Home Credit B.V., Strawinskylaan 933, 1077 XX Amsterdam, Netherlands
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The company is incorporated in the trade register of the Chamber of Commerce for Amsterdam under the file number 34126597.

Press Release

Home Credit B.V.: IFRS consolidated results for the period ended 31 March 2018

Continued strong development across countries and online growth

Amsterdam, 30 May 2018: Home Credit B.V. ('HCBV' or 'the Group'), the Netherlands-based holding company for Home Credit's leading multi-channel consumer finance operations in CEE, Asia and the US, announces its consolidated financial results for the three-month period ended 31 March 2018, in accordance with International Financial Reporting Standards (IFRS), incorporating IFRS 9 which represents a change to the way financial instruments are measured and classified in the financial statements.

"Home Credit's performance in the first three months was consistent with our expectations, as we continued to execute our strategy across all countries and especially online. During the period, we further strengthened our portfolio and extended our leadership positions.

In the first quarter we grew new loan volumes by 28.4% year on year excluding China and 2.6% year on year overall.

In Russia, Vietnam and Kazakhstan, the momentum we saw in 2017 has continued and these markets have all contributed very positively. In our growth markets, specifically Indonesia, the Philippines and India, we further strengthened our market share through both our enhanced online capabilities and our proven partnership model with manufacturers and retailers.

In China, recent regulatory actions were focused on unregulated lenders, who were driving an overheated market. As we anticipated, the resultant significant shrinkage in supply of new credit had a short-term impact on licensed companies, including Home Credit. The impact on our portfolio was however lessened as we had already reduced our approval rates in the 2nd half of 2017 followed by a further decrease of underwritten volumes in the 1st quarter of 2018. Benefitting from Home Credit's global experience, we entered this period of turbulence well-prepared. Despite losses in the first quarter, we remain confident in the underlying strength and scale of our business in China and I am confident that we will see a quick recovery in our performance in the upcoming quarters. In the long-run we will benefit strongly from the regulatory measures which have improved the structure of this important market.

Overall our balanced portfolio, innovative approach and strong execution capabilities mean we remain well positioned for the year ahead."

Jiri Smejc,
Chairman of the Board of Directors and Group Chief Executive Officer

GROUP OVERVIEW

Home Credit's performance for the first quarter was in line with management expectations, delivering new loan volume growth of 2.6% to EUR 4.4 billion and a loss of EUR 31 million, compared to a profit of EUR 80 million in the same period last year. The quality of the Group's loan portfolio deteriorated slightly with an NPL ratio of 8.2%, mainly due to the short-term impact of the regulatory actions in China. Our approach to customer approvals, however, remains highly disciplined across all our markets. We have continued to enhance our mobile and online offerings to complement our substantial POS network, providing our customers with the choice and convenience they require. As well as empowering our clients, our advanced technology and data capture also creates further cross-sell opportunities and increases the speed and accuracy of our underwriting and risk management processes.

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Points of Sale Network

The Group has continued to expand its sales network to 403,577 points of sale globally, adding 94,874 distribution points, year-on-year. China continued to optimize its sales network and, by leveraging a positive experience from within the Group, it has selectively introduced a model which is fully operated by partner retailers' employees. In Russia, although the Group discontinued its presence in less profitable retail partners' networks, the underwritten volumes did not decrease and profitability increased.

On line Distribution

At the same time, the Group has significantly expanded its online capabilities to create a true 'omni-channel' offering. In doing so, Home Credit has increased both its network of touchpoints and regular engagement with customers, allowing the Group to provide more tailored offerings and generating greater cross-selling opportunities. The number of active clients increased 23.4% year-on-year to 28.9 million, with 32% of our clients being active users of our mobile applications.

In Russia, Home Credit used its data processing expertise to launch a new and simple credit application form with just five fields for customers to complete, and consequently online sales grew by 13.4% quarter-on-quarter (1Q 2018 v. 4Q 2017). In China, the enhancement of its mobile application resulted in a 14% increase in loans originated from customers' smartphones quarter-on-quarter. In the Philippines, online sales grew by 19% and in Indonesia by over 80%. In Indonesia, the Group introduced a direct link to a digital wallet from one of the major local fin-techs into the Group's own mobile application. The link enables Home Credit to reach new customers who are shopping online. In the Czech Republic, Home Credit's subsidiary, Air Bank, successfully introduced its NFC-enabled mobile payments functionality which was used by 30,000 customers in the first 30 days. All these initiatives have helped to improve Home Credit's brand positioning and awareness among customers in their local markets, and offer an opportunity to share innovative services across the Group.

Geographical Diversification

Geographical diversification is a key pillar of Home Credit's strategy. The Group delivered another strong performance in Russia in the first quarter thanks to the company's disciplined approach in securing new loans from higher-quality customers and the introduction of new products. Kazakhstan continued to perform well, along with Vietnam, where the Group celebrated its 10th anniversary by reaching a milestone of more than 10 million loan approvals in total. The growth markets of India, the Philippines and Indonesia continued to perform strongly. Indonesia and the Philippines were profitable in the quarter.

Home Credit's underlying performance in China continues to be robust, in line with expectations. As previously disclosed, local regulations which were introduced last year have led to some short-term market challenges. These new measures seek to regulate the rapidly expanding universe of unregulated lenders which had led to a significant increase in consumer indebtedness in an overheating market. Whilst the regulatory intervention has curbed the growth of unregulated microfinance companies and P2P platforms and increases transparency for consumers, there has also been a short-term impact on the profitability of licensed lenders. Given deteriorating conditions Home Credit took a defensive position, reducing volumes in China by 5.8% in local currency compared to Q1 2017, or by 11.6% in EUR terms. The China business lost EUR 88 million in the period while, according to the Chinese local reporting standards, the business remained profitable. Despite this, Home Credit strongly believes these reforms will be beneficial for the industry, Home Credit China and Chinese consumers over time.

In the first quarter, Home Credit China successfully issued its 7th tranche of asset-based securities amounting to RMB 3.6 billion. Further, shortly after the end of Q1, the company issued its first financial bond of RMB 1.5 billion in the Chinese Interbank Bond Market, which was 1.6x oversubscribed. This demonstrates the regulator's and the market's confidence in the underlying strength of Home Credit's business. These transactions, approved by the China Banking and Insurance Regulatory Commission ("CBIRC") and the People's Bank of China, were a further validation of our established and successful business model in China.

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HIGHLIGHTS

- The number of actively served clients increased to 28.9 million, up from 23.4 million in Q1 2017.
- HCBV's multi-channel network consisted of 403,577 distribution points globally, up 30.7% on Q1 2017, with the bulk of the expansion in the three Asian countries which remain in their investment phase. The network consisted of 403,047 POSes and loan offices, 306 bank branches and 224 post office sites.
- New loan volume was EUR 4,398 million, up 2.6% on last year (Q1 2017: EUR 4,287 million). New loan volumes in Kazakhstan had a strong start to the year, up 37% to EUR 165 million compared to EUR 120 million in the same period last year, while in Russia new loan volumes increased 13% to EUR 713 million. Customer deposits stand at EUR 6,540 million.
- Net interest income was up 47.0% to EUR 760 million from EUR 517 million in the same period last year.
- The net interest margin rose to 15.6% from 14.2% in Q1 2017.
- Operating income increased 40.4% year on year to EUR 952 million (Q1 2017: EUR 678 million).
- Impairment losses were EUR 572 million (Q1 2017: EUR 201 million), a year-on-year increase of 184% which was driven by the introduction of IFRS 9 and the impact of the regulatory actions in China. Following the incorporation of IFRS 9, impairments are expected to be more volatile in future periods.
- The NPL coverage ratio grew to a very conservative level of 144.2% (31 December 2017: 121.7%), particularly due to the IFRS 9 adoption.
- General and administrative and other operating expenses were EUR 435 million (Q1 2017: EUR 359 million), a year-on-year increase of 21.1% predominantly driven by growth of the Group's investment stage operations and expansion of the Group's online channels.
- The Group posted a net loss of EUR 31 million, compared to a net profit of EUR 80 million in the same period last year. This was principally due to the usual seasonality effects of the first quarter, the implementation of IFRS 9 and the short-term impact of regulatory changes in China.
- HCBV remains adequately capitalised with a total equity of EUR 1,770 million and an equity-to-asset ratio of 8.0%.

KPIs SUMMARY

Business Results	Q1 2018	Q1 2017
Loans granted YTD (EUR million)	4,398	4,287
Number of active clients (million)	28.9	23.4
Number of distribution points	403,577	308,703
- Number of POSs and loan offices	*403,047*	*306,656*
- Number of bank branches	*306*	*323*
- Number of post offices	*224*	*1,724*
Number of employees (thousand)	140.1	135.5

Profit and Loss (EUR million)	Q1 2018	Q1 2017
Net interest income	760	517
Operating income	952	678
Credit risk costs[1]	(572)	(201)
Operating expenses[2]	(435)	(359)
Net profit after tax	(31)	80

1) Credit risk costs represent impairment losses on the loan portfolio

2) Operating expenses comprise general administrative and other operating expenses

Financial Position (EUR million)	Q1 2018	YE 2017
Total assets	22,042	21,526
Net loan portfolio	15,228	15,452
Equity	1,770	2,028
Wholesale funding	12,557	11,979
Customer deposits and current accounts	6,540	6,356

Source: Home Credit B.V., consolidated.

KEY RATIOS

Profit and Loss Ratios	Q1 2018	Q1 2017
Net interest margin[1]	15.6%	14.2%
Net interest income to operating income	79.7%	76.3%
Cost to average net loans[2]	11.4%	13.6%
Cost to income ratio[3]	45.7%	53.0%
Cost of risk ratio[4]	14.9%	7.6%
ROAA[5]	(0.6%)	2.1%

Financial Position Ratios	Q1 2018	YE 2017
Net loans to total assets	69.1%	71.8%
NPL ratio[6]	8.2%	6.9%
NPL coverage ratio[7]	144.2%	121.7%
Deposits to total liabilities	32.3%	32.6%
Equity to assets	8.0%	9.4%
Equity and deposits to net loans ratio	54.6%	54.3%

Source: Home Credit B.V., consolidated.
Ratios are annualized where applicable.

Notes:
1) Net interest margin is calculated as net interest income divided by the average balance of net interest earning assets.
2) Cost to average net loans is calculated as general administrative and other operating expenses divided by average net loans.
3) Cost to income ratio is calculated as general administrative and other operating expenses divided by operating income.
4) Cost of risk ratio represents impairment losses on the loan portfolio divided by average balance of net loans to customers.
5) RoAA is calculated as net profit divided by average balance of total assets.
6) 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.
7) NPL coverage ratio is calculated as loan loss provisions divided by gross non-performing loans.

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NOTES TO EDITORS

Home Credit B.V. ('HCBV' or 'the Group') is an international consumer finance provider with operations in 10 countries where there is high potential to grow. Founded in 1997, we focus on responsible lending primarily to people with little or no credit history. Our services are simple, easy and fast. We operate in highly attractive markets with significant barriers to entry. We are a leading provider of consumer finance in selected countries. It is our experience and knowledge across the different markets, which sustainably puts us ahead of our competitors. We drive and broaden financial inclusion for the unbanked population by providing a positive and safe borrowing experience – the first for many of our customers. We promote higher living standards and meet borrowers' financial needs. Our 140 thousand employees have so far served 101 million customers through the vast distribution network comprising 403,577 points of sale, loan offices, branches and post offices. HCBV's total consolidated assets reached EUR 22.0 million as at 31 March 2018. More information on HCBV is available at www.homecredit.net.

The majority shareholder (88.62% stake) of Home Credit B.V. is **PPF Financial Holdings B.V**., a 100% subsidiary of PPF Group N.V. ("PPF"). PPF invests into multiple market segments such as banking and financial services, telecommunications, insurance, real estate, metal mining, agriculture, retail and biotechnology. PPF's reach spans from Europe to Russia, the USA and across Asia. PPF owns assets of EUR 34.8 billion (as at 30 June 2017). More information on PPF is available at www.ppf.eu.

A minority stake (11.38%) of Home Credit B.V. is held by EMMA OMEGA LTD, an investment holding company ultimately owned by Mr. Jiří Šmejc. More information on Emma Capital is available at www.emmacapital.cz.