

## Press Release

Home Credit B.V.: IFRS consolidated results for the nine-month period ended 30 September 2016

### A strong result propelled by a balanced mix of sustained recovery in Russia and robust growth in Asian markets

**Amsterdam, 28 November 2016: 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 nine-month period ended 30 September 2016 in accordance with International Financial Reporting Standards (IFRS).**

*"With the Russian business gaining traction after its return to profitability earlier this year, the Group was able to build on the strong geographically diversified platform of our Asian operations and deliver another successful quarter.*

*While we continue to see a stellar performance from our growth markets, the recovery in our Russian business has been an important contributor to the EUR 131.4 million net profit achieved in the nine-month period. A strong third quarter in Russia reflects management's ability to take the right steps in controlling costs and strengthening the loan book credit quality. The transformation of our Russian business is largely complete, putting it on the best possible footing to further drive profit growth.*

*At the same time, our business in China continues to go from strength to strength. We continue to benefit from the decreasing cost of risk and declining cost of funds as we diversify our sources of funding in what is a very important market for Home Credit. In this regard, we reached a substantial milestone with the issuance and successful placement of our first asset-backed securities. We believe our point of sale loans offer the best value to customers, and our efforts to provide useful, safe and affordable finance to Chinese consumers are driving prices down industry-wide.*

*India, a key growth market for the Group, is both exciting and complex. We are making very good headway with a fast pace of growth in new loan volumes. We continue to invest in our business there and push for scale which is essential in such a competitive market. Indonesia and the Philippines are on the right track while Kazakhstan and Vietnam have again made a very positive contribution to the profitability of the Group.*

*The number of Home Credit employees breached 100,000 for the first time and it is because of them that we now have almost 17 million active customers globally. At the heart of this, and what enables us to deliver encouraging results, are our adaptable management, robust risk systems, a focus on offering the right products at affordable prices and the firm belief that financial inclusion is vital for real economic development. These will continue to underpin our future development."*

**Jiri Smejck, Chairman of the Board of Directors  
and Group Chief Executive Officer, Home Credit B.V.**

## OVERVIEW

Following a strong third quarter with net profit of EUR 72.1 million, Home Credit's net profit for the first nine months rose to EUR 131.4 million, recovering from a loss of EUR 60.7 million in the same period a year earlier. Home Credit's geographical spread remains a major focus and the foundation of its strength with Russia, Kazakhstan and the Asian businesses all delivering good performances. Loans granted for the nine-month period ending 30 September 2016 totalled EUR 7,658 million, representing an increase of 77% compared to the first nine months of 2015. The number of active

clients increased to 16.8 million with loan applications in India rising to 10,000 per day during the quarter.

In Russia, newly underwritten loans increased 18% year on year on a local currency basis while consolidated net profit in Russia and Kazakhstan for the first nine months rose to RUB 4.6 billion, compared to a RUB 9.3 billion net loss in the first nine months of 2015. This is a testament to the success of the measures taken by the Group to optimise the business and efforts to secure new loans from quality customers. Home Credit maintained its leadership in the offline point of sales (POS) market in Russia with a year-on-year increase in market share to 26.5%, while the online POS market continues to present a real growth opportunity after the bank successfully launched several pilot programmes with select partners. Despite increasing new volumes, Home Credit's risk metrics in Russia and Kazakhstan improved substantially. NPLs dropped to 7.7% of total gross loans, down from 13.0% at the end of 2015, while the cost of risk declined to 7.7% by 30 September 2016 compared to 18.5% for the corresponding period last year.

Home Credit's global POS network – the backbone of its commercial operations – incorporates over 239,000 sites worldwide and makes it possible to reach customers in places where access to bank and post office branches is more limited. The bulk of the expansion of the POS network occurred in Asia, where there are now over 113,000 sites. The Group's growth in the region has been underpinned by the success of the 0% interest rate products.

New loan volumes in all the Asian countries increased compared to the same period last year with Vietnam again more than doubling while the Philippines and Indonesia increased more than 5-fold and 3-fold respectively, albeit from a much smaller base. India has seen an acceleration in new loans rising almost 150% year on year while China, the largest market in the region, was even stronger, rising 174%.

The Group continued to diversify its sources of funding. In October, Home Credit issued its first asset-backed securities (ABS) in China's interbank bond market, with a total size of over RMB 1.3 billion, marking a further contribution to the development of China's consumer finance industry. In Kazakhstan, the business is now fully self-funded in local currency and in November was upgraded by rating agency Fitch to B+ with a stable outlook.

The Group focus remains on investing to support the development of operations in high-growth markets – including more nascent operations such as Indonesia, the Philippines and India which present real opportunities for the future – while ensuring Home Credit's more established markets deliver good and sustainable profitability.

## HIGHLIGHTS

- **The Group posted a net profit of EUR 131.4 million in the first nine months of 2016**, compared with a loss of EUR 60.7 million for the same period of 2015, driven by the contribution of Russia and Kazakhstan and the continued strength of the business in Asia. Net profit for the third quarter was EUR 72.1 million, compared with a net profit of EUR 29.7 million in the year-ago quarter.
- **Operating income in the first nine months of 2016 increased 15.6% year on year to EUR 1,397 million** (9M 2015: EUR 1,208 million). Net interest income was up 21.5% to EUR 1,068 million from EUR 879 million in the same period last year.
- **HCBV's multi-channel network consisted of 241,460 distribution points** globally as of 30 September 2016, up 37.8% compared to a year ago, with 239,159 POS and loan offices, 359 bank branches and 1,942 post office sites. The bulk of the expansion of the network occurred in Asia.
- **New loan volumes totalled EUR 7,658 million** for the first nine months of 2016, up 76.7% year on year (9M 2015: EUR 4,335 million). Among the highlights was Vietnam where new volumes more than doubled to EUR 532 million, from EUR 257 million in the same period of 2015. In China, the largest market in Asia, new loan volumes rose 174% compared to a year earlier to EUR 4,448 million.

- **The number of actively served clients rose to 16.8 million** as at 30 September 2016, compared with 10.8 million a year ago.
- **Risk metrics continued to improve** from the first half. Impairment losses (credit risk costs) declined year on year by a third to EUR 407 million.
- **The quality of the loan portfolio further improved with the NPL ratio now firmly in single digits.** The NPL (i.e. loans more than 90 days overdue) share of the gross loan book declined to 7.1% (FY 2015: 10.0%). The consolidated Russian and Kazakhstan business has also strengthened, with NPLs reducing to 7.7% of total loans (FY 2015: 13.0%).
- **The net interest margin dipped to 14.1% for the first nine months** from 14.3% at 6M 2016 and 15.7% at 9M 2015.
- **General administrative and other operating expenses in the first nine months of 2016 increased 23.2%** to EUR 789 million (9M 2015: EUR 640 million), reflecting the overall growth of the business. In Russia, however, G&A expenses fell owing to ongoing efficiency measures. HCBV now has more than 100,000 employees spread across the 11 countries in which it operates.
- **The net loan portfolio increased to EUR 8,028 million, up 37.6% in the nine month period** (2015: EUR 5,835 million), primarily reflecting growth in Asia. The consolidated Russian and Kazakhstan net loan portfolio grew quarter on quarter for the first time in three years.
- **HCBV's customer deposits reached EUR 5,002 million** as at 30 September 2016, up 1.9% compared to the end of 2015.
- **The NPL coverage ratio rose to 123.5%**, up from 115.7% at the end of 2015.
- **Impairment losses were EUR 407 million**, down 33.2% compared to the corresponding period last year.
- **HCBV remains strongly capitalised** with total equity of EUR 1,337 million (FY 2015: EUR 1,196 million) and an equity-to-asset ratio of 10.8% (FY 2015: 12.4%).

## FINANCIAL SUMMARY

<b>Business Results</b>	<b>9M 2016</b>	<b>FY 2015</b>	<b>9M 2015</b>
<b>Loans granted YTD (EUR million)</b>	7,658	6,558	4,335
<b>Number of active clients (million)</b>	16.8	12.5	10.8
<b>Number of distribution points</b>	241,460	185,893	175,180
- Number of POSs and loan offices	239,159	183,488	172,981
- Number of bank branches	359	439	439
- Number of post offices	1,942	1,966	1,761
<b>Number of employees (thousand)</b>	103.9	72.9	68.9

<b>Profit and Loss (EUR million)</b>	<b>9M 2016</b>	<b>FY 2015</b>	<b>9M 2015</b>
<b>Net interest income</b>	1,068	1,193	879
<b>Operating income</b>	1,397	1,619	1,208
<b>Credit risk costs<sup>1</sup></b>	(407)	(725)	(609)
<b>Operating expenses<sup>2</sup></b>	(789)	(887)	(640)
<b>Net profit for the period</b>	131	(42)	(61)

<sup>1</sup>) Credit risk costs represent impairment losses on the loan portfolio

<sup>2</sup>) Operating expenses comprise general administrative and other operating expenses

<b>Financial Position (EUR million)</b>	<b>9M 2016</b>	<b>FY 2015</b>
<b>Total assets</b>	12,396	9,656
<b>Net loan portfolio</b>	8,028	5,835
<b>Equity</b>	1,337	1,196
<b>Wholesale funding</b>	5,476	3,131
<b>Customer deposits and current accounts</b>	5,002	4,909

Source: Home Credit B.V., consolidated.

## KEY FINANCIAL RATIOS

<b>Profit and Loss Ratios</b>	<b>9M 2016</b>	<b>FY 2015</b>	<b>9M 2015</b>
<b>Net interest margin<sup>1</sup></b>	14.1%	15.4%	15.7%
<b>Net interest income to operating income</b>	76.5%	73.7%	73.3%
<b>Cost to average net loans<sup>2</sup></b>	15.5%	16.1%	15.6%
<b>Cost to income ratio<sup>3</sup></b>	56.5%	54.8%	52.7%
<b>Cost of risk ratio<sup>4</sup></b>	8.0%	13.2%	15.0%
<b>ROAA<sup>5</sup></b>	1.6%	(0.5%)	(1.0%)

<b>Financial Position Ratios</b>	<b>9M 2016</b>	<b>FY 2015</b>	<b>9M 2015</b>
<b>Net loans to total assets</b>	64.8%	60.4%	59.9%
<b>NPL ratio<sup>6</sup></b>	7.1%	10.0%	12.6%
<b>NPL coverage ratio<sup>7</sup></b>	123.5%	115.7%	108.4%
<b>Deposits to total liabilities</b>	45.2%	58.0%	62.7%
<b>Equity to assets</b>	10.8%	12.4%	13.3%
<b>Equity and deposits to net loans ratio</b>	79.0%	104.6%	113.0%

Source: Home Credit B.V., consolidated.

### 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.

## CONTACTS FOR INVESTORS

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## NOTES TO EDITORS

**Home Credit B.V. ("HCBV" or "the Group")** is an international consumer finance provider with operations in 11 countries with 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 103.9 thousand employees have so far served 64.2 million customers through the vast distribution network comprising 241,460 points of sale, loan offices, branches and post offices. HCBV's total consolidated assets reached EUR 12.4 billion as at 30 September 2016. More information on HCBV is available at [www.homecredit.net](http://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 Group invests into multiple market segments such as banking and financial services, telecommunications, biotechnology, real estate, retail, insurance and agriculture. PPF's reach spans from Europe to Russia, the USA and across Asia. PPF Group owns assets exceeding EUR 24.2 billion (as at 30 June 2016). More information on PPF Group N.V. is available at [www.ppf.eu](http://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. Jiri Smejck.