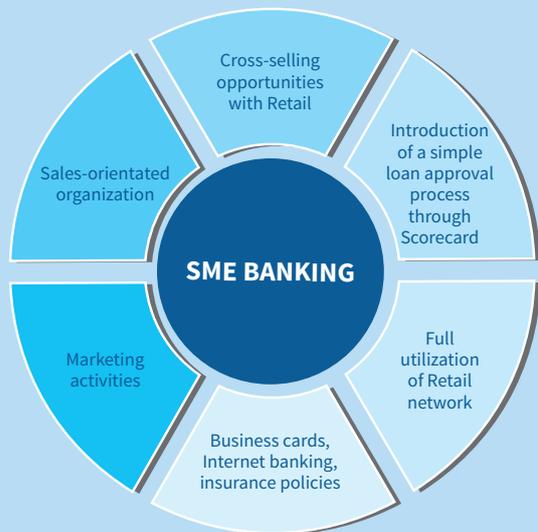
RETAIL CLIENTS



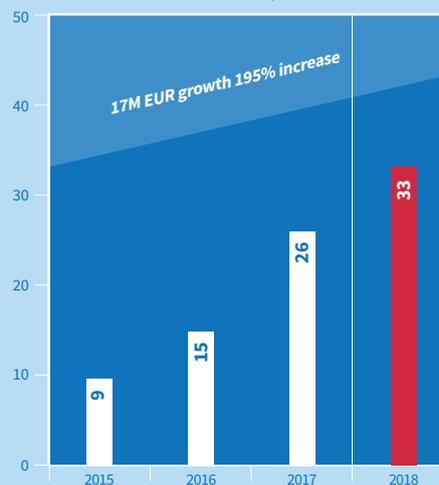
Retail defined direction to digital banking through development of totally new service m-Kent (mobile banking), update of e-Kent (internet banking service) and web page. With those changes we created interactive digital channel with emphasis on user experience.



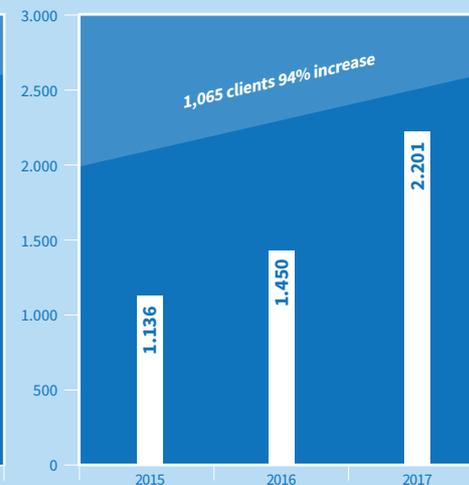
Syndicated loans	Fast and flexible service
POS services	Cooperation with highest-quality clients on the market
Tailor-made approach	Cooperation with HBOR



SME LOANS, M EUR



SME CLIENTS



17M EUR or 195% increase in loan portfolio since 2015

Scoring system for high asset quality

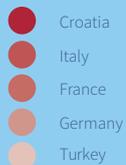
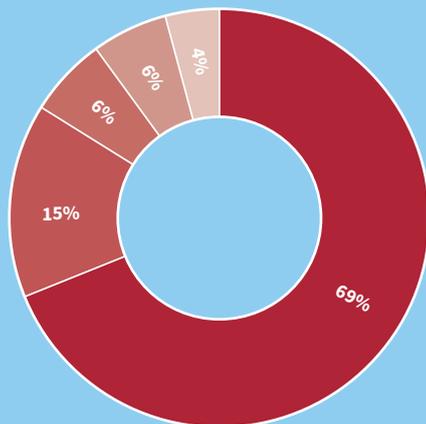
Participation in tenders published by Fund for Environmental Protection and Energy Efficiency for subvention of energy efficient facade renewal

E-banking

Building renovation loans – total of 170 buildings were renovated with Kentbank financial support out of 1.000 buildings in portfolio

Cooperation with 57 building management companies

MARKETABLE SECURITIES - December 2017 (Per Country)



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

Representative office and Turkish desk



Mrs. Sevgi Pelin Yurdunol, Representative office Director



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.

You are in good hands.



KENTBANK

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