

2018 Combined Financial Results

Air Bank, Home Credit Czech Republic and Home Credit Slovak Republic

6 February 2019

Note: Unaudited combined IFRS figures

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COMBINED FINANCIAL RESULTS

This presentation includes, amongst others, unaudited combined financial results of Air Bank a.s. ("Air Bank"), Home Credit a.s. ("Home Credit CZ") and Home Credit Slovakia, a.s. ("Home Credit SK") for the years 2017 and 2018; see also slide „*Scope of combined financial information*“. The combined financial results are for illustrative purposes only. By their nature combined financial results address a hypothetical situation as if Air Bank, Home Credit CZ and Home Credit SK were combined. Readers are, therefore, cautioned not to put undue reliance on unaudited combined financial results.

The combined financial results presented herein are not, and do not form part of, official (full year or interim, statutory or other) accounts or reports and are prepared only for illustrative purposes. The financial results represent a hypothetical situation and, given the purpose for which they were prepared and unaudited form, do not represent what actual individual results of operations of Air Bank, Home Credit CZ and Home Credit SK would have been, should Air Bank, Home Credit CZ and Home Credit SK be combined.

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Combined figures show strong and profitable growth in 2018

Combined
figures

METRICS	2018	2017
NUMBER OF CLIENTS	1,089ths	1,125ths
Air Bank	673ths	597ths
Home Credit CZ+SK	416ths	528ths
LOAN BOOK GROWTH (YoY) ¹	15.3%	16.8%
TOTAL OPERATING INCOME (CZK)	5.1bn	4.9bn
COST BASE (CZK)	3.2bn	3.1bn
COST OF RISK ²	(32)bps	36bps
NET PROFIT (CZK)	1.5bn	1.3bn
RETURN ON TANGIBLE EQUITY	25.7%	25.5%
EFFECTIVE TAX RATE	25.0%	25.1%

Notes: All ratios are annualized, unaudited combined IFRS figures

(1) Net Customer Loans

(2) % Avg Net Customer Loans

CZK 1.5 billion of combined net profit delivered in 2018

Combined figures

METRICS (CZK m, %)	2018	2017	CHANGE
NET INTEREST INCOME	5,162	4,661	10.7%
OTHER INCOME	(71)	265	<(100)%
TOTAL OPERATING INCOME	5,091	4,926	3.3%
TOTAL OPERATING EXPENSES	(3,166)	(3,071)	3.1%
COST OF RISK	136	(132)	>100%
PROFIT BEFORE TAX	2,061	1,723	19.6%
NET PROFIT	1,545	1,290	19.8%
RETURN ON TANGIBLE EQUITY	25.7%	25.5%	17bps
RETURN ON EQUITY	19.8%	19.7%	13bps

HIGHLIGHTS

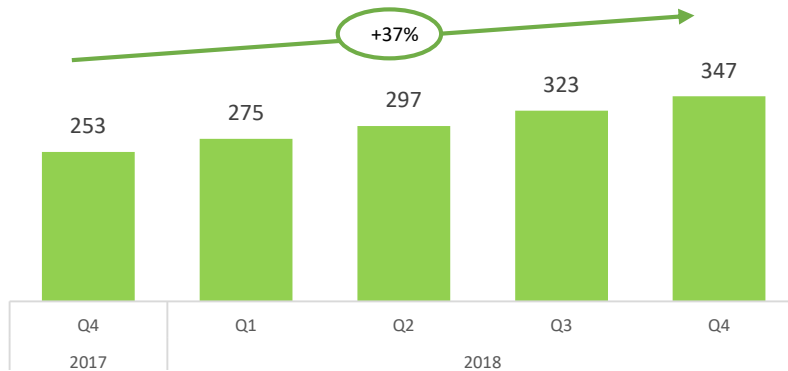
- Net interest income up by 10.7% driven by fast loan book growth and growing money market rates
- 2017 other income affected by one-off capital gain on investment portfolio of CZK 189m
- Operating expenses well controlled to grow at 3.1% YoY
- Positive 2018 cost of risk driven by good risk performance and strong recoveries on written-off loans
- CZK 1.5bn net profit resulting in 25.7% RoTE

Note: All ratios are annualized, unaudited combined IFRS figures;

Air Bank mobile banking proposition continues to gain traction

Air Bank stand-alone figures

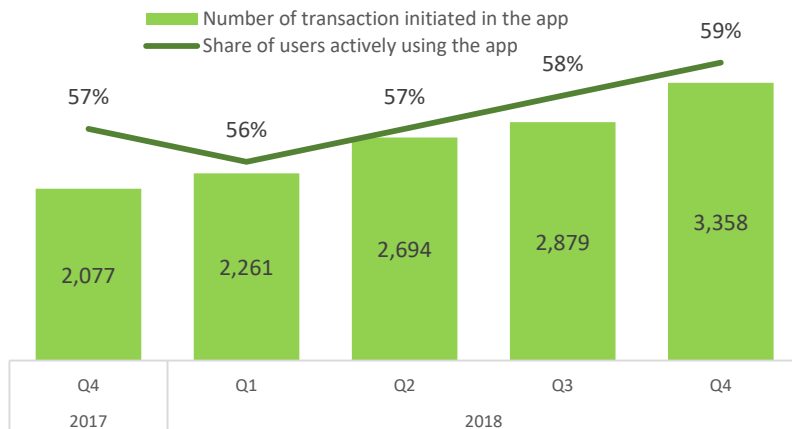
DIGITAL BANKING PENETRATION (number of clients in thousands)



DELIVERIES

- 37% YoY growth in mobile app registrations
- Registered users reaching 347 thousand
- 52% penetration of mobile application

MOBILE APP TRANSACTIONS (number of transactions in thousands)



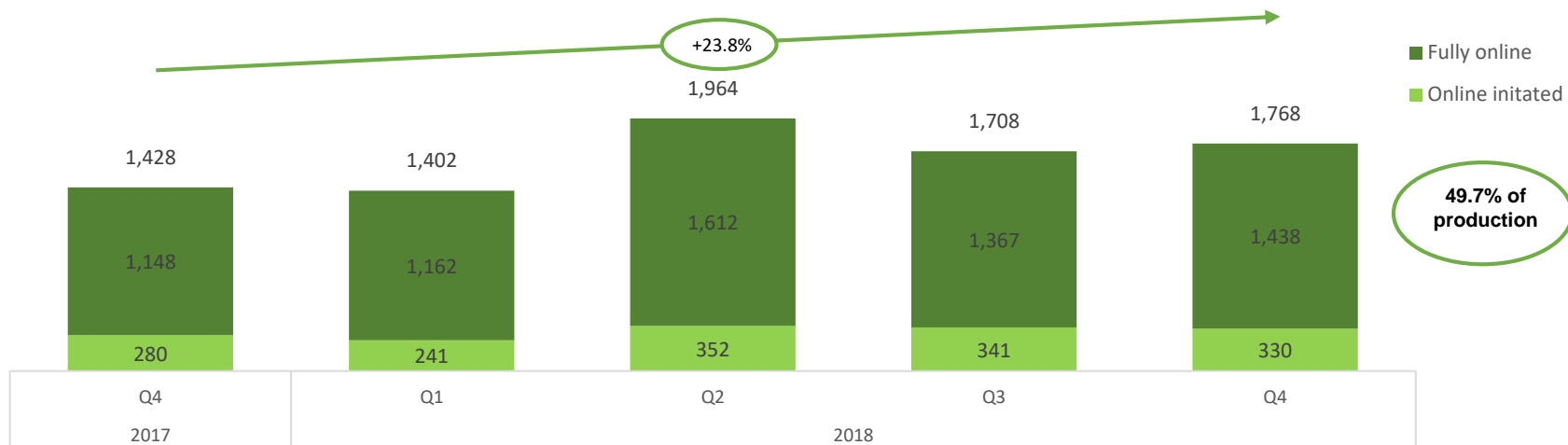
CURRENT DEVELOPMENTS

- Fully utilized personal communication to mobile channel
- Offer of recognized client's income in cash loan application
- Full end-to-end mobile onboarding
- Card virtualization in Apple Pay wallet

Air Bank online lending performance continues to grow and reached almost 50% of total loan production

Air Bank stand-alone figures

CONSUMER LOAN VOLUMES ORIGINATED ONLINE¹ (CZK m)



- CZK 1.8bn consumer loans originated online in Q4 2018. Share of online originated loans has reached 49.7% of total consumer loan production. YoY increase by 23.8%.
- 81% of online originated loans are fully online through internet banking or mobile app, ie. CZK 1.4bn in Q4 2018.
- 24% of online originated consumer loans are initiated in mobile app in Q4 2018

Note: Unaudited stand-alone IFRS figures

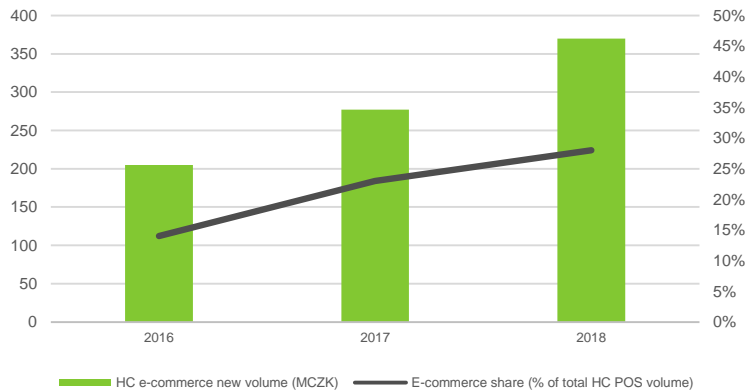
(1) Online represents volume from leads initiated through digital channels (internet banking and mobile app) and disbursed either through digital channels or branches; fully online means volume from leads both initiated and disbursed in digital channels; online initiated means volume from leads initiated in digital channels but disbursed at branch.

Consumer finance customers are shifting towards digital channels and Home Credit business is becoming more on-line driven every day

Home Credit
CZ+SK
stand-alone figures

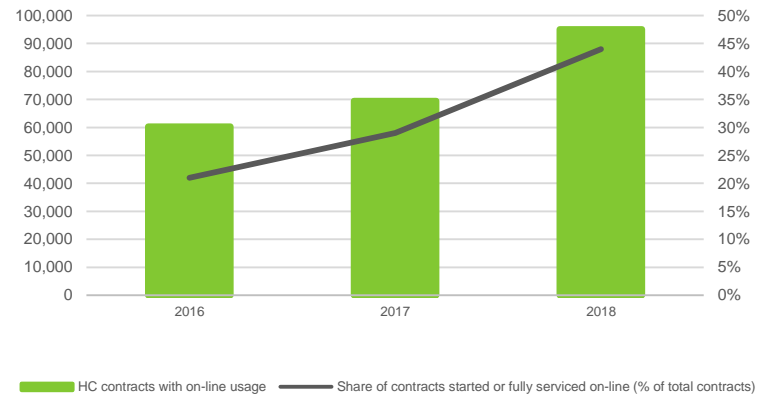
■ HC e-commerce new volume and share on total HC POS volume

➤ Our e-commerce new volume grows 34% YoY in 2018



■ On-line penetration (all HC products)

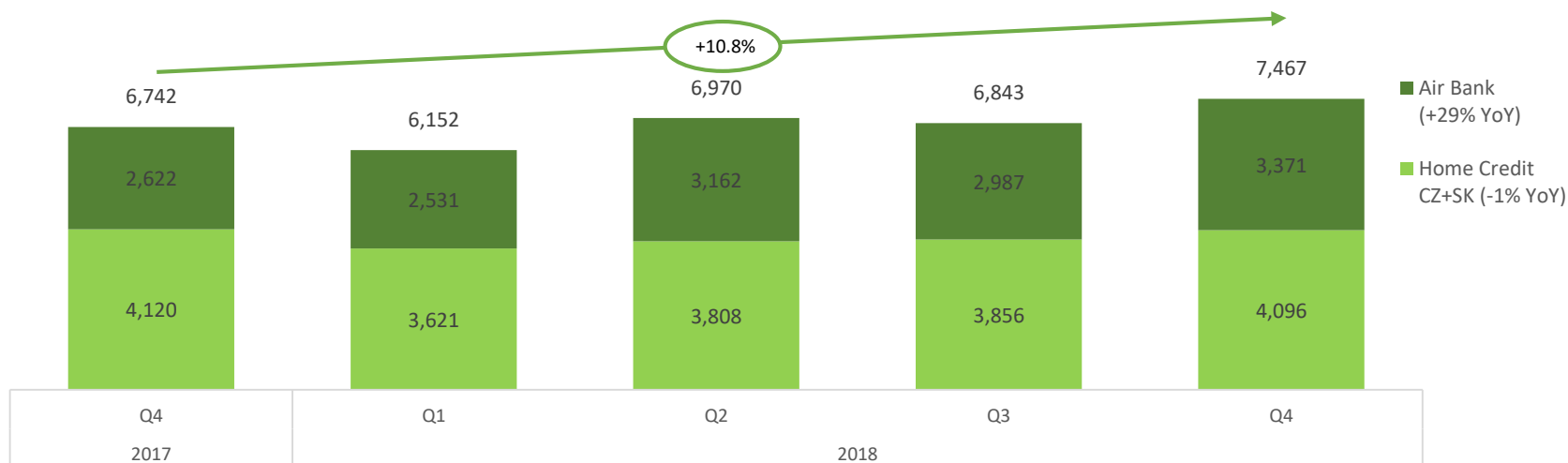
➤ Our usage of on-line channels more than doubled in last 2 years



Retail loan production growing in both consumer finance and banking platform

Combined figures

ORIGINATED RETAIL LOAN VOLUMES (CZK m)

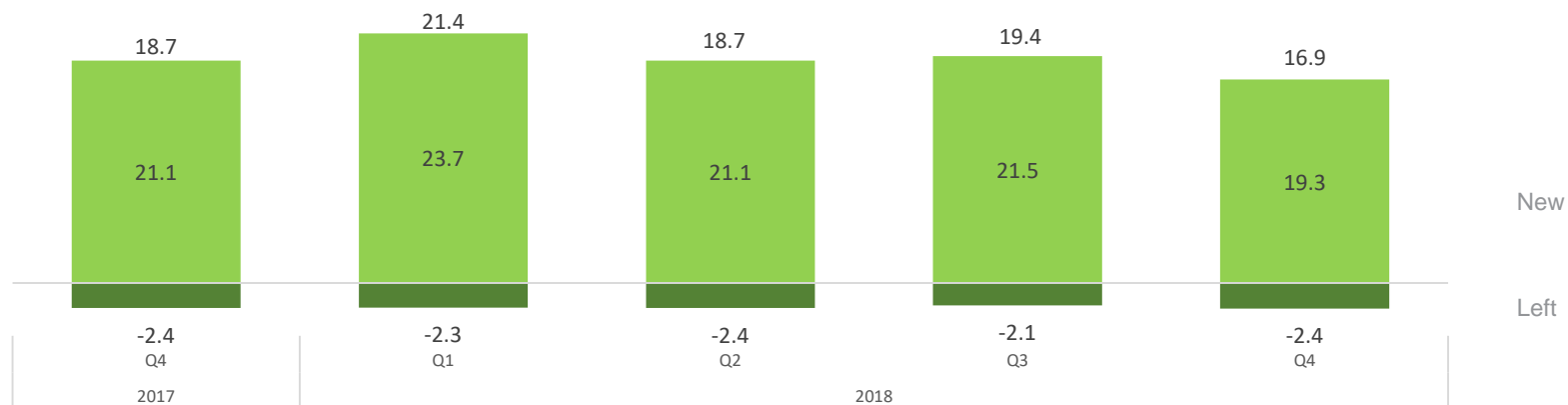


Note: Retail loans volumes include mortgage loans originated by Air Bank. Figures in chart may not add up due to rounding differences.

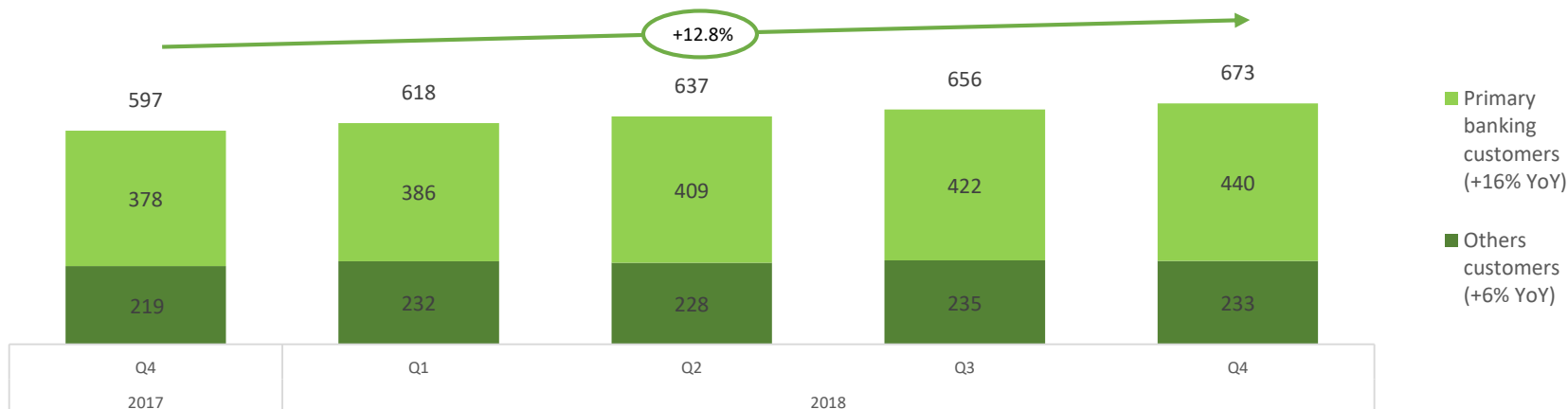
Successful Air Bank client acquisition effort and deepening primary banking relationship

Air Bank stand-alone figures

NET CLIENT ACQUISITION (number of clients in thousands)



CLIENT BASE EVOLUTION (number of clients in thousands)

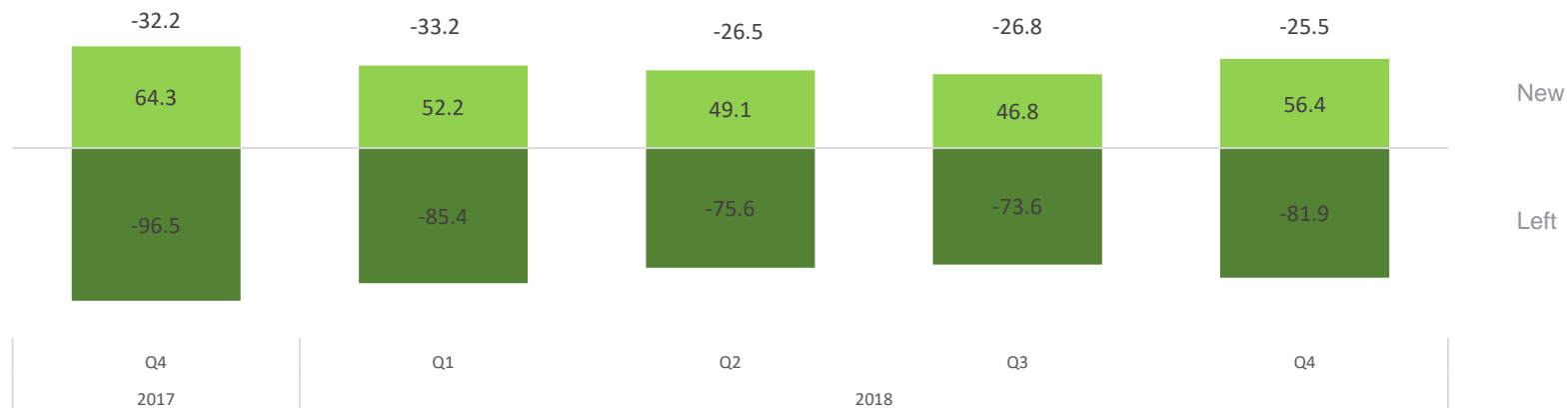


Note: Primary banking customers represent retail customer with credit income on current account of more than CZK 7 thousand at least twice in last 3 months. Figures in chart may not add up due to rounding differences.

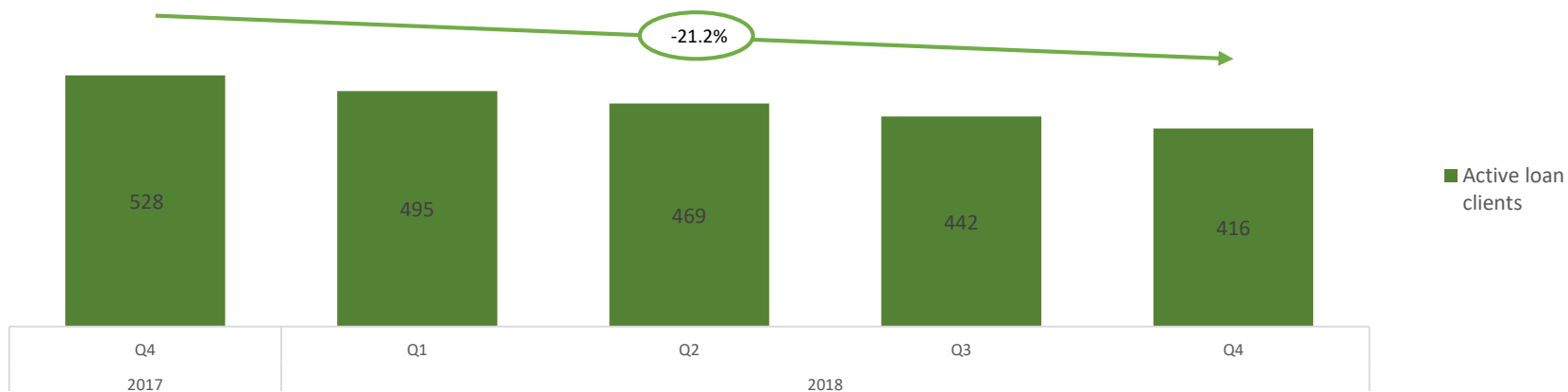
Home Credit client base evolution reflects focus on risk management and profitability

Home Credit
CZ+SK
stand-alone figures

NET CHANGE IN NUMBER OF ACTIVE LOAN CLIENTS (in thousands)



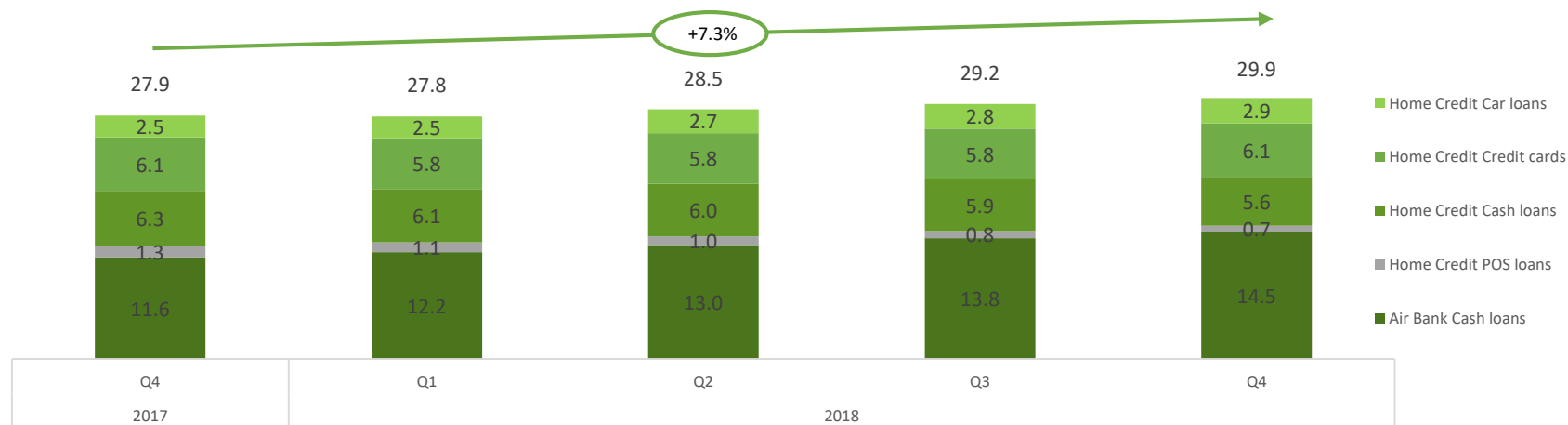
ACTIVE LOAN CLIENT BASE EVOLUTION (in thousands)



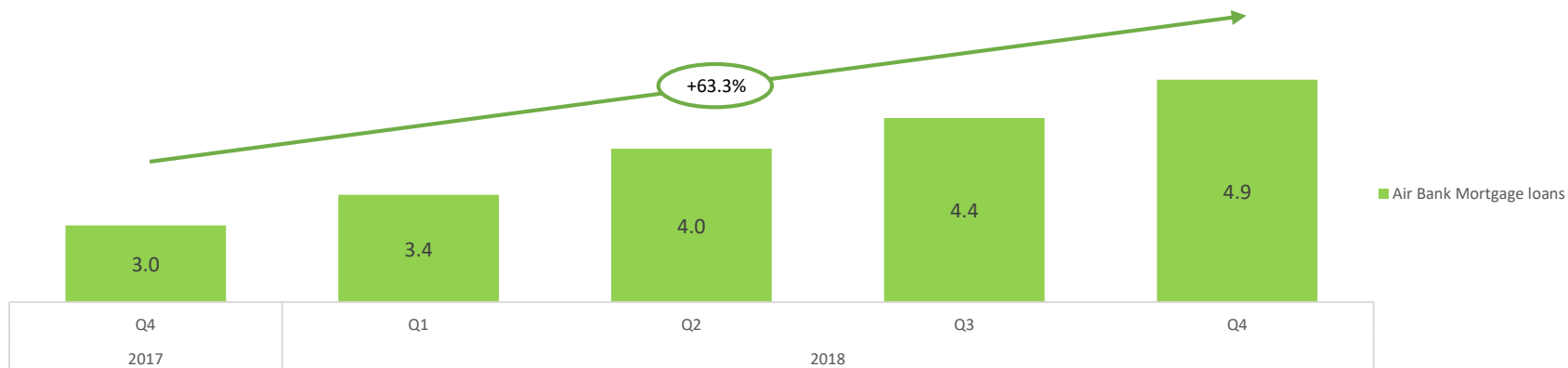
Combined retail loan portfolio continues to grow in both product lines

Combined figures

GROSS CONSUMER LOAN BALANCE (CZK bn)



GROSS MORTGAGE LOAN BALANCE (CZK bn)

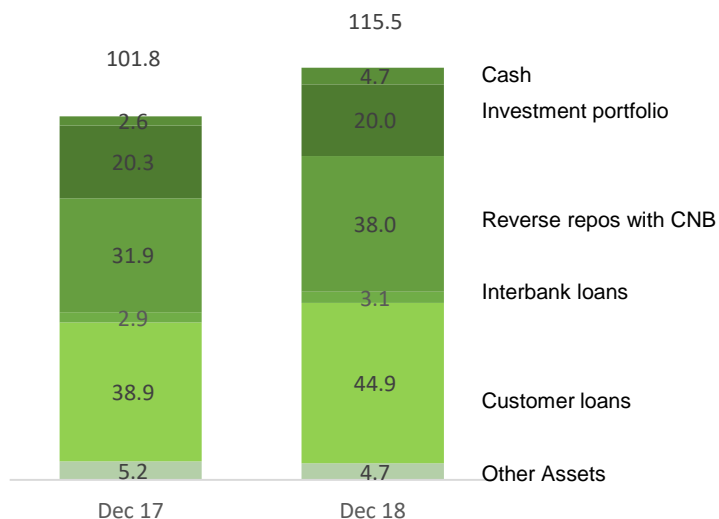


Note: Unaudited combined IFRS figures. Loans overdue for more than 360 days are excluded from loan balances presented above. Figures in chart may not add up due to rounding differences.

Highly liquid and strong combined balance sheet

Combined figures

ASSETS (CZK bn)



LIABILITIES AND EQUITY (CZK bn)



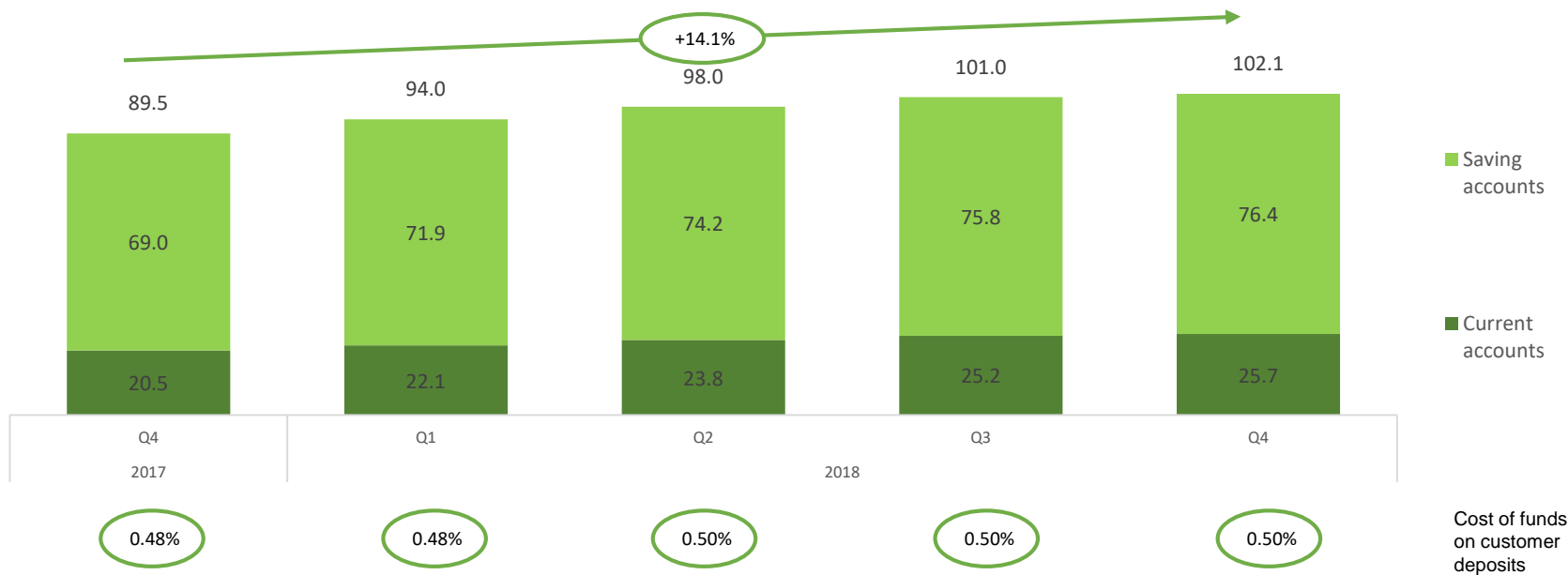
- 15.3% increase in customer loan balance
- 14.1% increase in deposits
- Air Bank liquidity coverage ratio of 430% as of 31 December 2018 confirms excellent liquidity position

Notes:
 Unaudited combined IFRS figures
 Figures in chart may not add up due to rounding differences

Air Bank retail deposits continue to grow in line with increasing customer base

Air Bank stand-alone figures

CUSTOMER DEPOSITS BY PRODUCT (CZK bn)



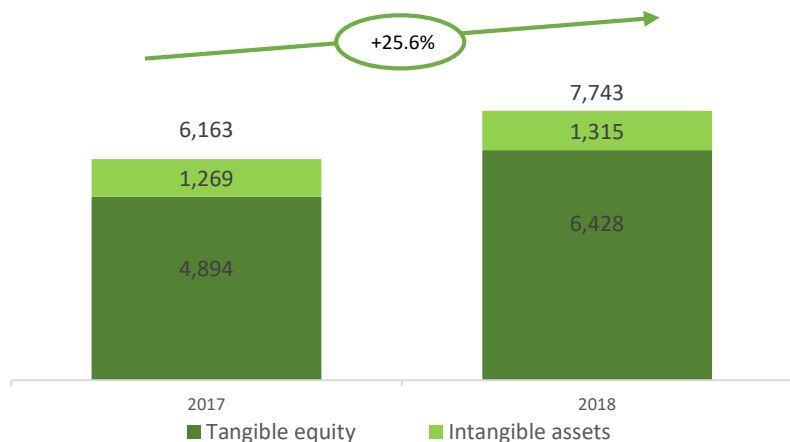
- Loan to deposits ratio raised to 44.0% in 2018
- Stable cost of deposits at 0.5% p.a.

Notes:
 Unaudited stand-alone IFRS figures
 Figures in chart may not add up due to rounding differences
 Ratios are annualized

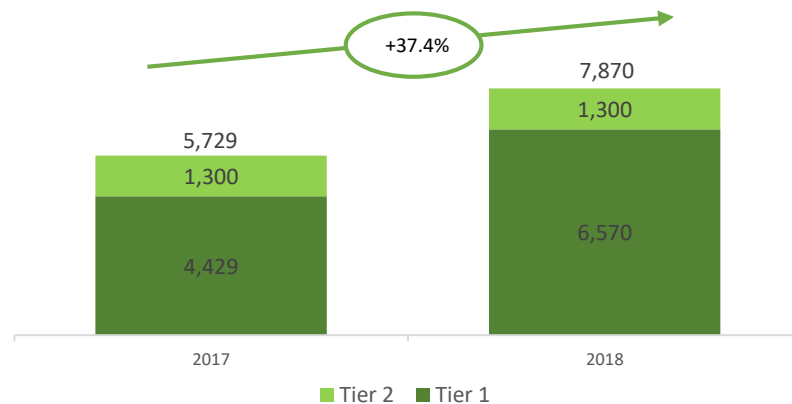
Growing Air Bank capital base

Air Bank stand-alone figures

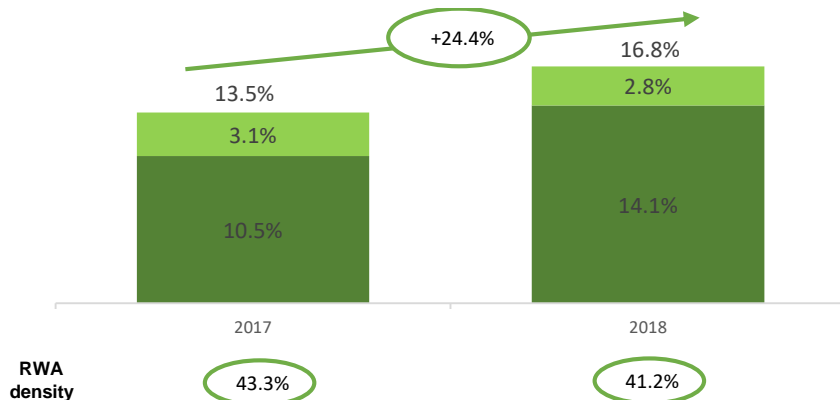
ACCOUNTING EQUITY (CZK m)



REGULATORY CAPITAL (CZK m)



CAPITAL ADEQUACY RATIO



- Significant 2018 increase in Tier 1 capital driven by recognition of 2017 and 1-3Q 2018 profits in regulatory capital
- Shareholder's capital injection of CZK 300m in January 2018
- Tier 1 capital exceeds tangible equity as of 31 December 2018 due to phase-in of IFRS 9 impact

Notes:

Unaudited stand-alone IFRS figures of Air Bank. Home Credit CZ+SK is not subject to banking capital regulation on stand-alone basis. Figures in chart may not add up due to rounding differences

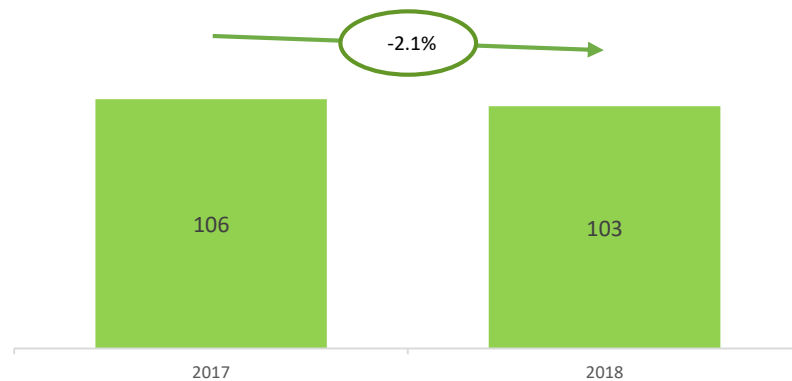
Combined net fee income stable, lower penalty income driven by improving cost of risk replaced by growing transactional fees

Combined figures

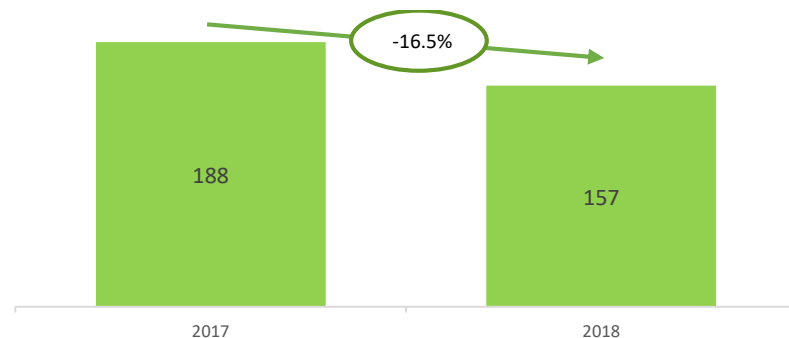
Commissions paid to retail partners (CZK m)



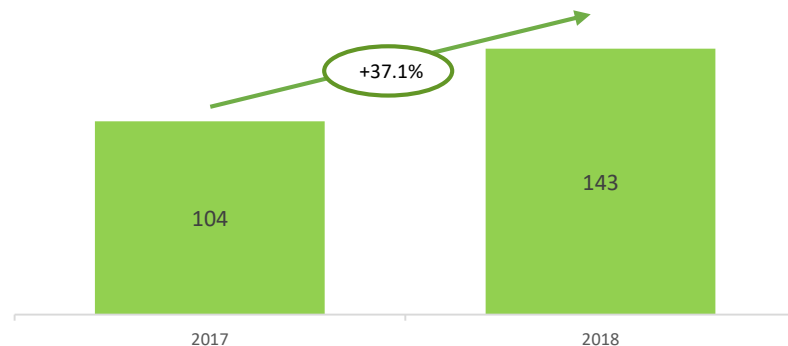
Insurance commissions (CZK m)



Loan penalty fees (CZK m)



Net servicing, transactional & other fees (CZK m)

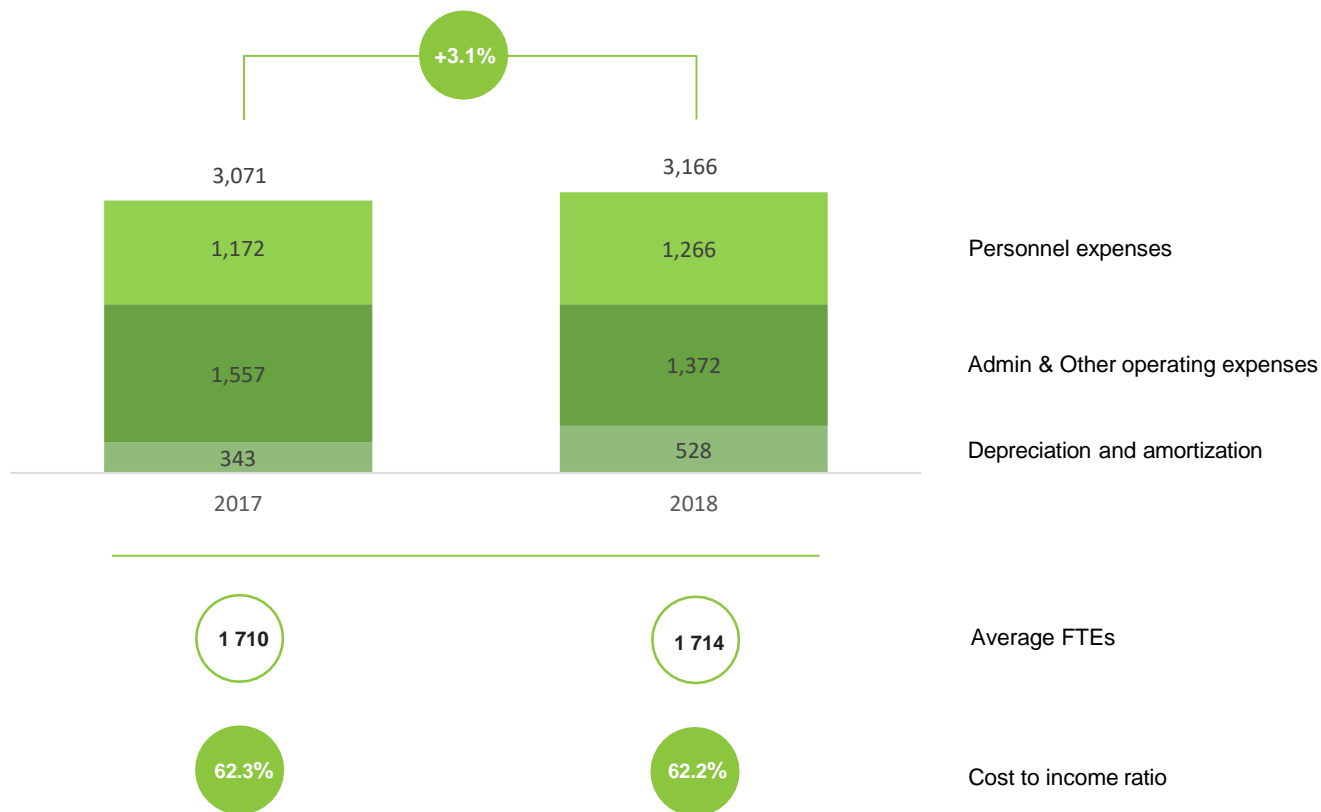


Notes: unaudited combined IFRS figures

Combined operating expenses well controlled along with fast loan book growth

Combined figures

OPERATING EXPENSES (CZK m)

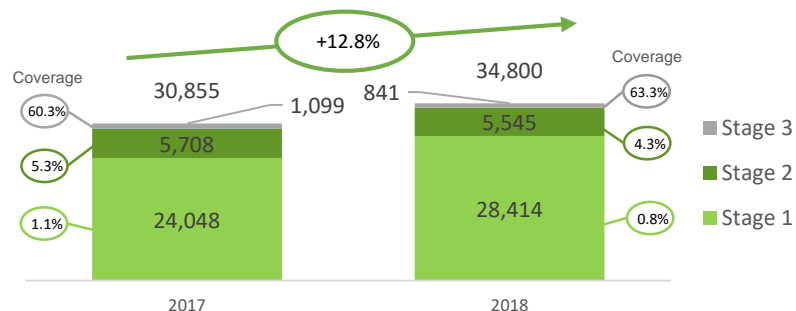


Notes:
Unaudited combined IFRS figures
Figures in chart may not add up due to rounding differences

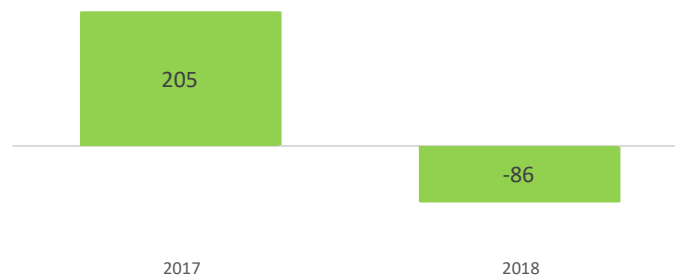
Positive combined risk cost as a result of solid risk management and strong recoveries while coverages kept at prudent levels

Combined figures

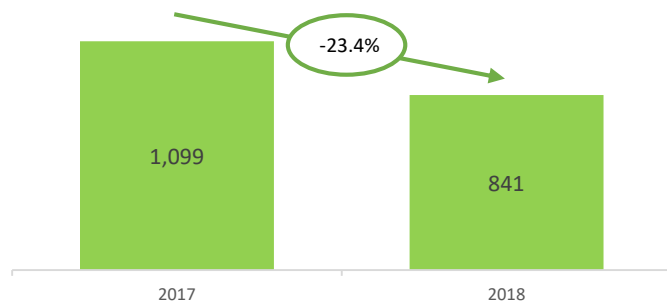
GROSS RETAIL LOAN PORTFOLIO BALANCE (CZK m)



NET IMPAIRMENTS, RETAIL LOANS (CZK m)



NPL DEVELOPMENT, RETAIL LOANS (CZK m)



COST OF RISK, RETAIL LOANS (annualized)

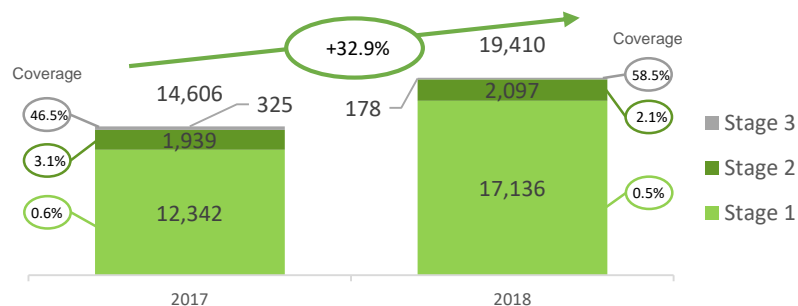
METRICS	2017	2018
COST OF RISK	0.7%	(0.3)%
RETAIL NPL RATIO	3.6%	2.4%
RETAIL NPL COVERAGE	111.0%	118.3%

Notes: Unaudited combined IFRS figures. Figures in chart may not add up due to rounding differences. Loans overdue for more than 360 days are excluded from loan balances presented above. NPL coverage represents allowances over NPL.

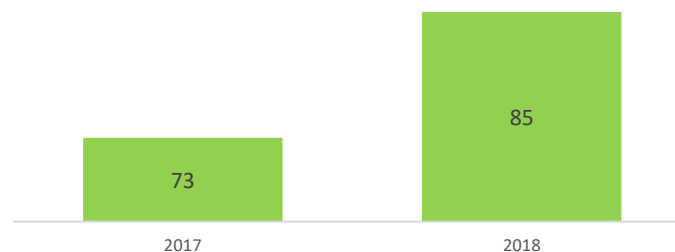
Solid Air Bank retail assets quality and coverages kept at prudent levels

Air Bank stand-alone figures

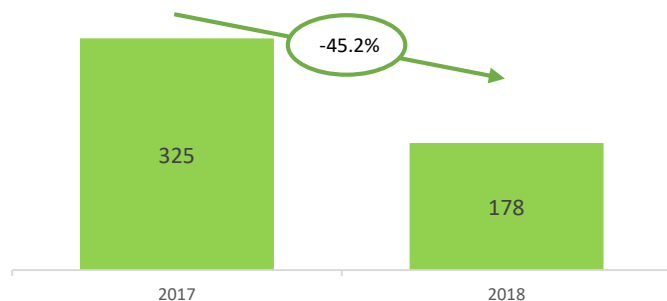
GROSS RETAIL LOAN PORTFOLIO BALANCE (CZK m)



NET IMPAIRMENTS, RETAIL LOANS (CZK m)



NPL DEVELOPMENT, RETAIL LOANS (CZK m)



COST OF RISK, RETAIL LOANS (annualized)

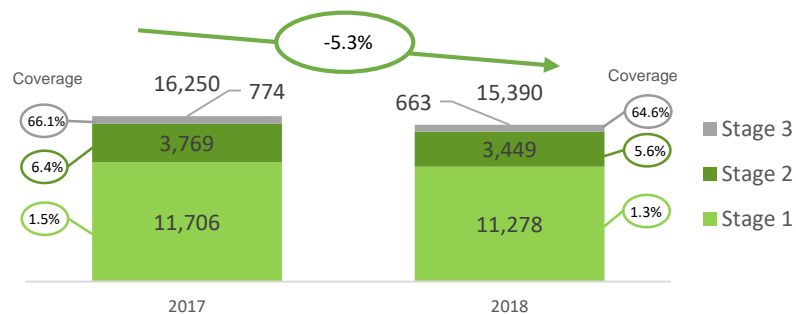
METRICS	2017	2018
COST OF RISK	0.6%	0.5%
RETAIL NPL RATIO	2.2%	0.9%
RETAIL NPL COVERAGE	88.3%	129.7%

Notes: Unaudited stand-alone IFRS figures. Figures in chart may not add up due to rounding differences. Loans overdue for more than 360 days are excluded from loan balances presented above. NPL coverage represents allowances over NPL.

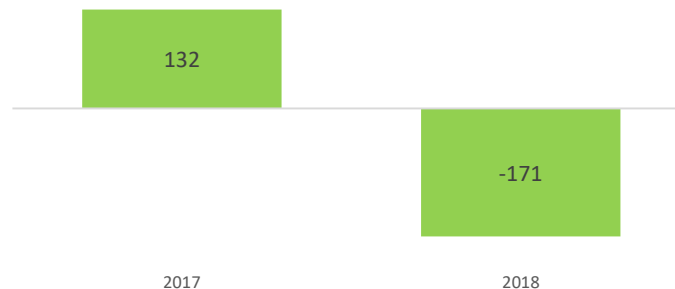
Home Credit positive risk cost on serviced portfolio as a result of outstanding risk management and strong recoveries

Home Credit
CZ+SK
stand-alone figures

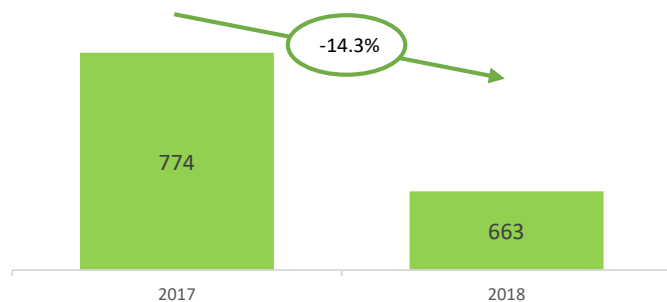
GROSS RETAIL LOAN PORTFOLIO BALANCE (CZK m)



NET IMPAIRMENTS, RETAIL LOANS (CZK m)



NPL DEVELOPMENT, RETAIL LOANS (CZK m)



COST OF RISK, RETAIL LOANS (annualized)

METRICS	2017	2018
COST OF RISK	0.8%	(1.1)%
RETAIL NPL RATIO	4.8%	4.3%
RETAIL NPL COVERAGE	120.4%	115.2%

Notes: Figures above are presented for loans serviced by Home Credit CZ+SK. Figures in chart may not add up due to rounding differences. Loans overdue for more than 360 days are excluded from loan balances presented above. NPL coverage represents allowances over NPL.

Combined statement of financial position

Combined
figures

CZK m	2018	2017
Cash and cash equivalents	42 694	34 457
Cash and current accounts	4 653	2 553
Term deposits with maturity of less than one month	38 041	31 905
Placements with banks and other financial institutions	3 131	2 899
Loans to customers	44 900	38 939
Net receivables, Retail loans	36 420	29 858
Net receivables, Corporate loans	8 480	9 081
Positive value of derivative instruments	435	672
Financial assets at fair value through other comprehensive income	15	19 595
Financial assets at amortized cost	19 569	-
Intangible assets	1 801	1 784
Property and equipment	341	408
Deferred tax asset	594	521
Other assets	1 981	2 489
TOTAL ASSETS	115 460	101 764
Current accounts and deposits from customers	102 108	89 524
Due to banks and other financial institutions	1 011	1 512
Debt securities issued	1 357	1 360
Negative value of derivative instruments	386	130
Current tax payable	260	90
Deferred tax liability	102	63
Other liabilities	1 774	1 927
TOTAL LIABILITIES	106 999	94 606
TOTAL EQUITY	8 461	7 158
TOTAL LIABILITIES AND EQUITY	115 460	101 764

Note: Unaudited combined IFRS figures

Combined net income statement

Combined
figures

CZK m	2018	2017
Interest income	5 773	5 254
Interest expense	(611)	(592)
Net interest income	5 162	4 661
Fee and commission income	777	773
Fee and commission expense	(872)	(886)
Net fee and commission income	(95)	(113)
Other operating income	24	378
Operating income	5 091	4 926
Impairment losses	136	(132)
General operating expenses	(3 166)	(3 071)
Operating expenses	(3 030)	(3 203)
Profit before tax	2 061	1 723
Income tax expense	(516)	(433)
Profit for the period	1 545	1 290

Note: Unaudited combined IFRS figures

2018 segment performance

Combined
figures

	Consumer finance	Retail banking	Commercial banking	Other/ Treasury	TOTAL
Interest income	3 051	1 105	1 024	572	5 751
Interest expense	(94)	(83)	(55)	(357)	(589)
Net interest income	2 957	1 021	969	215	5 162
Fee and commission income	429	341	7	-	777
Fee and commission expense	(621)	(250)	(0)	-	(872)
Net fee and commission income	(193)	91	7	-	(95)
Net other operating income	92	162	(268)	37	24
Operating income	2 857	1 275	708	251	5 091
Impairment losses	219	(86)	3	-	136
Risk adjusted operating income	3 076	1 189	711	251	5 227
General administrative expenses					(3 166)
Profit before tax					2 061
Income tax expense					(516)
Net profit for the year					1 545
Total segment assets	17 607	23 281	13 177	61 395	115 460
Loans to customers	14 527	19 179	11 194	-	44 900
Total segment liabilities	2 455	102 749	344	1 451	106 999

Notes: Unaudited combined IFRS figures

Consumer finance segment focuses on non-banking consumer loans, revolving loans, credit cards, car loans and other non-banking services provided to retail customers.

Retail banking segment focuses on deposits, payment services, consumer loans, overdrafts, mortgage loans and other banking transactions with retail customers. Costs of retail deposits have been allocated to all presented segments as per average balance of funds utilized by each segment.

Commercial banking segment comprise loans provided to corporate customers and related foreign currency hedging transactions.

Other/Treasury segment primarily includes internal treasury function focusing on investments in debt securities and hedging transactions, and other non-interest bearing assets and liabilities and other items that have not been allocated to the above segments.

2017 segment performance

Combined
figures

	Consumer finance	Retail banking	Commercial banking	Other/ Treasury	TOTAL
Interest income	3 474	925	634	136	5 168
Interest expense	(103)	(58)	(41)	(305)	(507)
Net interest income	3 371	867	593	(169)	4 661
Fee and commission income	489	273	10	-	773
Fee and commission expense	(627)	(259)	(0)	-	(886)
Net fee and commission income	(138)	14	10	-	(113)
Net other operating income	67	182	(189)	319	378
Operating income	3 299	1 063	414	149	4 926
Impairment losses	(59)	(73)	-	-	(132)
Risk adjusted operating income	3 240	991	414	149	4 794
General administrative expenses					(3 071)
Profit before tax					1 723
Income tax expense					(433)
Net profit for the year					1 290
Total segment assets	18 202	18 972	10 954	53 636	101 764
Loans to customers	15 484	14 373	9 081	-	38 939
Total segment liabilities	2 682	89 543	156	2 225	94 606

Notes: Unaudited combined IFRS figures

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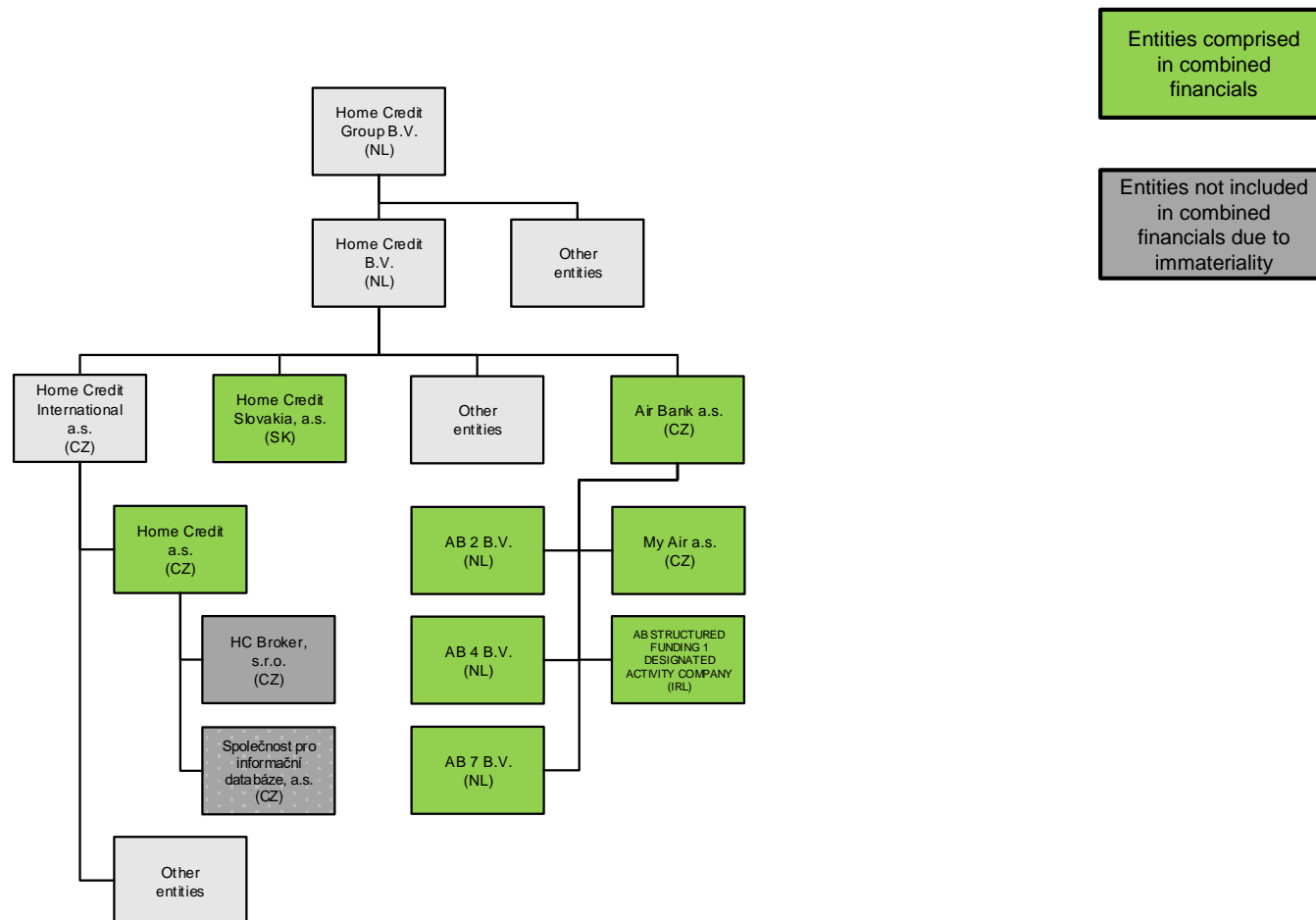
Key combined performance ratios

Combined
figures

	FY 2018	FY 2017	Change in bps
Profitability			
Yield (% Avg. Net Customer Loans)	12,2%	13,9%	-170
Cost of Funds (% Avg Deposits)	-0,50%	-0,46%	-4
NIM (% Avg Int Earning Assets)	5,8%	5,9%	-10
Cost of Risk (% Avg Net Customer Loans)	0,3%	-0,4%	68
Risk-adj. yield (% Avg Net Customer Loans)	12,6%	13,6%	-100
Net Fee & Commission Income / Operating Income (%)	-1,9%	-2,3%	40
Net Non-Interest Income / Operating Income (%)	-1,4%	5,4%	-680
Cost to Income Ratio	-62,2%	-62,3%	10
RoTE	25,7%	25,5%	20
RoAA	1,4%	1,3%	10
Liquidity / Leverage			
Loan to Deposit ratio	44,0%	43,5%	50
Total Equity / Total Assets	7,3%	7,0%	30
Liquid Assets / Total Assets	50,0%	48,4%	160
Capital Adequacy (Air Bank stand-alone)			
RWA density	41,2%	43,3%	-210
CAR (%)	16,8%	13,5%	330
Tier 1 ratio (%)	14,1%	10,5%	360
Asset Quality			
Retail Non Performing Loan Ratio (%)	2,4%	3,6%	-120
Total Non Performing Loan Ratio (%)	1,9%	2,7%	-80
Retail NPL Coverage (%)	118,3%	111,0%	730
Total NPL Coverage (%)	121,6%	113,3%	830

Note:
Unaudited combined IFRS figures
All ratios are annualized

Scope of combined financial information



Entities comprised in combined financials

Entities not included in combined financials due to immateriality

Note:

The combined financial information presents the combined assets, liabilities and result of operations of the entities outlined above. The combined financial information has been prepared based on stand-alone IFRS financial information for all combined entities. Intra-group balances and transactions, and any gains or losses arising from intra-group transactions, are eliminated in the combined financial information.

Key Air Bank stand-alone figures

Air Bank
stand-alone
figures

METRICS	2018	2017
NUMBER OF CLIENTS	673ths	597ths
LOAN BOOK GROWTH (YoY) ¹	16.8%	19.2%
TOTAL OPERATING INCOME (CZK)	3.2bn	2.1bn
COST BASE (CZK)	1.5bn	1.3bn
COST OF RISK ²	17bps	3bps
NET PROFIT (CZK)	1.4bn	0.6bn
RETURN ON TANGIBLE EQUITY	25.5%	13.2%
EFFECTIVE TAX RATE	13.0%	19.4%

Notes: All ratios are annualized, unaudited stand-alone IFRS figures

(1) Net Customer Loans

(2) % Avg Net Customer Loans

Key Home Credit stand-alone figures

Home Credit
CZ+SK
stand-alone figures

METRICS	2018	2017
NUMBER OF CLIENTS	416ths	528ths
LOAN BOOK GROWTH (YoY) ¹	(5.9)%	(11.5)%
TOTAL OPERATING INCOME (CZK)	2.2bn	2.1bn
COST BASE (CZK)	1.6bn	1.7bn
COST OF RISK ²	(113)bps	81bps
NET PROFIT (CZK)	0.5bn	0.1bn
RETURN ON TANGIBLE EQUITY	21.9%	7.5%
EFFECTIVE TAX RATE	22.8%	30.9%

Notes: All ratios are annualized, unaudited IFRS figures Home Credit CZ+SK

(1) Net Serviced Customer Loans

(2) % Avg Net Serviced Customer Loans

Glossary

Active Loan Clients	Client with positive outstanding under an active valid loan contract	NPL Ratio	Ratio (expressed as a percentage) of NPL to gross loans and receivables to customers
CAR	Capital Adequacy Ratio calculated as regulatory capital as a percentage of risk-weighted assets as calculated in accordance with EU regulation 575/2013	Reported RoTE / RoTE	Profit after tax divided by tangible equity
Cost of Funds (% Avg Deposits)	Interest expense and similar charges for the period divided by average balance of due to banks and due to customers	Return on average assets or RoAA	Return on average assets calculated as profit after tax for the period divided by average balance of total assets
Cost of Risk (% Avg Net Customer Loans)	Net impairment of loans and receivables divided by average balance of net loans to customers, in 2017 based on IAS39 and in 2018 based on IFRS9	Risk Adjusted Yield (% Avg. Net Customer Loans)	Interest and similar income from loans to customer less net impairment of loans and receivables and Net impairment of other receivables divided by average balance of net loans to customers
Cost to Income Ratio (C/I)	Ratio (expressed as a percentage) of total operating expenses for the period to total operating income for the period	RWA density	Calculates the average risk weight per unit of exposure. It is defined as the ratio of RWA to the Leverage Exposure (consisting of On&Off-balance sheet Gross Loans and counterparty credit risk).
LCR/ Liquidity Coverage Ratio	Ratio (expressed as a percentage) of a bank's buffer of high quality liquid assets to its projected net liquidity outflows over a 30-day stress period, as calculated in accordance with EU Regulation 61/2015	Stage 1, Stage 2, Stage 3	Stage 1 – financial assets with no significant increase in credit risk since initial recognition, Stage 2 - financial assets with significant increase in credit risk since initial recognition but not in default, Stage 3 – financial assets in default.
Net Interest Margin or NIM (% Avg Net Earning Assets)	Net interest and similar income divided by average balance of net interest earning assets	Tangible Equity	Calculated as total equity less intangible assets and goodwill
New volume / New production	Aggregate of loan principal disbursed in the period for non-revolving loans	Tier 1 Capital	The aggregate of CET1 Capital and Additional Tier 1 which mainly consists of share capital, to the extent not included in CET1 Capital, and certain unsecured subordinated debt instruments without a maturity date
NPL	Non Performing Loans	Tier 2 Capital	Regulatory Capital which consists of certain unsecured subordinated debt obligations with payment restrictions
NPL Coverage	Ratio (expressed as a percentage) of loss allowances for loans and advances to customers to NPL	Yield (% Avg. Net Customer Loans)	Interest and similar income from loans to customer divided by average balance of net loans to customers

In this presentation, certain financial data and measures are presented which are not calculated pursuant to any accounting standard and which are therefore alternative performance measure. These financial data and measures are, among others, CAR, cost of funds, cost of risk, cost to income ratio, LCR, net interest margin / NIM, NPL, NPL coverage, NPL ratio, reported rate / RoTE, return on average assets / RoAA, risk adjusted yield, RWA density, tangible equity, tier 1 capital, tier 2 capital and yield. All alternative performance measures included in this document are calculated for specified period or as at specified date (as noted throughout the presentation). These alternative performance measures are included to provide readers with further basis, along with standard accounting measures, for measuring the performance of Air Bank, Home Credit CZ and Home Credit SK.

Because of the discretion that the management has in defining and calculating these measures, care should be taken in comparing these measures with similar measures used by other companies. Alternative performance measures have limitations as analytical tools, and readers should not consider them in isolation, or as a substitute for analysis of results as reported under statutory accounting standards, and readers should not place any undue reliance on the alternative performance measures.