

Home Credit Czech and Slovak Republic

Q3 2018 FINANCIAL RESULTS

November 13, 2018

Note: IFRS unaudited non-consolidated Home Credit Czech and Slovak Republic, combined

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2018 year-to-date profit more than tripled compared to previous year

METRICS	3Q 2017	3Q 2018
NUMBER OF CLIENTS*	560ths	442ths
SERVICED PORTFOLIO (CZK)**	15.9bn	14.6bn
LOAN BOOK (CZK)***	2.1bn	2.3bn
TOTAL OPERATING INCOME (YTD, CZK)	1.5bn	1.7bn
COST BASE (YTD, CZK)	1.2bn	1.2bn
COST OF RISK (YTD)****	7.7%	0.3%
NET PROFIT (YTD, CZK)	0.1bn	0.4bn
RETURN ON EQUITY (YTD)	9.6%	28.1%
EFFECTIVE TAX RATE (YTD)	26.5%	21.9%

Notes: All ratios are annualized, IFRS unaudited non-consolidated Home Credit Czech and Slovak Republic, combined

*) Number of clients inline with decision to focus on profitable segments and tightening regulatory environment

***) Serviced portfolio comprise consumer finance receivables originated by Home Credit Czech and Slovak Republic and owned either by respective Home Credit or Air Bank's subsidiaries AB 2 and AB 4

****) % Avg Net Customer Loans

*****) % Avg Net Customer Loans

Improving financial performance thanks to focus on profitability, outstanding risk performance and strict OPEX discipline

METRICS (CZK m, %)	1-3Q' 17	1-3Q' 18	CHANGE
NET INTEREST INCOME	442	318	(28.1%)
NET FEE INCOME	(104)	(137)	(31.5%)
OTHER INCOME	1 142	1 510	32.2%
TOTAL OPERATING INCOME	1 480	1 691	14.2%
TOTAL OPERATING EXPENSES	(1 186)	(1 173)	1.1%
COST OF RISK	(135)	(5)	96.6%
PROFIT BEFORE TAX	160	513	221.8%
NET PROFIT	117	401	242.2%
RETURN ON EQUITY*	9.6%	28.1%	193.8%

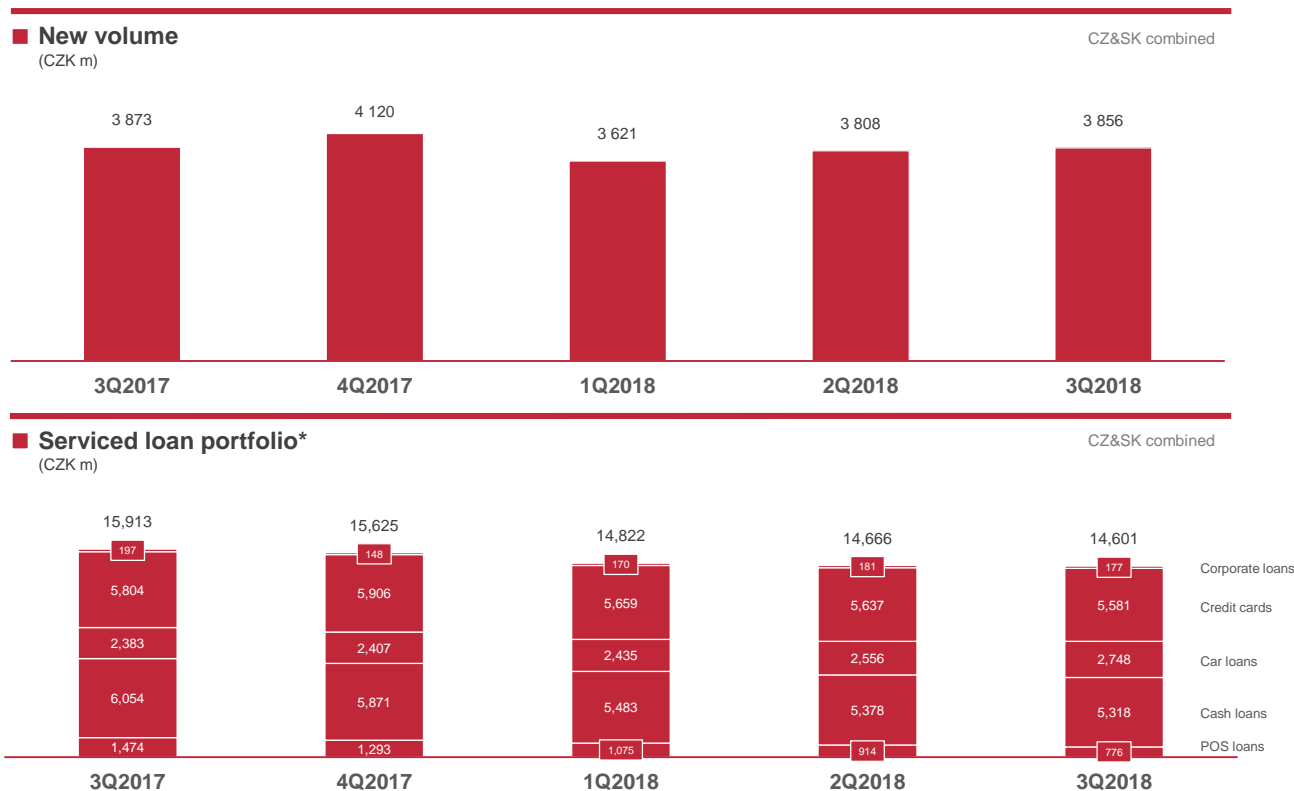
HIGHLIGHTS

- Other income driven by gains on regular disposal of loan receivables determined by improving profitability of newly generated retail loans and continuously improving credit risk performance of disposed portfolio from long term perspective
- Excellent risk performance of all retail loan portfolios supported by stable recovery flow
- Lower operating expenses despite general salary inflation

Notes: IFRS unaudited non-consolidated Home Credit Czech and Slovak Republic, combined

* Annualized

New volume sales follow refocus on more profitable customer segments and impact of tightened regulatory requirements



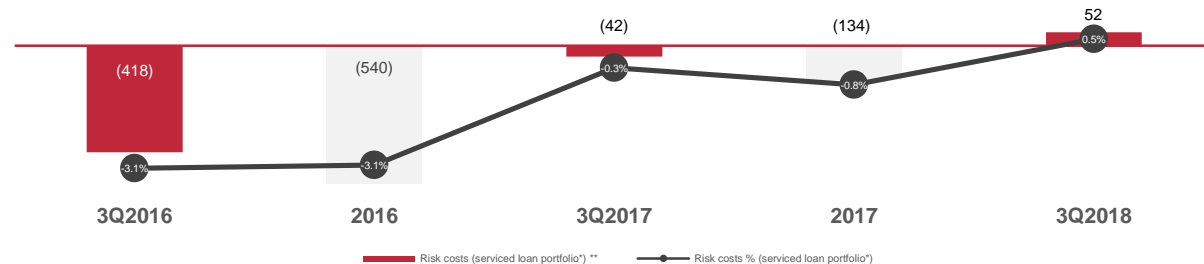
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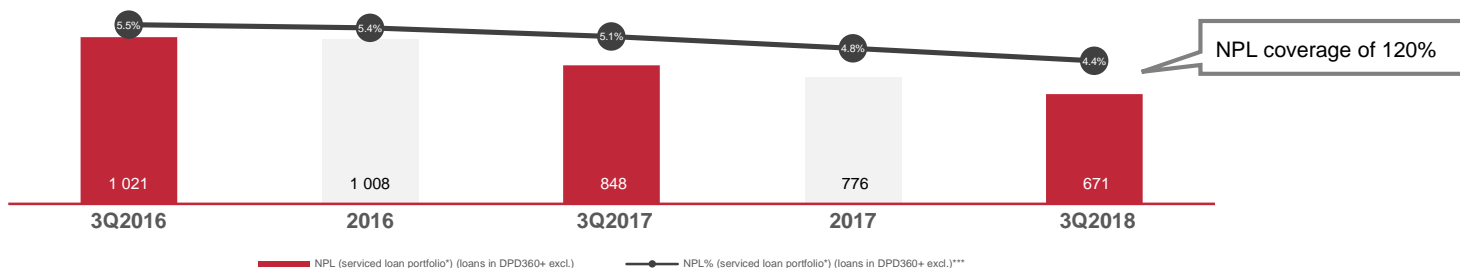
Outstanding risk performance on serviced portfolio level confirms our superior underwriting procedures combined with better collection recovery flow

■ Risk costs (CZK m, % of net loans) CZ&SK combined

▶ **Excellent avg. risk cost of 4.9% achieved throughout economic cycle (measured on 10 years period).**



■ Non-performing loans (CZK m, %***) CZ&SK combined



*) Serviced receivables comprise consumer finance receivables originated by Home Credit Czech or Slovak Republic and owned either by respective Home Credit or an Air Bank's subsidiary; risk costs are booked in respective loan owner accounts (% rates are annualized)

**) Positive figures relate to releasing reserves and strong recovery inflow

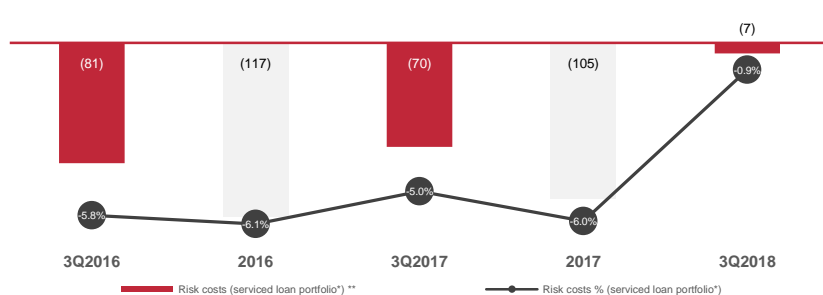
***) NPL% ratio is calculated as gross non-performing loans divided by total gross loans. The Group defines non-performing loans as collectively impaired loans that are overdue by more than 90 days as well as loans considered individually impaired.

Improving risk performance across all retail loan portfolios

Risk costs on POS loans

(CZK m, % of net loans)

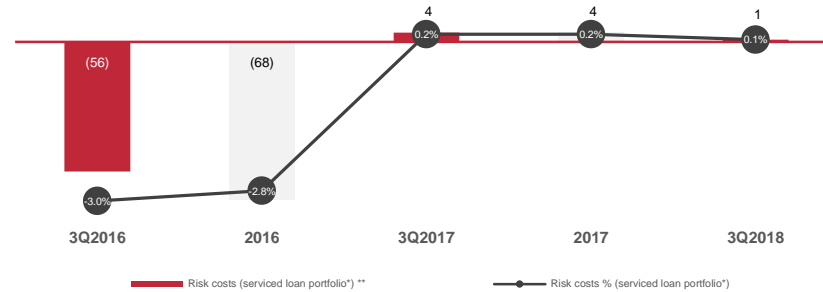
CZ&SK combined



Risk costs on Car loans

(CZK m, % of net loans)

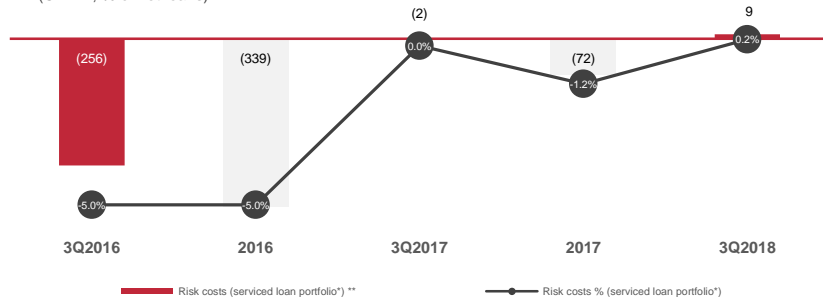
CZ&SK combined



Risk costs on Cash loans

(CZK m, % of net loans)

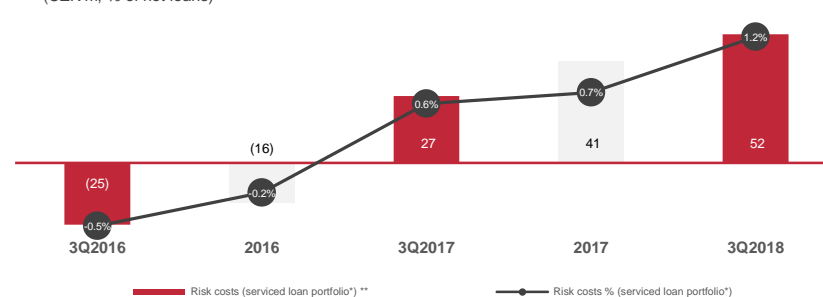
CZ&SK combined



Risk costs on Credit Cards

(CZK m, % of net loans)

CZ&SK combined

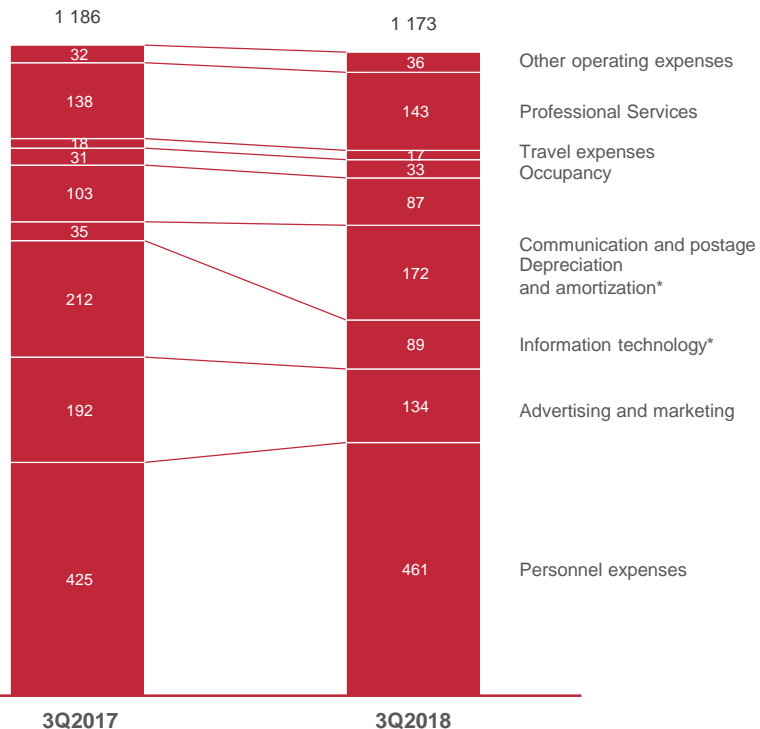


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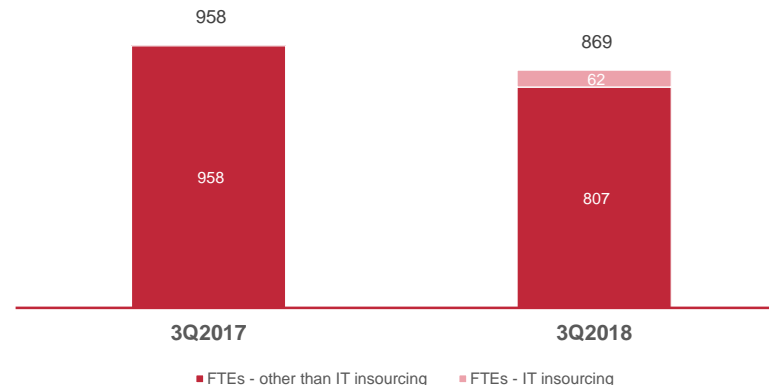
**) positive figures relate to releasing reserves and strong recovery inflow

Strict OPEX control despite market salary inflation

OPEX (CZK m) CZ&SK combined



FTEs (end of period) CZ&SK combined



Insourcing of IT development in November 2017 enable us to initiate overall IT OPEX/CAPEX cost reduction program.

Execution of FTE reduction successfully managed in 2018.

Additional savings achieved in acquisition related expenses thanks digitalization, focus on online activities and more efficient customer base utilization.

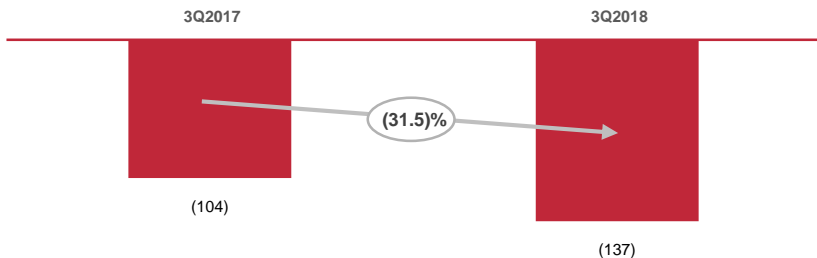
Notes:

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- Insourcing of IT development in November 2017 moved a significant part of IT related expenses from Information technology category to Depreciation and amortization.

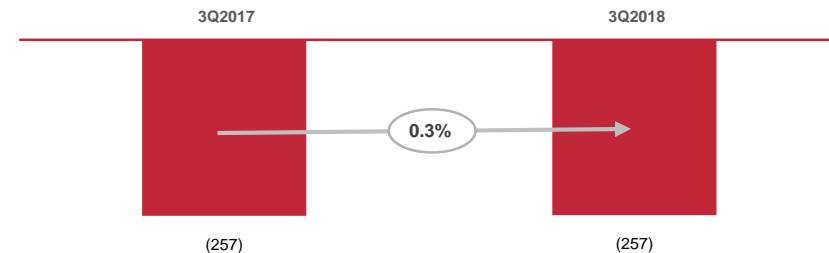
Changing client's behavior drives down the card related fees

Net fee and commission income driven by decreasing revenues while fee and commission expenses remain stable in highly competitive market.

Net fee & Commission Income (CZK m) CZ&SK combined

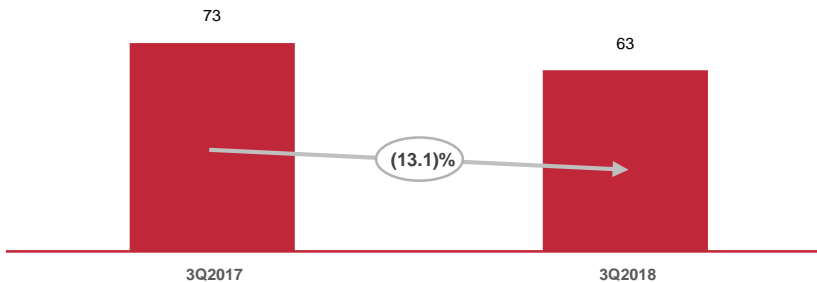


Commission paid to retail partners (CZK m) CZ&SK combined

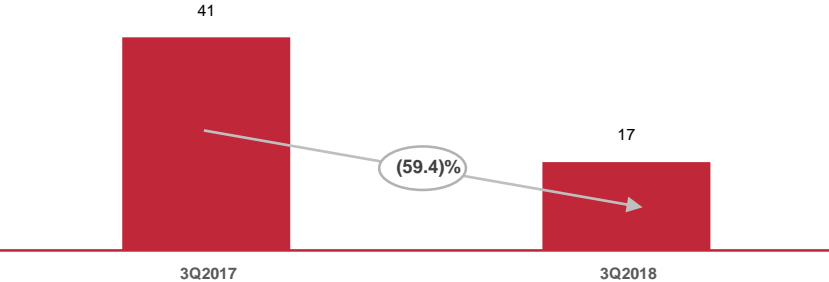


The decline in transactional fees relates mainly to client's behavior move from ATM withdrawals to POS transaction.

Net servicing fees (CZK m) CZ&SK combined



Net transactional & other fees (CZK m) CZ&SK combined



Strong equity position

Balance sheet (CZK ths)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
ASSETS	4 689 288	4 703 544	4 496 423	4 459 504	4 322 418	4 621 998	4 963 316
Cash and cash equivalents	584 036	559 641	515 090	481 937	590 333	702 739	824 737
Loans to customers	2 369 654	2 079 234	2 117 315	2 135 195	2 120 454	2 305 105	2 275 840
Intangible assets	35 205	35 298	40 539	516 169	527 546	550 970	524 536
Property and equipment	39 999	39 710	40 572	54 779	51 265	52 632	49 331
Current tax receivable	158 272	183 431	30 962	13 194	1 068	-	-
Deferred tax asset	168 821	171 027	172 691	188 144	142 784	143 784	138 693
Other assets	1 333 101	1 635 003	1 579 053	1 069 886	888 769	866 568	1 149 980
LIABILITIES AND EQUITY	4 689 288	4 703 544	4 496 423	4 459 504	4 322 418	4 621 998	4 963 316
TOTAL LIABILITIES	3 044 119	3 145 644	2 846 659	2 811 210	2 535 398	2 689 629	2 922 384
Due to banks and other financial institutions	1 445 950	1 544 809	1 222 787	1 093 520	934 770	765 206	950 987
Current tax payable	-	-	-	-	3 317	26 336	58 937
Deferred tax liability	-	-	-	-	29 041	27 061	17 868
Other liabilities	1 598 169	1 600 835	1 623 872	1 717 690	1 568 270	1 871 026	1 894 592
EQUITY	1 645 169	1 557 900	1 649 764	1 648 294	1 787 020	1 932 369	2 040 932
Share capital	808 543	794 296	790 758	782 702	778 599	785 149	781 968
Other capital contributions	344 068	344 068	344 068	344 068	344 068	344 068	344 068
Statutory reserve fund	101 757	98 906	98 198	96 587	95 766	97 076	96 440
Retained earnings/ Accumulated losses	390 801	320 630	416 740	424 937	568 587	706 076	818 456

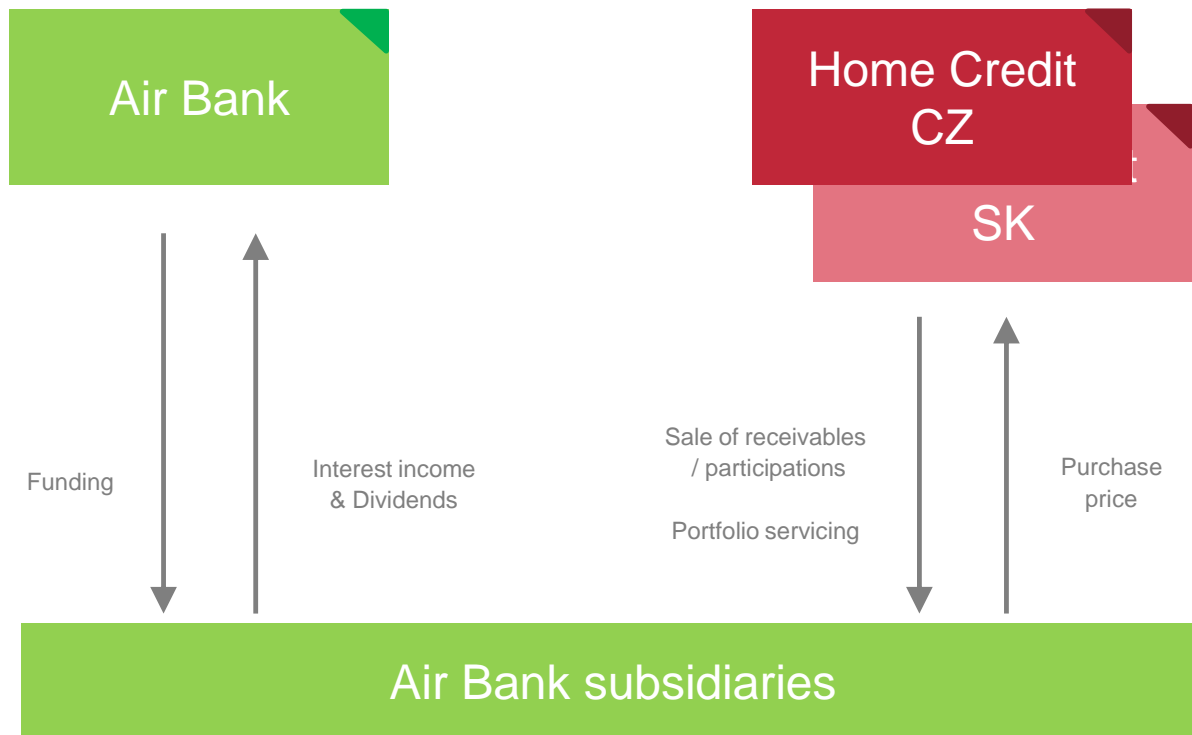
Note: The above balance sheet include only loans to customers owned by the respective Home Credit while the rest of Serviced receivables were purchased by Airbank's subsidiaries IFRS unaudited non-consolidated Home Credit Czech and Slovak Republic, combined

More than tripled 3Q 2018 YTD profit compared to prior year due to increased gains on disposal of loan receivables

Profit & Loss (CZK ths)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Net interest income	152 445	143 943	145 800	127 331	100 244	103 319	114 223
Interest income	166 563	156 817	157 612	136 392	107 728	110 196	122 022
Interest expense	(14 119)	(12 874)	(11 812)	(9 061)	(7 484)	(6 877)	(7 799)
Net fee and commission income	(29 260)	(46 703)	(27 877)	(35 383)	(38 276)	(48 507)	(49 734)
Fee and commission income	82 587	78 717	75 937	83 567	73 094	70 438	67 279
Fee and commission expense	(111 846)	(125 420)	(103 813)	(118 950)	(111 370)	(118 945)	(117 013)
Other operating income	321 735	363 985	456 307	513 962	516 514	513 146	480 016
Gains on disposal of loan receivables	263 638	307 735	401 476	442 299	464 563	474 879	448 426
Other operating income - Other	58 098	56 250	54 831	71 664	51 950	38 267	31 590
Operating income	444 921	461 225	574 231	605 910	578 482	567 958	544 505
Impairment losses	(38 269)	(50 026)	(46 605)	(97 394)	11 857	(13 985)	(2 418)
General operating expenses	(412 934)	(368 012)	(404 977)	(487 862)	(399 712)	(379 737)	(393 514)
Personnel expenses	(144 584)	(140 017)	(140 792)	(184 209)	(148 349)	(160 370)	(152 665)
Advertising and marketing	(62 859)	(53 586)	(75 661)	(88 256)	(51 701)	(36 782)	(45 840)
Information technology	(68 879)	(68 986)	(74 002)	(50 074)	(28 730)	(29 479)	(31 095)
Telecommunication and postage	(36 079)	(32 586)	(34 834)	(31 790)	(29 209)	(28 562)	(28 813)
Occupancy	(10 214)	(9 813)	(10 614)	(11 292)	(10 769)	(11 253)	(11 253)
Professional services	(47 778)	(41 598)	(48 945)	(58 087)	(53 976)	(38 539)	(50 158)
Depreciation and amortization	(12 989)	(11 423)	(10 273)	(40 655)	(56 666)	(58 753)	(56 895)
Travel expenses	(5 639)	(6 239)	(5 664)	(7 709)	(5 569)	(6 010)	(5 125)
Other operating expenses	(23 913)	(3 764)	(4 192)	(15 789)	(14 743)	(9 990)	(11 670)
Operating expenses	(451 203)	(418 038)	(451 582)	(585 256)	(387 855)	(393 722)	(395 932)
Profit before tax	(6 282)	43 187	122 648	20 654	190 627	174 236	148 573
Income tax expense	(1 523)	(14 021)	(26 743)	(13 269)	(39 397)	(36 606)	(36 199)
Profit for the period	(7 805)	29 166	95 906	7 386	151 229	137 630	112 374

Note:
IFRS unaudited non-consolidated Home Credit Czech and Slovak Republic, combined

Corporate structure



During 9 months period ended 30 September 2018, retail loan receivables in amount of CZK 9.9bn (30 September 2017: 10.8bn) were sold/participated to Air Bank subsidiaries.