

# **Home Credit B.V.**

**Condensed Unconsolidated Interim Financial Report for the  
nine-month period ended 30 September 2016**

**(unaudited)**

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	<b>Note</b>	<b>30 Sep 2016 TEUR</b>	<b>31 Dec 2015 TEUR</b>
<b>ASSETS</b>			
Cash and cash equivalents	5	568	1,623
Time deposits with banks	6	26,139	20,890
Loans provided	7	72,659	78,535
Financial assets at fair value through profit or loss	8	736	3,072
Financial assets available-for-sale	9	-	9,343
Investments in subsidiaries	10	2,068,148	1,776,765
Other assets	11	1,010	2,787
<b>Total assets</b>		<b>2,169,260</b>	<b>1,893,015</b>
<b>LIABILITIES</b>			
Debt securities issued	12	21,954	183,957
Financial liabilities at fair value through profit or loss	13	1,026	478
Loans received and other liabilities	14	684,109	275,736
<b>Total liabilities</b>		<b>707,089</b>	<b>460,171</b>
<b>EQUITY</b>			
Share capital	15	659,020	659,020
Share premium	15	479,872	479,872
Other reserves	15	323,279	293,952
<b>Total equity</b>		<b>1,462,171</b>	<b>1,432,844</b>
<b>Total liabilities and equity</b>		<b>2,169,260</b>	<b>1,893,015</b>

*Home Credit B.V.*  
*Condensed Unconsolidated Interim Statement of Comprehensive Income*  
*for the nine-month period ended 30 September 2016*

	Note	9 months ended 30 Sep 2016 TEUR	9 months ended 30 Sep 2015 TEUR
<i>Continuing operations:</i>			
Interest income	16	5,160	8,070
Interest expense	16	<u>(28,145)</u>	<u>(25,487)</u>
<b>Net interest expense</b>		<b>(22,985)</b>	<b>(17,417)</b>
Dividend income	17	69,051	51,522
Fee income	18	5,796	6,308
Net foreign exchange result		(2,220)	51
Other income, net		<u>(30)</u>	<u>(754)</u>
<b>Operating income</b>		<b>49,612</b>	<b>39,710</b>
Impairment losses	19	(10,800)	440
General administrative expenses	20	<u>(7,910)</u>	<u>(8,440)</u>
<b>Operating expenses</b>		<b>(18,710)</b>	<b>(8,000)</b>
<b>Profit before tax</b>		<b><u>30,902</u></b>	<b><u>31,710</u></b>
Income tax expense	21	<u>(1,575)</u>	<u>(1,053)</u>
<b>Net profit for the period</b>		<b><u>29,327</u></b>	<b><u>30,657</u></b>
<b>Other comprehensive income for the period</b>		<b><u>-</u></b>	<b><u>-</u></b>
<b>Total comprehensive income for the period</b>		<b><u>29,327</u></b>	<b><u>30,657</u></b>

	<b>Share capital TEUR</b>	<b>Share premium TEUR</b>	<b>Other reserves TEUR</b>	<b>Total equity TEUR</b>
Balance as at 1 January 2016	659,020	479,872	293,952	1,432,844
Profit for the period	-	-	29,327	29,327
<b>Total changes</b>	-	-	<b>29,327</b>	<b>29,327</b>
<b>Balance as at 30 September 2016</b>	<b>659,020</b>	<b>479,872</b>	<b>323,279</b>	<b>1,462,171</b>

	<b>Share capital TEUR</b>	<b>Share premium TEUR</b>	<b>Other reserves TEUR</b>	<b>Total equity TEUR</b>
Balance as at 1 January 2015	659,020	299,872	268,634	1,227,526
Share premium increase	-	180,000	-	180,000
Other contributions	-	-	3,549	3,549
Profit for the period	-	-	30,657	30,657
<b>Total changes</b>	-	<b>180,000</b>	<b>34,206</b>	<b>214,206</b>
<b>Balance as at 30 September 2015</b>	<b>659,020</b>	<b>479,872</b>	<b>302,840</b>	<b>1,441,732</b>

	Note	9 months ended 30 Sep 2016 TEUR	9 months ended 30 Sep 2015 TEUR
<b>Operating activities</b>			
Profit before tax		30,902	31,710
Adjustments for:			
Interest income and expense	16	22,985	17,417
Dividend income	17	(69,051)	(51,522)
Impairment losses	19	10,800	(440)
Income / expenses not involving movements of cash		(13,426)	14,107
		<u>(17,790)</u>	<u>11,272</u>
<b>Net operating cash flow before changes in working capital</b>			
Change in time deposits with banks		(5,248)	(10,795)
Change in loans provided		6,366	(483)
Change in other assets		4,113	3,154
Change in other liabilities		(1,579)	(3,415)
		<u>(14,138)</u>	<u>(267)</u>
<b>Cash flows from the operations</b>			
Interest paid		(26,979)	(20,870)
Interest received		6,514	7,362
Income tax paid		(1,575)	(1,053)
		<u>(36,178)</u>	<u>(14,828)</u>
<b>Cash flows used in operating activities</b>			
<b>Investing activities</b>			
Proceeds from available-for-sale assets		9,696	7,559
Investments into subsidiaries		(302,437)	(153,492)
Proceeds from investments in subsidiary		-	34,600
Dividends received	17	69,051	51,522
		<u>(223,690)</u>	<u>(59,811)</u>
<b>Cash flows used in investing activities</b>			
<b>Financing activities</b>			
Repayment of debt securities issued		(147,630)	(107,130)
Proceeds from due to banks and other financial institutions		708,697	441,746
Repayments of due to banks and other financial institutions		(302,251)	(264,344)
		<u>258,816</u>	<u>70,272</u>
<b>Cash flows from financing activities</b>			
Net increase in cash and cash equivalents		(1,052)	(4,367)
Cash and cash equivalents at 1 January	5	1,623	4,535
Effects of exchange rate changes on cash and cash equivalents		(3)	13
		<u>(1,055)</u>	<u>(4,354)</u>
<b>Cash and cash equivalents at 30 September</b>	5	<u><u>568</u></u>	<u><u>181</u></u>

## 1. Description of the Company

Home Credit B.V. (the “Company”) was incorporated on 28 December 1999 in the Netherlands.

### Registered office

Strawinskylaan 933  
1077 XX Amsterdam  
The Netherlands

Shareholders	Country of incorporation	Ownership interest (%)	
		30 Sep 2016	31 Dec 2015
PPF Financial Holdings B.V.	Netherlands	88.62	88.62
EMMA OMEGA LTD	Cyprus	11.38	11.38

PPF Financial Holdings B.V. is a subsidiary of PPF Group N.V. The ultimate controlling party is Mr. Petr Kellner, who exercises control through PPF Group N.V. and PPF Financial Holdings B.V.

### Board of Directors

Jiří Šmejč	Chairman
Jan Cornelis Jansen	Vice-chairman
Rudolf Bosveld	Member
Petr Kohout	Member
Mel Gerard Carvill	Member
Marcel Marinus van Santen	Member
Paulus Aloysius de Reijke	Member
Lubomír Král	Member

### Principal activities

The Company is a direct owner of consumer finance companies (“the Group”) operating in the Central Europe, CIS and Asia. The principal activities of the Company are the holding of equity stakes in these companies and financing these companies both from the market and from the parent company and related parties.

## **2. Basis of preparation**

The financial statements for the period ended 30 September 2016 have been prepared on an unconsolidated basis. Subsidiaries are presented on a cost-less-impairment basis.

The Company has also prepared the consolidated financial statements for the period ended 30 September 2016, which have been prepared in accordance with IFRSs, including IASs, promulgated by the IASB and interpretations issued by the IFRIC of the IASB as adopted by the European Union.

### **(a) Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), including International Accounting Standards (IASs), promulgated by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

### **(b) Basis of measurement**

The financial statements are prepared on the historic cost basis except for financial instruments at fair value through profit or loss and financial assets available-for-sale that are measured at fair value. Financial assets and liabilities and non-financial assets and liabilities which are valued at historic cost are stated at amortized cost or historic cost, as appropriate, net of any relevant impairment.

### **(c) Presentation and functional currency**

These financial statements are presented in Euro (EUR), which is the Company's functional currency and reporting currency. Financial information presented in EUR has been rounded to the nearest thousand (TEUR).

### **(d) Changes in accounting policies and comparative figures**

The comparative figures have been regrouped or reclassified, where necessary, on a basis consistent with the current period.

### **(e) Use of estimates and judgments**

The preparation of the unconsolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historic experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of the judgments about the carrying values of assets and liabilities that cannot readily be determined from other sources. The actual values may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.



### **3. Significant accounting policies**

The significant accounting policies applied in the preparation of these condensed unconsolidated interim financial statements are consistent with those used in the preparation of the Company's annual financial statements for the year ended 31 December 2015.

#### **(a) Changes in Accounting policies and accounting pronouncements adopted since 1 January 2016**

The following revised standards effective from 1 January 2016 are mandatory and relevant for the Company and have been applied by the Company since 1 January 2016.

##### *Amendments to IAS 1 Presentation of Financial Statements* (effective from 1 January 2016)

The Amendments to IAS 1 include the following five, narrow-focus improvements to the disclosure requirements contained in the standard.

The guidance on materiality in IAS 1 has been amended to clarify that:

- immaterial information can detract from useful information;
- materiality applies to the whole of the financial statements; and
- materiality applies to each disclosure requirement in an IFRS.

The guidance on the order of the notes (including the accounting policies) have been amended, to:

- remove language from IAS 1 that has been interpreted as prescribing the order of notes to the financial statements; and
- clarify that entities have flexibility about where they disclose accounting policies in the financial statements.

This standard did not have significant impact on the Company's financial statements.

##### *Annual Improvements 2012-2014 Cycle* (effective from 1 January 2016)

In September 2014 the IASB published Annual Improvements to IFRSs 2012-2014 Cycle as part of the annual improvements process to make non-urgent but necessary amendments to IFRS. The new cycle of improvements contains amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.

#### **(b) Standards, interpretations and amendments to published standards that are not yet effective and are relevant for the Company's financial statements**

A number of new Standards, amendments to Standards and Interpretations were not yet effective as of 30 September 2016 and have not been applied in preparing these financial statements. Of these pronouncements, potentially the following will have an impact on the Company's operations. The Company plans to adopt these pronouncements when they become effective. The Company is in the process of analysing the likely impact on its financial statements.

### **3. Significant accounting policies (continued)**

*Amendments to IAS 7 Statement of Cash Flows (effective from 1 January 2017)*

The amendments are part of the IASB's disclosure initiative project and introduce additional disclosure requirements intended to address investors' concerns that financial statements do not currently enable them to understand the entity's cash flows; particularly in respect to the management of financing activities. These Amendments have not yet been adopted by the EU.

This standard is not expected to have significant impact on the Company's financial statements.

*Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses (effective from 1 January 2017)*

In January 2016 IASB issued amendments to IAS 12 Income Taxes. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. These Amendments have not yet been adopted by the EU.

This standard is not expected to have significant impact on the Company's financial statements.

*IFRS 9 Financial Instruments (effective from 1 January 2018)*

IFRS 9 is to be issued in phases and is intended ultimately to replace International Financial Reporting Standard IAS 39 *Financial Instruments: Recognition and Measurement*. The first phase of IFRS 9 was issued in November 2009 and relates to the classification and measurement of financial assets. The second phase regarding the classification and measurement of financial liabilities was published in October 2010. The third phase of IFRS 9 was issued in November 2013 and relates to general hedge accounting. The standard was finalized and published in July 2014. The final phase relates to a new expected credit loss model for calculating impairment.

The Company is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.

Given the nature of the Company's operations, this standard is not expected to have significant impact on the Company's unconsolidated financial statements.

*IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018)*

In May 2014 IASB and the Financial Accounting Standards Board (FASB), responsible for US Generally Accepted Accounting Principles (US GAAP) jointly issued a converged Standard on the recognition of revenue from contracts with customers. The core principle of the new Standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue-Barter Transactions Involving Advertising Services.

In April 2016 IASB issued amendments to IFRS 15 clarifying some requirements and providing additional transitional relief for companies that are implementing the new Standard.

Given the nature of the Company's operations, this standard is not expected to have significant impact on the Company's financial statements.

### **3. Significant accounting policies (continued)**

*IFRS 16 Leases* (effective from 1 January 2019)

In January 2016 IASB issued a new Standard on leases. The standard requires companies to bring most leases on-balance sheet, recognising new assets and liabilities. IFRS 16 eliminates the classification of leases as either operating or finance for lessees and, instead, introduces a single lessee accounting model. This model reflects that leases result in a company obtaining the right to use an asset (the 'lease asset') at the start of the lease and, because most lease payments are made over time, also obtaining financing. As a result, the new Standard requires lessees to account for all of their leases in a manner similar to how finance leases were treated applying IAS 17. IFRS 16 includes two exemptions from recognising assets and liabilities for (a) short-term leases (i.e. leases of 12 months or less) and (b) leases of low-value items (such as personal computers).

Applying IFRS 16, a lessee will:

- recognise lease assets (as a separate line item or together with property, plant and equipment) and lease liabilities in the balance sheet;
- recognise depreciation of lease assets and interest on lease liabilities in the income statement; and
- present the amount of cash paid for the principal portion of the lease liability within financing activities, and the amount paid for the interest portion within either operating or financing activities, in the cash flow statement.

IFRS 16 has not yet been adopted by the EU.

Given the nature of the Company's operations, this standard is not expected to have significant impact on the Company's financial statements.

#### 4. Financial risk management

All aspects of the Company's financial risk management objectives and policies are consistent with those disclosed in the Company's unconsolidated financial statements for the year ended 31 December 2015.

#### 5. Cash and cash equivalents

	<b>30 Sep 2016</b>	<b>31 Dec 2015</b>
	<b>TEUR</b>	<b>TEUR</b>
Current accounts with related parties	552	1,601
Other current accounts	16	22
	<u>568</u>	<u>1,623</u>

#### 6. Time deposits with banks

	<b>30 Sep 2016</b>	<b>31 Dec 2015</b>
	<b>TEUR</b>	<b>TEUR</b>
Deposit held with external banks as cash collateral for bank loans provided to subsidiaries	15,204	12,385
Cash collateral for syndicated loan interest payment	7,234	4,805
Cash collateral for foreign exchange derivative contracts	3,701	3,700
	<u>26,139</u>	<u>20,890</u>

#### 7. Loans provided

	<b>30 Sep 2016</b>	<b>31 Dec 2015</b>
	<b>TEUR</b>	<b>TEUR</b>
Loans to subsidiaries	23,027	13,655
Loans to the controlling entities	8,606	21,491
Other loans provided	41,026	43,389
	<u>72,659</u>	<u>78,535</u>

The loans provided by the Company to controlling entities and to subsidiaries are unsecured, other loans provided are secured.

#### 8. Financial assets at fair value through profit or loss

	<b>30 Sep 2016</b>	<b>31 Dec 2015</b>
	<b>TEUR</b>	<b>TEUR</b>
Positive fair value of trading derivative instruments	736	3,072
	<u>736</u>	<u>3,072</u>

## 9. Financial assets available-for-sale

	30 Sep 2016 TEUR	31 Dec 2015 TEUR
Debt securities	-	9,343
	<u>-</u>	<u>9,343</u>

## 10. Investments in subsidiaries

Subsidiary	Country of incorporation	Share in issued capital		Net cost of investment	
		30 Sep 2016 %	31 Dec 2015 %	30 Sep 2016 TEUR	31 Dec 2015 TEUR
Redlione (LLC)	Cyprus	100.00	100.00	17,898	17,898
Enadoco Limited	Cyprus	100.00	100.00	507	507
Rhaskos Finance Limited	Cyprus	100.00	100.00	507	507
Septus Holding Limited	Cyprus	100.00	100.00	508	508
Sylinder Capital Limited	Cyprus	100.00	100.00	508	508
Talpa Estero Limited	Cyprus	100.00	100.00	508	508
Astavedo Limited	Cyprus	100.00	100.00	42	42
Home Credit (JSC)	Czech Republic	100.00	100.00	233,037	233,037
Home Credit International (JSC)	Czech Republic	100.00	100.00	10,685	10,685
HC Insurance Services (LLC)	Czech Republic	100.00	100.00	785	785
Air Bank (JSC)	Czech Republic	100.00	100.00	183,548	183,548
Home Credit Consumer Finance Co., Ltd.	China	100.00	100.00	490,383	285,153
CF Commercial Consulting (Beijing) Co., Ltd.	China	100.00	100.00	1,000	1,000
HC Asia N.V.	Netherlands	100.00	100.00	515,625	423,946
Home Credit Lab N.V.	Netherlands	100.00	100.00	4,716	2,976
Non-banking Credit and Financial Organization "Home Credit" (OJSC) <sup>1)</sup>	Republic of Belarus	99.59	99.59	2,897	13,697
Home Credit and Finance Bank (LLC)	Russian Federation	99.99	99.99	454,630	454,630
Home Credit Insurance (LLC)	Russian Federation	100.00	100.00	10,300	10,300
MCC Kupi ne kopi (LLC) <sup>2)</sup>	Russian Federation	100.00	100.00	2,009	2,009
Home Credit Slovakia (JSC)	Slovak Republic	100.00	100.00	56,439	56,439
Collect Credit, LLC <sup>3)</sup>	Ukraine	-	100.00	-	254
LLC Homer Software House <sup>4)</sup>	Ukraine	2.78	2.78	-	-
HOME CREDIT US Holding, LLC	USA	100.00	100.00	11,616	7,828
Home Credit Vietnam Finance Company Limited	Vietnam	100.00	100.00	70,000	70,000
				<u>2,068,148</u>	<u>1,776,765</u>

<sup>1)</sup> in July 2016 Home Credit Bank (OJSC) was renamed to Non-banking Credit and Financial Organization "Home Credit" (OJSC)

<sup>2)</sup> in May 2016 MFO HC Express (LLC) was renamed to MCC Kupi ne kopi (LLC)

<sup>3)</sup> subsidiary was sold

<sup>4)</sup> presented as a subsidiary because of the Company's indirect share of 97.22% through Redlione (LLC)

## 10. Investments in subsidiaries (continued)

<b>2016</b>	<b>Cost of investment TEUR</b>	<b>Impairment TEUR</b>	<b>Carrying amount TEUR</b>
Balance as at 1 January	<b>1,866,699</b>	<b>(89,934)</b>	<b>1,776,765</b>
Investments	302,437	-	302,437
Divestments	(254)	-	(254)
Impairment changes	-	(10,800)	(10,800)
Balance as at 30 September	<b>2,168,882</b>	<b>(100,734)</b>	<b><u>2,068,148</u></b>
<b>2015</b>	<b>Cost of investment TEUR</b>	<b>Impairment TEUR</b>	<b>Carrying amount TEUR</b>
Balance as at 1 January	<b>1,633,043</b>	<b>(75,374)</b>	<b>1,557,669</b>
Investments	338,229	-	338,229
Divestments	(35,788)	-	(35,788)
Impairment changes	-	440	440
Balance as at 30 September	<b>1,935,484</b>	<b>(74,934)</b>	<b><u>1,860,550</u></b>

In the nine-month period ended 30 September 2016 the Company recognised an impairment loss of TEUR 10,800 on its investment in OJSC Home Credit Bank as a response to declining profitability of the Belarusian subsidiary. The Group management is undertaking measures aimed at recalibrating the subsidiary business model in the light of the newly introduced regulatory changes in Belarus and focusing on preserving the current investment value. Consequently, the impairment charge was determined so as to bring the carrying value of the investment to the subsidiary net asset value translated to EUR.

## 11. Other assets

	<b>30 Sep 2016</b>	<b>31 Dec 2015</b>
	<b>TEUR</b>	<b>TEUR</b>
Trade receivables	824	2,586
Trade marks	147	70
Other receivables	39	131
	<u><b>1,010</b></u>	<u><b>2,787</b></u>

Trade receivables balances represent receivables for services provided to related parties.

## 12. Debt securities issued

	<b>Interest rate</b>	<b>Final maturity</b>	<b>Amount outstanding</b>	
			<b>30 Sep 2016</b>	<b>31 Dec 2015</b>
			<b>TEUR</b>	<b>TEUR</b>
CZK bond issue 5 of MCZK 3,750	6.25%	June 2016	-	143,376
CZK promissory note issue of MCZK 300	Zero-coupon	July 2016	-	10,788
EUR promissory note issue of MEUR 9.1	Zero-coupon	July 2016	-	8,844
CZK promissory note issue of MCZK 650	Zero-coupon	March 2018	21,954	20,949
			<u><b>21,954</b></u>	<u><b>183,957</b></u>

All the bonds and promissory notes issued are unsecured.

## 13. Financial liabilities at fair value through profit or loss

	<b>30 Sep 2016</b>	<b>31 Dec 2015</b>
	<b>TEUR</b>	<b>TEUR</b>
Negative fair value of trading derivative instruments	1,026	478
	<u><b>1,026</b></u>	<u><b>478</b></u>

## 14. Loans received and other liabilities

	<b>30 Sep 2016</b>	<b>31 Dec 2015</b>
	<b>TEUR</b>	<b>TEUR</b>
Loans received	682,724	272,224
Settlement with suppliers	1,027	3,460
Other accounts payable	358	52
	<u><b>684,109</b></u>	<u><b>275,736</b></u>

### Loans received

	<b>Interest Rate</b>	<b>Currency</b>	<b>Maturity</b>	<b>Amount outstanding</b>	
				<b>30 Sep 2016</b>	<b>31 Dec 2015</b>
				<b>TEUR</b>	<b>TEUR</b>
Loan from subsidiary	Fixed	USD	July 2016	-	74,161
Loan from subsidiary	Fixed	USD	January 2017	67 200	-
Loan from subsidiary	Fixed	EUR	January 2017	30 000	-
Loan from controlling party	Variable	EUR	January 2017	195 642	-
Syndicated loan	Variable	EUR	September 2017	298 719	198,063
Loan from subsidiary	Fixed	CZK	March 2017	2 229	-
Loan from subsidiary	Variable	USD	July 2018	62 720	-
Loan from other related party	Fixed	CZK	January 2020	26 214	-
				<u><b>682,724</b></u>	<u><b>272,224</b></u>

## 15. Equity

As at 30 September 2016 the Company's share capital comprised 1,250,000,000 (31 December 2015: 1,250,000,000) ordinary shares at a par value of EUR 0.57 (31 December 2015: EUR 0.57), of which 1,156,174,806 (31 December 2015: 1,156,174,806) shares were issued and fully paid. All issued shares bear equal voting rights. The holders of the shares are entitled to receive distributions of profits and reserves when declared by the general meeting of the Company. No distributions can be made if the total amount of the reserves to be maintained pursuant to the law or the articles of association exceeds the Company's equity and the management board has not given its approval to such distribution.



## 16. Interest income and interest expense

	<b>9 months ended 30 Sep 2016 TEUR</b>	<b>9 months ended 30 Sep 2015 TEUR</b>
<b>Interest income</b>		
Controlling entities	2,481	2,712
Other related parties	2,020	4,413
Subsidiaries	606	944
Other	53	1
	<u>5,160</u>	<u>8,070</u>
 <b>Interest expense</b>		
Loans received	22,460	13,166
Debt securities issued	5,685	12,321
	<u>28,145</u>	<u>25,487</u>

## 17. Dividend income

	<b>9 months ended 30 Sep 2016 TEUR</b>	<b>9 months ended 30 Sep 2015 TEUR</b>
<b>Subsidiary</b>		
Home Credit and Finance Bank (LLC)	23,367	13,447
Home Credit (JSC)	18,481	14,583
Home Credit Vietnam Finance Company Limited	15,068	10,252
Home Credit Insurance (LLC)	8,135	6,572
Home Credit Slovakia (JSC)	4,000	4,000
Talpa Estero Limited	-	535
Septus Holding Limited	-	535
Sylander Capital Limited	-	535
Enadoco Limited	-	534
Rhaskos Finance Limited	-	529
	<u>69,051</u>	<u>51,522</u>

## 18. Fee income

	<b>9 months ended 30 Sep 2016 TEUR</b>	<b>9 months ended 30 Sep 2015 TEUR</b>
Fees for services provided	4,617	4,891
Guarantee fees	1,179	1,417
	<u>5,796</u>	<u>6,308</u>

## 19. Impairment losses

In the nine-month period ended 30 September 2016 the Company recognized impairment losses of TEUR 10,800 on its equity investment in OJSC Home Credit Bank.

In the nine-month period ended 30 September 2015 the Company reversed impairment losses of TEUR 440 due to liquidation of its subsidiary PPF Home Credit IFN SA.

## 20. General administrative expenses

	<b>9 months ended 30 Sep 2016 TEUR</b>	<b>9 months ended 30 Sep 2015 TEUR</b>
Professional services	5,950	6,135
Travel expenses	1,467	1,741
VAT	338	345
Personnel expenses	83	71
Bond issue expense	26	51
Other	46	97
	<u><b>7,910</b></u>	<u><b>8,440</b></u>

## 21. Taxation

Income tax expense of TEUR 1,575 (nine-month period ended 30 September 2015: TEUR 1,053) represented withholding tax from dividends and from interest received.

## 22. Commitments and guarantees

As at 30 September 2016 the Company had outstanding commitments to extend credit of TEUR 53,997 (31 December 2015: TEUR 58,645).

As at 30 September 2016 the Company had outstanding guarantees of TEUR 110,318 (31 December 2015: TEUR 79,367) issued by the Company in favour of the financing banks for bank loans drawn by related parties.

## 23. Related party transactions

The Company has a related party relationship with its parent company PPF Financial Holdings B.V., with entities exercising control over the parent company, their subsidiaries, the Company's key management personnel and other related parties. Related party transactions are executed on an arm's length basis. Related party transactions arise primarily from funding and treasury transactions.

### (a) Transactions with the parent company and entities exercising control over the parent company

Balances included in the statement of financial position in relation to transactions with the parent company and entities exercising control over the parent company are as follows:

	<b>30 Sep 2016</b>	<b>31 Dec 2015</b>
	<b>TEUR</b>	<b>TEUR</b>
Loans provided	8,606	21,491
Loans received and other liabilities	<u>(195,831)</u>	<u>-</u>
	<b><u>(187,225)</u></b>	<b><u>21,491</u></b>

Amounts included in the statement of comprehensive income in relation to transactions with the parent company and entities exercising control over the parent company are as follows:

	<b>9 months</b>	<b>9 months</b>
	<b>ended</b>	<b>ended</b>
	<b>30 Sep 2016</b>	<b>30 Sep 2015</b>
	<b>TEUR</b>	<b>TEUR</b>
Interest income	2,481	2,712
Interest expense	(5,919)	(1,542)
General administrative expenses	<u>(189)</u>	<u>(189)</u>
	<b><u>(3,627)</u></b>	<b><u>981</u></b>

## 23. Related party transactions (continued)

### (b) Transactions with subsidiaries and fellow subsidiaries

Balances included in the statement of financial position in relation to transactions with subsidiaries and fellow subsidiaries are as follows:

	<b>30 Sep 2016</b>	<b>31 Dec 2015</b>
	<b>TEUR</b>	<b>TEUR</b>
Cash and cash equivalents	553	1,602
Time deposits with banks	3,701	3,700
Loans provided	23,027	13,655
Financial assets at fair value through profit or loss	736	3,072
Financial assets available-for-sale	-	9,343
Other assets	824	2,586
Debt securities issued	(21,954)	(59,065)
Financial liabilities at fair value through profit or loss	(1,026)	(478)
Loans received and other liabilities	<u>(214,506)</u>	<u>(100,293)</u>
	<b><u>(208,645)</u></b>	<b><u>(125,878)</u></b>

Amounts included in the statement of comprehensive income in relation to transactions with subsidiaries and fellow subsidiaries are as follows:

	<b>9 months</b>	<b>9 months</b>
	<b>ended</b>	<b>ended</b>
	<b>30 Sep 2016</b>	<b>30 Sep 2015</b>
	<b>TEUR</b>	<b>TEUR</b>
Interest income	483	1,609
Interest expense	(9,802)	(13,448)
Dividend income	69,051	51,522
Fee income	5,796	6,308
Net foreign exchange result	(7,575)	13,200
General administrative expenses	<u>(819)</u>	<u>(1,046)</u>
	<b><u>57,150</u></b>	<b><u>58,145</u></b>

As at 30 September 2016 the Company had outstanding guarantees of TEUR 110,318 (31 December 2015: TEUR 79,367) issued by the Company in favour of the financing banks for bank loans drawn by its subsidiaries.

As at 30 September 2016 the Company had outstanding loan commitments of TEUR 45,207 (31 December 2015: TEUR 49,459) with its subsidiaries.

## 23. Related party transactions (continued)

### (c) Transactions with other related parties

In 2013 the Company concluded a consultancy service agreement with a company controlled by one of the members of its Board of Directors. The consultancy fees of TEUR 4,500 charged in nine-months period ended 30 September 2016 in relation to this agreement (nine-month period ended 30 September 2015: TEUR 4,500) are recorded under general administrative expenses, while the related liability of TEUR 500 as at 30 September 2016 (31 December 2015: TEUR 2,827) is recorded under loans received and other liabilities.

As at 30 September 2016 the balance of Loans provided included secured loans of TEUR 41,026 (31 December 2015: TEUR 43,389) provided by the Company to a company controlled by one of the members of its Board of Directors. The weighted average interest rate is 6.94% (31 December 2015: 6.52%) and the repayment date of those loans is 30 June 2019.

As at 30 September 2016 the Company had outstanding loan commitments of TEUR 8,770 (31 December 2015: TEUR 9,186) with other related parties.

### (d) Transactions with key management personnel

The members of the Board of Directors of the Company are considered to be the Company's key management.

Amounts included in the statement of comprehensive income in relation to transactions with members of the key management comprise the following salaries and bonuses.

	<b>9 months ended 30 Sep 2016 TEUR</b>	<b>9 months ended 30 Sep 2015 TEUR</b>
Short-term benefits expenses	83	71
	<b>83</b>	<b>71</b>

## 24. Segment information

The Company represents one reportable segment that has central management and follows a common business strategy. All the revenues are attributed to the Company's country of domicile.

## **25. Subsequent events**

In October and November 2016 the Company increased share premium in HC Asia N.V. by TEUR 40,250.

In October and November 2016 the Company increased share capital in HOME CREDIT US Holding, LLC by TEUR 8,509 equivalent.

In October and November 2016 the Company increased share capital in Home Credit Lab N.V. by TEUR 1,110 equivalent.

In November 2016 the Company received dividend from Home Credit and Finance Bank (LLC) in amount of TEUR 10 669 equivalent.

In November 2016 HOME Credit US Holding LLC repaid to the Company the loan in amount of TEUR 5,771 equivalent.

In November 2016 the Company utilized loan from its parent company in amount of TEUR 5,000.

In November 2016 the Company received dividends from Enadoco Limited of TEUR 703.

In November 2016 the Company received dividends from Rhaskos Finance Limited of TEUR 703.

In November 2016 the Company received dividends from Septus Holding Limited of TEUR 703.

In November 2016 the Company received dividends from Sylander Capital Limited of TEUR 703.

In November 2016 the Company received dividends from Talpa Estero Limited of TEUR 703.

In November 2016 the Company received dividends from Astavedo Limited of TEUR 10.

The condensed unconsolidated interim financial statements as set out on pages 3 to 22 were issued on 28 October 2016.

Petr Kohout  
*Member of the Board of Directors*