

Air Bank a.s.

Q3 2018 financial results

November 13, 2018

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Air Bank has been showing strong and profitable growth in 3Q 2018 YTD

METRICS	3Q 2017	3Q 2018
NUMBER OF CLIENTS	578ths	656ths
LOAN BOOK GROWTH (YoY) ¹	27.4%	19.6%
TOTAL OPERATING INCOME (YTD, CZK)	1.4bn	2.6bn
COST BASE (YTD, CZK)	1.0bn	1.0bn
COST OF RISK (YTD) ²	48bps	40bps
NET PROFIT (YTD, CZK)	0.3bn	1.2bn
RETURN ON TANGIBLE EQUITY (YTD)	8.6%	30.0%
EFFECTIVE TAX RATE (YTD)	19.9%	11.5%

Notes: All ratios are annualized, Unaudited non-consolidated IFRS figures

(1) Gross performing loans to customers

(2) % Avg Net Customer Loans

CZK 1.2 billion of net profit delivered in 3Q 2018 YTD

METRICS (CZK m, %)	1-3Q' 17	1-3Q' 18	CHANGE
NET INTEREST INCOME	1,269	1,869	47.2%
OTHER INCOME	179	684	>100%
TOTAL OPERATING INCOME	1,449	2,553	76.2%
TOTAL OPERATING EXPENSES	(970)	(1,045)	7.7%
COST OF RISK	(123)	(127)	2.9%
PROFIT BEFORE TAX	355	1,381	>100%
NET PROFIT	285	1,222	>100%
RETURN ON TANGIBLE EQUITY¹	8.6%	30.0%	>10,000bps
RETURN ON EQUITY¹	6.7%	24.2%	18bps

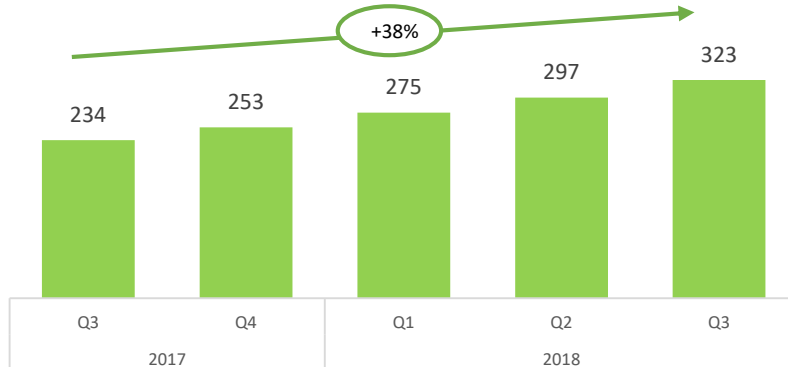
HIGHLIGHTS

- Net interest income up by 47.2% driven by fast loan book growth and growing money market rates
- Other income includes CZK 550m one-off dividends from subsidiaries
- 7.7% YoY growth of operating expenses
- Stable cost of risk
- CZK 1.2bn net profit resulting in 30% RoTE

Notes: All ratios are annualized, Unaudited non-consolidated IFRS figures

Mobile banking proposition continues to gain traction

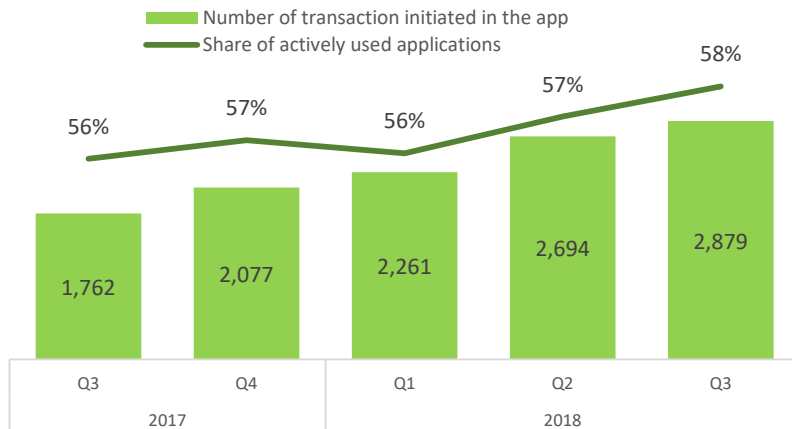
DIGITAL BANKING PENETRATION (number of clients in thousands)



DELIVERIES

- 38% YoY growth in mobile app registrations
- Registered users reaching 323 thousand
- 50% penetration of mobile application

MOBILE APP TRANSACTIONS (number of transactions in thousands)

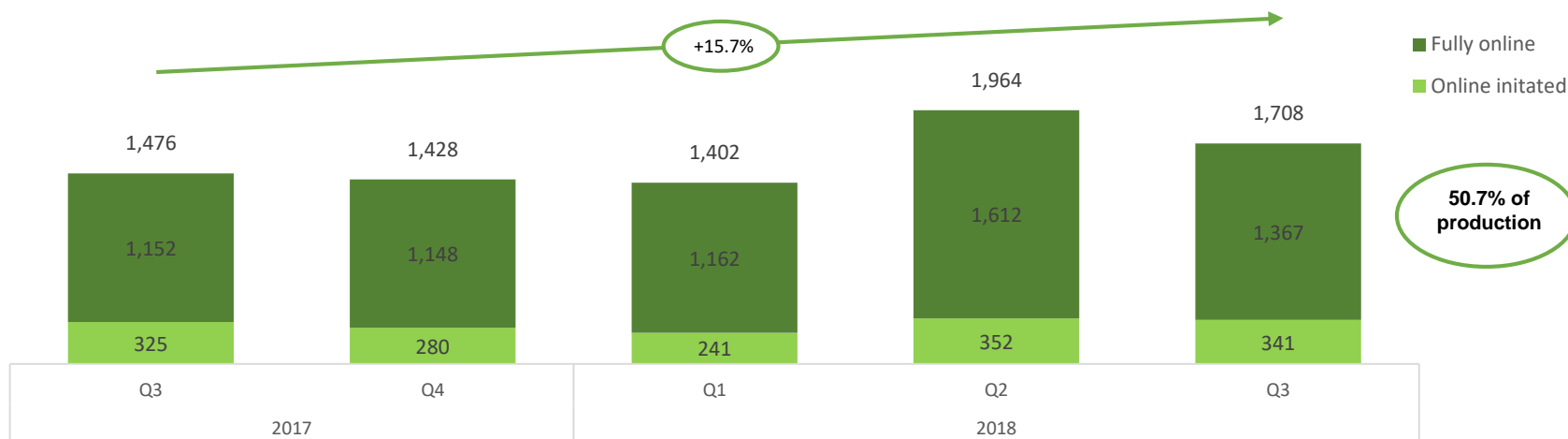


CURRENT DEVELOPMENTS

- Managing unfinished application funnel; fully utilized personal communication to mobile channel
- Improved offer of recognized client's income in cash loan application
- Full end-to-end mobile onboarding
- Card virtualization in Apple Pay wallet

Online lending performance continues to grow and reached already 50% of total loan production

CONSUMER LOAN VOLUMES ORIGINATED ONLINE¹ (CZK m)



HIGHLIGHTS

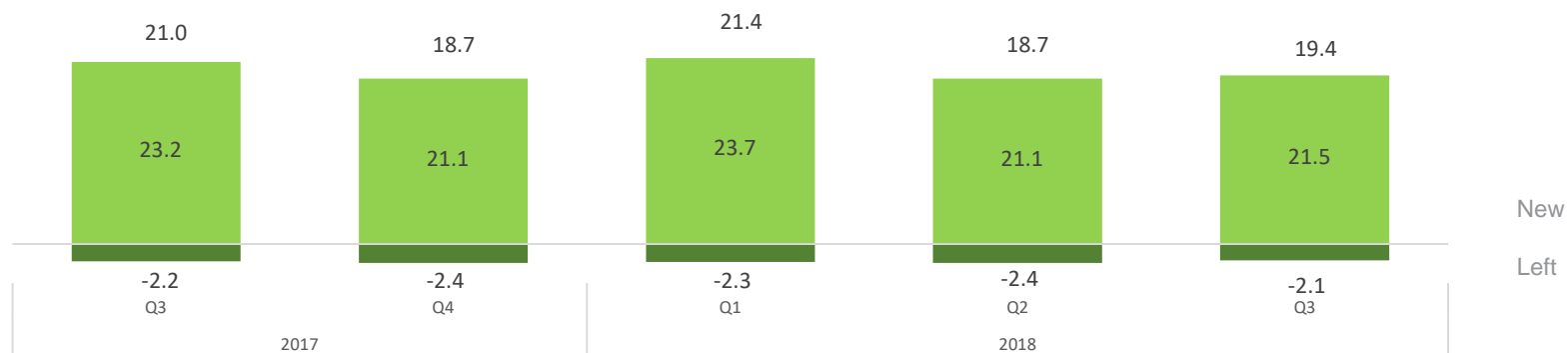
- CZK 1.7bn consumer loans originated online in Q3 2018. Share of online loans has reached 50.7% of production. YoY increase by 15.7%.
- 80% of online initiated loans are fully online through internet banking or mobile app. CZK 1.4bn in Q3 2018.
- 24% of online initiated consumer loans are initiated in mobile app in Q3 2018

Note: Unaudited non-consolidated IFRS figures

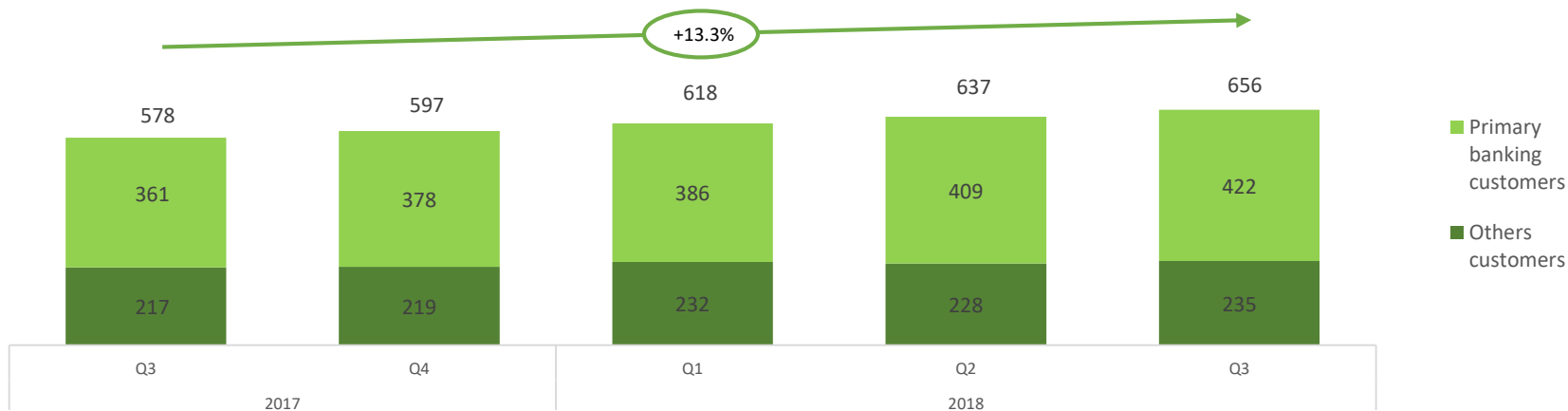
(1) Online represents volume from leads initiated through digital channels (internet banking and mobile app) and disbursed either through digital channels or branches; fully online means volume from leads both initiated and disbursed in digital channels; online initiated means volume from leads initiated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

Successful client acquisition effort and deepening primary banking relationship

NET CLIENT ACQUISITION (number of clients in thousands)



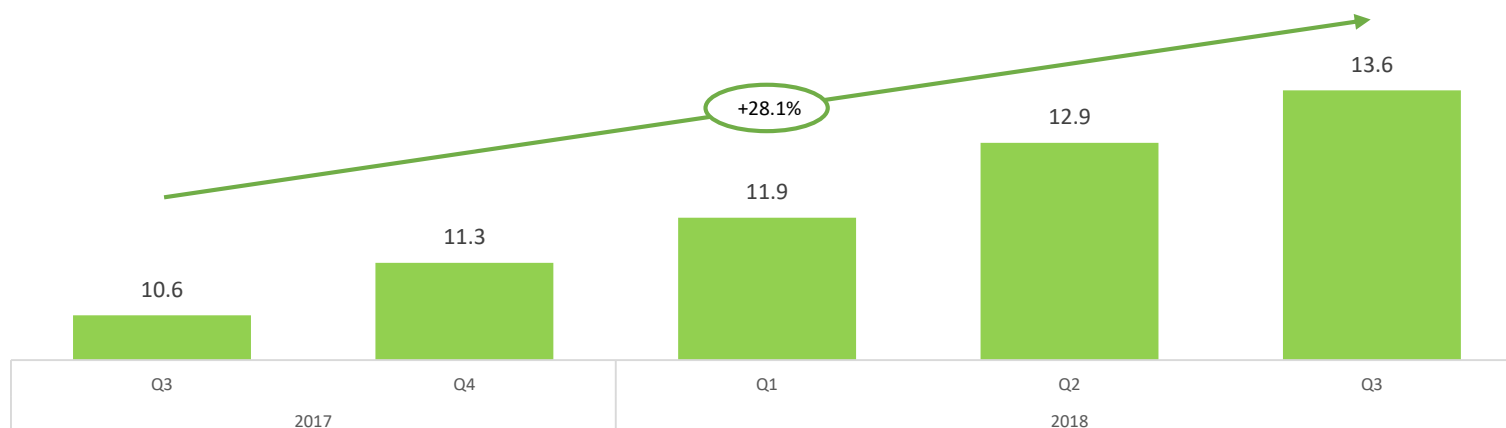
CLIENT BASE EVOLUTION (number of clients in thousands)



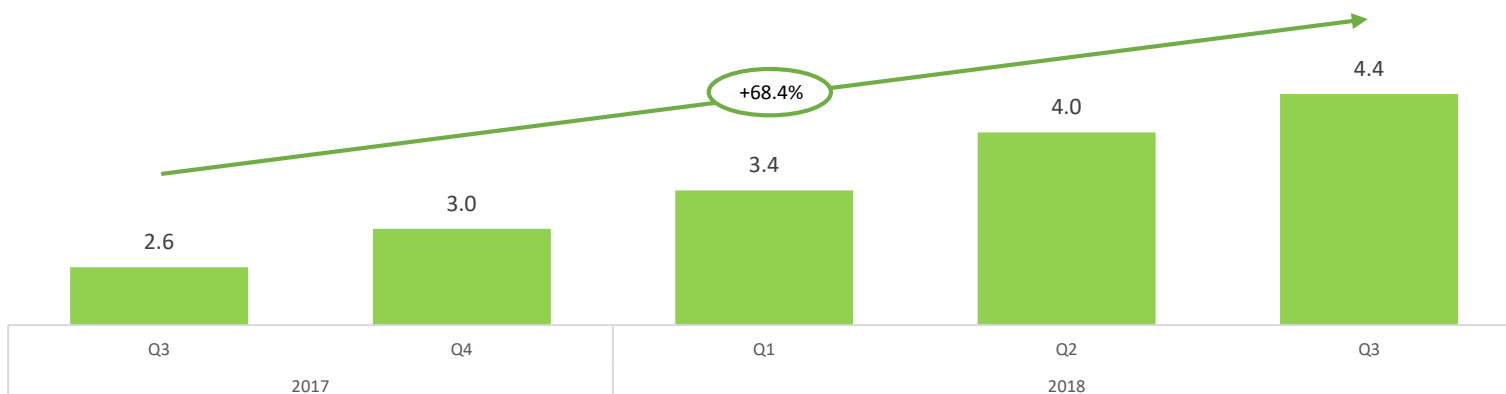
Note: Primary banking customers represent retail customer with credit income on current account of more than CZK 7 thousand at least twice in last 3 months. Figures in chart may not add up due to rounding differences.

Retail loan portfolio continues to grow in both product lines

GROSS PERFORMING CONSUMER LOAN BALANCE (CZK bn)

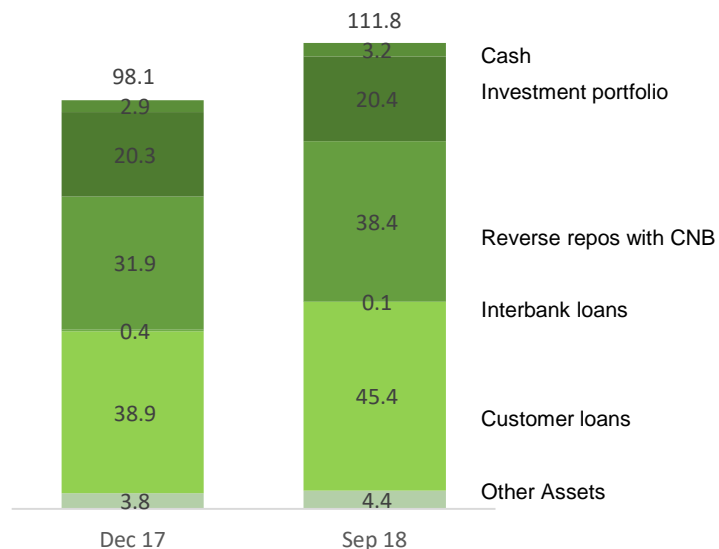


GROSS PERFORMING MORTGAGE LOAN BALANCE (CZK bn)

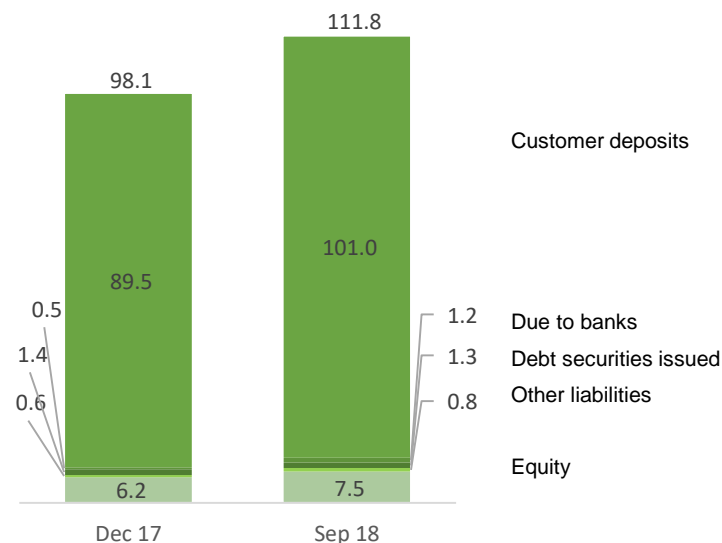


We maintain highly liquid and strong balance sheet

ASSETS (CZK bn)



LIABILITIES AND EQUITY (CZK bn)

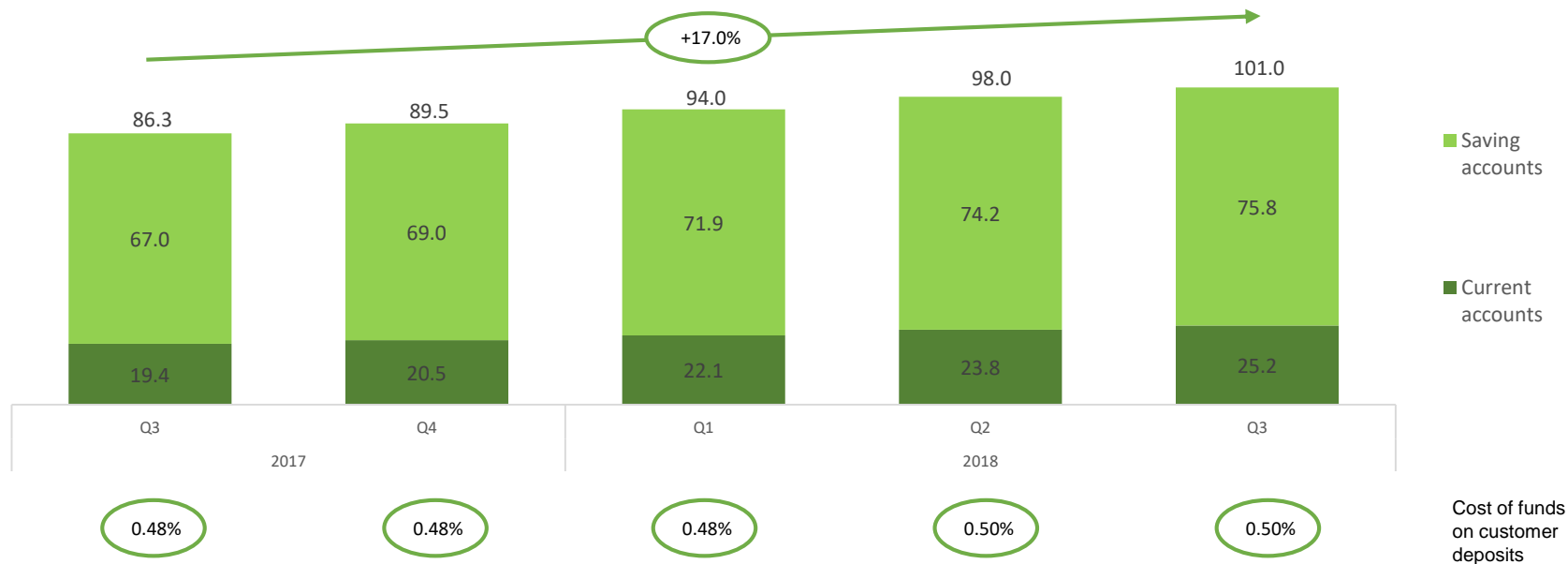


- 16.7% increase in customer loan balance
- 12.8% increase in deposits
- 396% LCR in Q3 2018 confirming excellent liquidity position
- 5.4% regulatory leverage ratio

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

Retail deposits continues to grow in line with increasing customer base

CUSTOMER DEPOSITS BY PRODUCT (CZK bn)



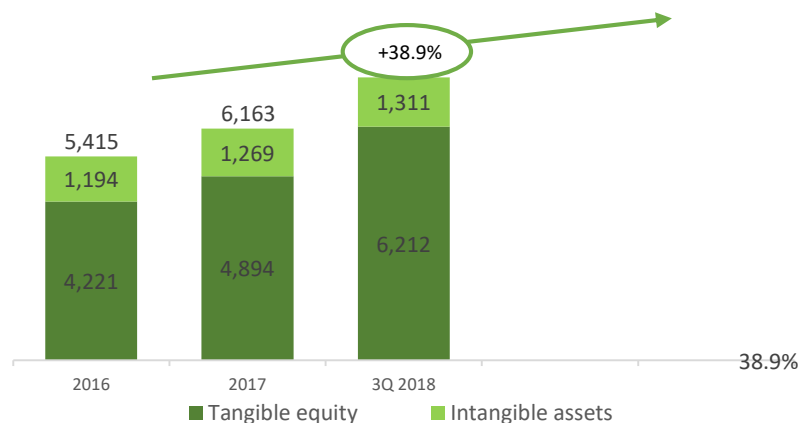
HIGHLIGHTS

- Loan to deposits ratio raised to 44.9% in Q3 2018
- Stable cost of deposits at 0.5% p.a.

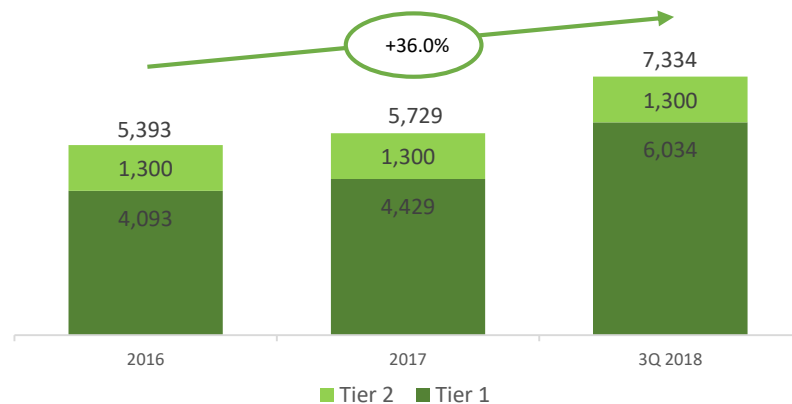
Notes:
 Unaudited non-consolidated IFRS figures
 Figures in chart may not add up due to rounding differences, ratios are annualized

Growing capital base

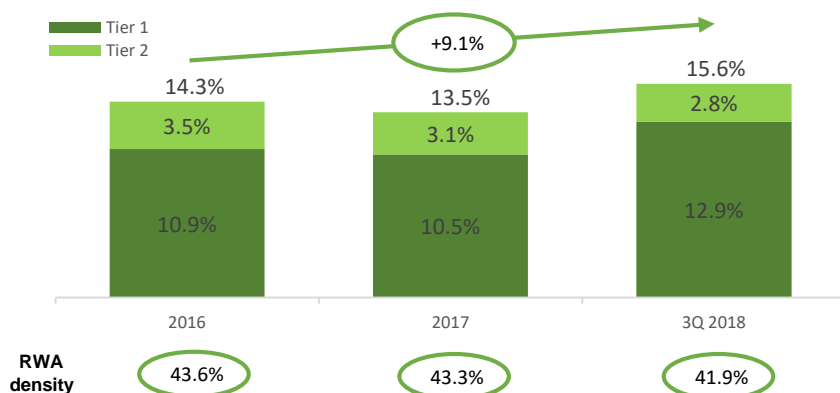
ACCOUNTING EQUITY (CZK m)



REGULATORY CAPITAL (CZK m)



CAPITAL ADEQUACY RATIO

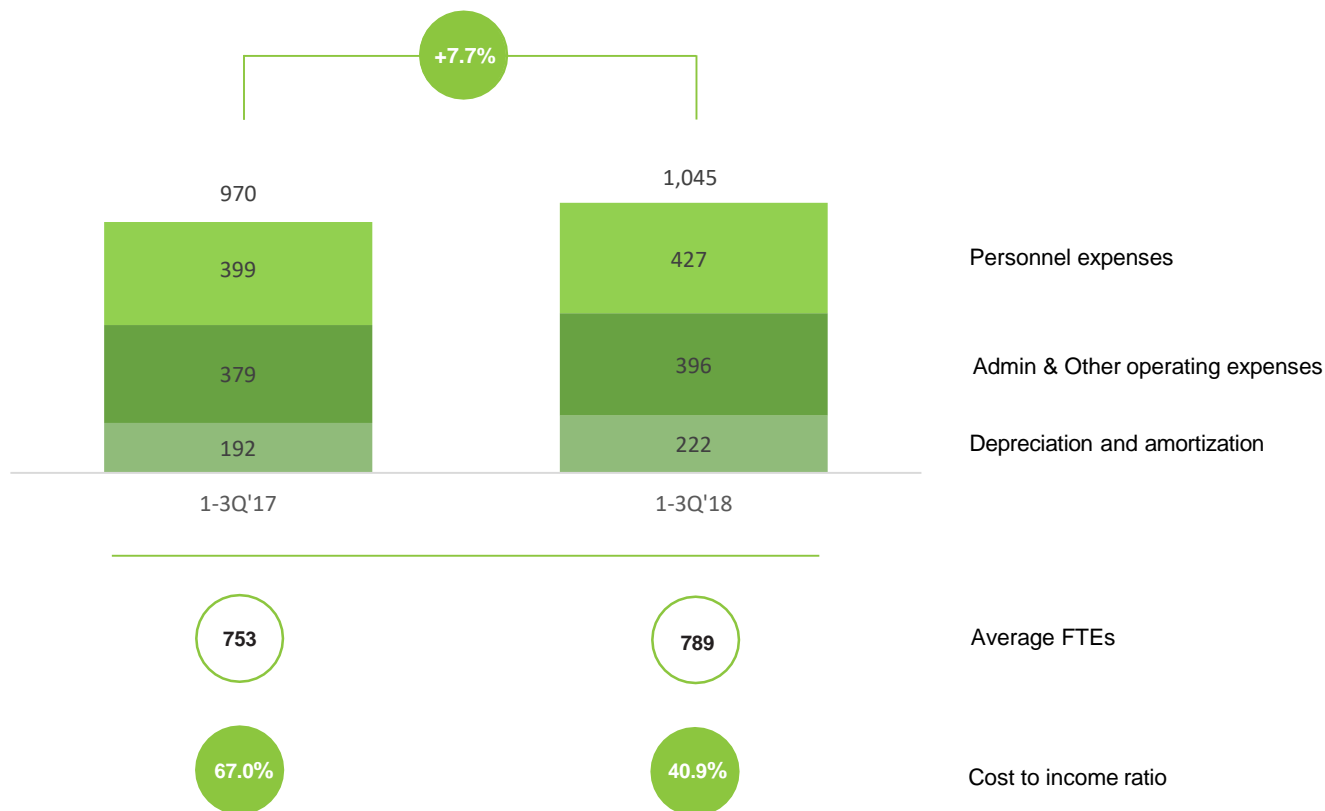


- Significant 2018 increase in Tier 1 capital further driven by recognition of 2017 profit and 1H 2018 profit in regulatory capital
- Shareholder's capital injection of CZK 300m in January 2018

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

Controlled operating expenses development along with customer base expansion

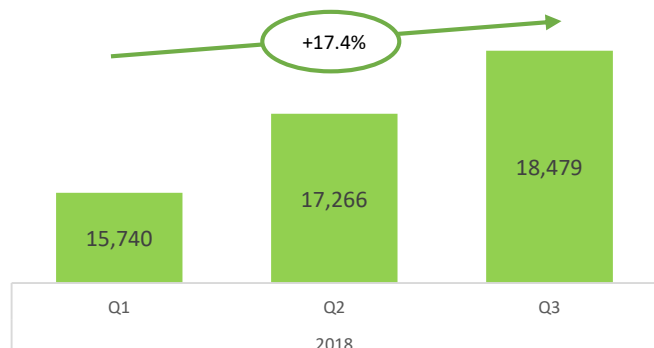
OPERATING EXPENSES (CZK m)



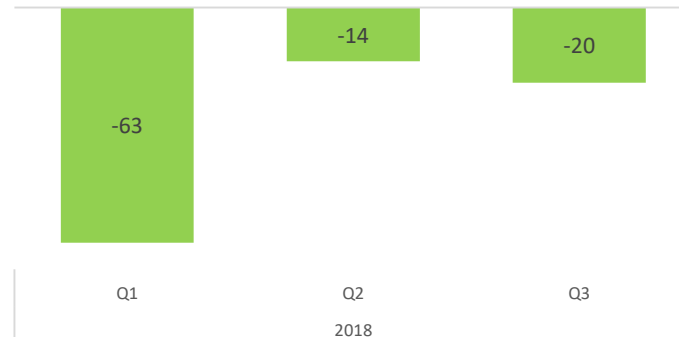
Notes:
 Unaudited non-consolidated IFRS figures
 Figures in chart may not add up due to rounding differences

Retail assets quality remains solid and portfolio coverage kept at prudent levels

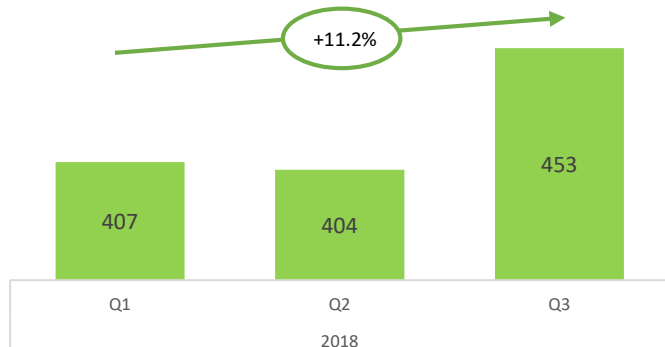
GROSS RETAIL LOAN PORTFOLIO BALANCE (CZK m)



NET IMPAIRMENTS (CZK m)



NPL DEVELOPMENT (CZK m)



COST OF RISK (annualized)

METRICS	1Q 2018	2Q 2018	3Q 2018
COST OF RISK	1.7%	0.4%	0.5%
RETAIL NPL RATIO	2.6%	2.3%	2.5%
RETAIL NPL COVERAGE	116.8%	123.8%	117.5%

Notes:
 Unaudited non-consolidated IFRS figures
 NPL coverage represents allowances over NPL

Statement of financial position – quarterly development

CZK m	2Q 2017	3Q 2017	4Q 2017	1Q 2018	2Q 2018	3Q 2018
Cash and cash equivalents	32,224	32,355	34,767	39,507	38,833	41,686
Cash and current accounts	3,074	2,553	2,863	3,126	3,109	3,217
Term deposits with maturity of less than one month	29,150	29,802	31,905	36,381	35,724	38,469
Placements with banks and other financial institutions	89	0	384	75	0	0
Loans to customers	33,677	38,212	38,868	39,301	44,562	45,366
Net receivables, Retail loans	11,820	13,133	14,373	15,265	16,766	17,947
Net receivables, Corporate loans	21,856	25,079	24,495	24,036	27,796	27,420
Investment in subsidiaries and associates	359	384	384	387	387	407
Positive value of derivative instruments	384	403	672	772	591	1,117
Financial assets at fair value through other comprehensive income	21,458	20,312	19,595	12	15	17
Financial assets at amortized cost	-	-	-	19,689	19,532	19,250
Intangible assets	1,231	1,252	1,269	1,286	1,299	1,311
Property and equipment	303	321	348	335	321	302
Deferred tax asset	-	-	-	185	193	198
Other assets	1,729	1,408	1,772	1,644	1,883	2,173
TOTAL ASSETS	91,454	94,648	98,060	103,193	107,617	111,828
Current accounts and deposits from customers	83,838	86,330	89,524	93,964	98,021	100,966
Due to banks and other financial institutions	39	198	458	723	456	1,178
Debt securities issued	1,322	1,341	1,360	1,379	1,320	1,338
Negative value of derivative instruments	348	218	130	107	214	108
Current tax payable	62	55	8	39	65	138
Deferred tax liability	9	27	63	205	209	213
Other liabilities	248	293	354	339	350	365
TOTAL LIABILITIES	85,866	88,463	91,897	96,756	100,635	104,305
Share capital	500	500	500	500	500	500
Other capital contributions	3,663	4,163	4,163	4,463	4,463	4,463
Accumulated other comprehensive income	252	342	2	4	5	7
Retained earnings	1,173	1,180	1,499	1,471	2,015	2,554
TOTAL EQUITY	5,587	6,185	6,163	6,437	6,982	7,523
TOTAL LIABILITIES AND EQUITY	91,454	94,648	98,060	103,193	107,617	111,828

Note: Unaudited non-consolidated IFRS figures

Statement of profit or loss – quarterly development

CZK m	2Q 2017	3Q 2017	4Q 2017	1Q 2018	2Q 2018	3Q 2018
Interest income	511	588	653	677	750	854
Interest expense	(114)	(121)	(126)	(130)	(138)	(144)
Net interest income	397	467	527	547	612	710
Fee and commission income	67	73	75	71	82	88
Fee and commission expense	(54)	(62)	(79)	(72)	(79)	(79)
Net fee and commission income	13	10	(5)	(1)	3	9
Other operating income	57	(133)	129	16	378	279
Operating income	467	344	651	562	993	998
Impairment losses	(62)	2	111	(54)	(46)	(27)
General operating expenses	(333)	(342)	(369)	(335)	(358)	(352)
Operating expenses	(395)	(340)	(258)	(390)	(403)	(379)
Profit before tax	72	3	393	172	590	619
Income tax expense	(23)	4	(74)	(33)	(46)	(80)
Profit for the period	49	7	318	139	544	539

Note: Unaudited non-consolidated IFRS figures

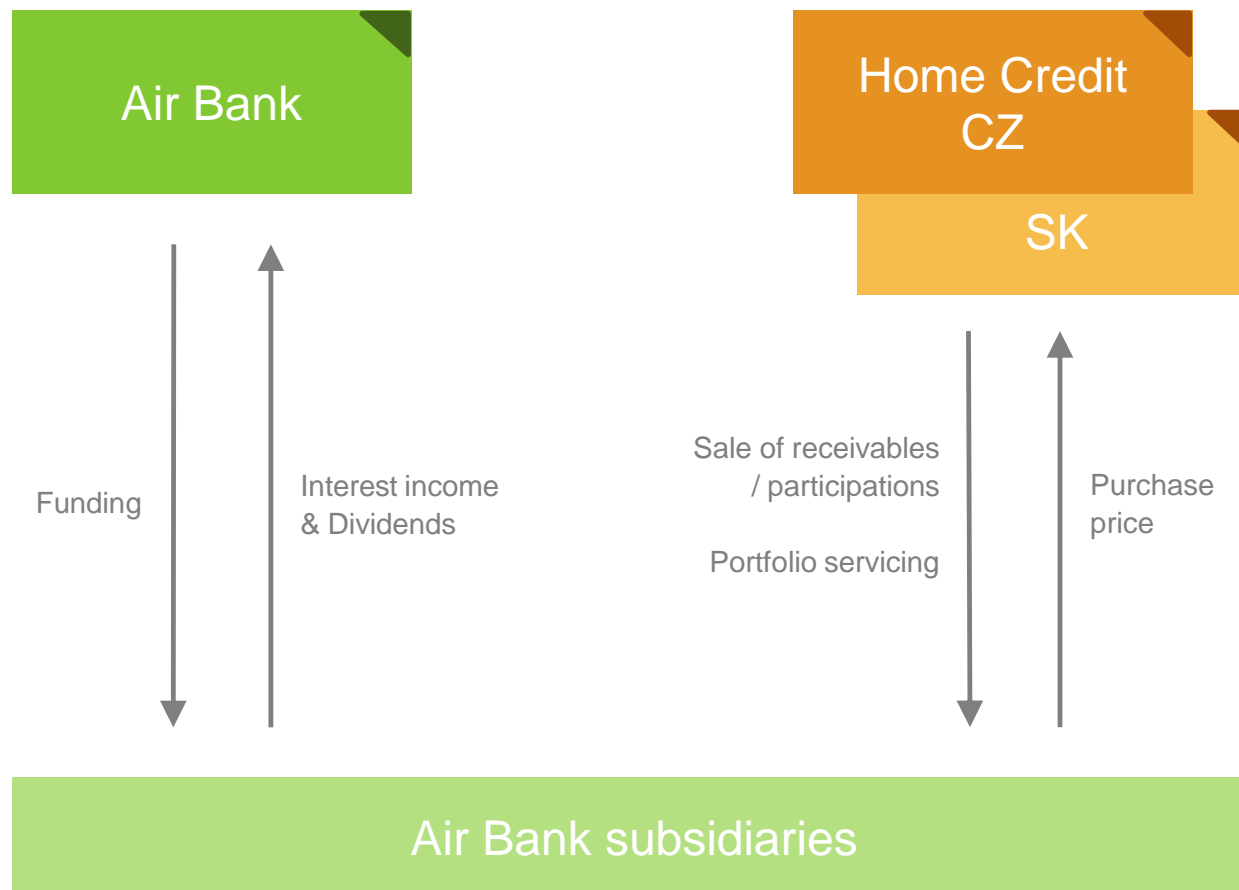
Key performance ratios

	FY 2017	1-3Q 2018	Change in bps
Profitability			
Yield (% Avg. Net Customer Loans)	6.0%	6.2%	20
Cost of Funds (% Avg Deposits)	-0.47%	-0.49%	-2
NIM (% Avg Int Earning Assets)	2.1%	2.6%	50
Cost of Risk (% Avg Net Customer Loans)	-0.03%	-0.40%	-37
Risk-adj. yield (% Avg Net Customer Loans)	6.0%	5.8%	-20
Net Fee & Commission Income / Operating Income (%)	0.7%	0.4%	-30
Net Non-Interest Income / Operating Income (%)	14.4%	26.8%	1,240
Cost to Income Ratio	-63.8%	-40.9%	2,290
RoTE	13.4%	30.0%	1,660
RoAA	0.7%	1.5%	80
Liquidity / Leverage			
Loan to Deposit ratio	43.4%	44.9%	150
Total Equity / Total Assets	6.3%	6.7%	40
Liquid Assets / Total Assets	50.2%	49.3%	-90
Capital Adequacy			
RWA density	43.3%	41.9%	-140
CAR (%)	13.5%	15.6%	210
Tier 1 ratio (%)	10.5%	12.9%	240
Asset Quality			
Retail Non Performing Loan Ratio (%)	4.7%	2.5%	-220
Total Non Performing Loan Ratio (%)	1.8%	1.0%	-80
Retail NPL Coverage (%)	97.0%	117.5%	2,050
Total NPL Coverage (%)	98.2%	156.9%	5,870

Note:
Unaudited non-consolidated IFRS figures
All ratios are annualized

Corporate structure

Disclosed
results



The combined equity of Airbank subsidiaries (AB2+AB4) stood at CZK 297 million as of 30 September 2018 (CZK 742 million as of 30 September 2017), according to unaudited non-consolidated IFRS accounts.