

Home Credit B.V.

**Condensed Consolidated Interim Financial Report
for the nine-month period ended 30 September 2015**

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	Note	30 Sep 2015 TEUR	31 Dec 2014 TEUR
ASSETS			
Cash and cash equivalents	8	1,005,953	865,552
Due from banks, other financial institutions and holding companies	9	499,663	171,829
Loans to customers	10	5,502,917	5,059,514
Positive fair value of derivative instruments	11	161,123	144,846
Debt securities at fair value through profit or loss	12	194,603	-
Financial assets available-for-sale	13	1,264,806	306,172
Financial assets held-to-maturity		5,973	-
Assets classified as held for sale	5	2,446	5,705
Current income tax receivables		6,605	20,266
Deferred tax assets		120,693	66,167
Investments in associates		1,170	2,252
Intangible assets	14	131,627	100,466
Property and equipment	15	135,596	157,603
Other assets	16	153,391	136,210
Total assets		<u>9,186,566</u>	<u>7,036,582</u>
LIABILITIES			
Current accounts and deposits from customers	17	4,998,753	2,889,966
Due to banks and other financial institutions	18	1,773,958	1,434,149
Debt securities issued	19	383,782	575,112
Negative fair value of derivative instruments	20	17,054	5,583
Current income tax liabilities		28,749	33,560
Deferred tax liabilities		8,251	3,045
Insurance and other provisions	21	55,444	80,928
Subordinated liabilities	22	424,411	542,297
Other liabilities	23	278,058	233,065
Total liabilities		<u>7,968,460</u>	<u>5,797,705</u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	24	659,020	659,020
Share premium	24	479,872	299,872
Statutory reserves	24	33,616	24,671
Foreign currency translation	24	(564,283)	(505,114)
Cash flow hedge reserve	24	4,757	12,971
Reserve for business combinations under common control	24	(91,228)	(80,685)
Revaluation reserve	24	23,774	(4,364)
Other reserves		669,263	828,682
Total equity attributable to equity holders of the Company		<u>1,214,791</u>	<u>1,235,053</u>
Non-controlling interests	25	<u>3,315</u>	<u>3,824</u>
Total equity		<u>1,218,106</u>	<u>1,238,877</u>
Total liabilities and equity		<u>9,186,566</u>	<u>7,036,582</u>

Home Credit B.V.
Condensed Consolidated Interim Statement of Comprehensive Income
for the nine-month period ended 30 September 2015

	Note	9 months ended 30 Sep 2015 TEUR	9 months ended 30 Sep 2014 TEUR	3 months ended 30 Sep 2015 TEUR	3 months ended 30 Sep 2014 TEUR
Interest income	26	1,367,937	1,552,760	472,263	500,407
Interest expense	26	(488,627)	(481,893)	(151,621)	(166,615)
Net interest income		879,310	1,070,867	320,642	333,792
Fee and commission income	27	295,712	389,986	106,376	141,314
Fee and commission expense	28	(69,018)	(64,763)	(23,716)	(17,445)
Net fee and commission income		226,694	325,223	82,660	123,869
Insurance income	29	28,288	34,432	8,435	13,644
Net gains on financial assets and liabilities	30	7,739	3,463	6,937	4,540
Other operating income	31	57,641	66,332	2,636	20,897
Operating income		1,199,672	1,500,317	421,310	496,742
Impairment losses on financial assets	32	(608,956)	(897,736)	(155,997)	(274,690)
General administrative expenses	33	(562,283)	(570,901)	(198,630)	(173,993)
Other operating expenses	34	(69,883)	(75,800)	(18,223)	(24,405)
Operating expenses		(1,241,122)	(1,544,437)	(372,850)	(473,088)
(Losses)/gains on disposals of associates and subsidiaries		(341)	(691)	2	(11)
Share of earnings in associates		1,448	1,503	476	869
(Loss)/profit before tax		(40,343)	(43,308)	48,938	24,512
Income tax expense	35	(20,329)	(23,555)	(19,225)	(12,448)
Net (loss)/profit for the period		(60,672)	(66,863)	29,713	12,064
(Loss)/profit attributable to:					
Equity holders of the Company		(58,299)	(64,445)	30,454	12,964
Non-controlling interests	25	(2,373)	(2,418)	(741)	(900)
		(60,672)	(66,863)	29,713	12,064
Other comprehensive income which will be subsequently reclassified to profit or loss:					
Currency translation		(48,709)	(69,364)	(161,460)	(15,754)
Revaluation gains/(losses) on available-for-sale financial assets		4,269	(947)	3,022	(1,968)
Revaluation of available-for-sale financial assets transferred to profit or loss		10,110	(443)	6,906	1,133
Cash flow hedge reserve – effective portion of changes in fair value		5,575	49,201	(3,196)	37,935
Cash flow hedge reserve – net amount transferred to profit or loss		(15,843)	(44,156)	853	(40,165)
Income tax relating to components of other comprehensive income		1,828	(517)	1,133	551
Other comprehensive income for the period		(42,770)	(66,226)	(152,742)	(18,268)
Total comprehensive income for the period		(103,442)	(133,089)	(123,029)	(6,204)
Total comprehensive income attributable to:					
Equity holders of the Company		(101,508)	(131,132)	(122,304)	(5,737)
Non-controlling interests		(1,934)	(1,957)	(725)	(467)
		(103,442)	(133,089)	(123,029)	(6,204)

	Attributable to equity holders of the Company										
	Share capital	Share premium	Statutory reserves	Foreign currency translation	Reserve for business combinations under common control	Revaluation reserve	Cash flow hedge reserve	Other reserves	Total	Non-controlling interests	Total equity
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Balance as at 1 January 2015	659,020	299,872	24,671	(505,114)	(80,685)	(4,364)	12,971	828,682	1,235,053	3,824	1,238,877
Disposal of subsidiaries	-	-	-	198	-	-	-	-	198	-	198
Acquisition of subsidiaries	-	-	-	(10,219)	(10,543)	13,985	-	(88,952)	(95,729)	-	(95,729)
Share premium increase	-	180,000	-	-	-	-	-	-	180,000	-	180,000
Changes in non-controlling interests	-	-	-	-	-	-	-	(3,223)	(3,223)	1,425	(1,798)
Transfers	-	-	8,945	-	-	-	-	(8,945)	-	-	-
Total	659,020	479,872	33,616	(515,135)	(91,228)	9,621	12,971	727,562	1,316,299	5,249	1,321,548
Currency translation	-	-	-	(49,148)	-	-	-	-	(49,148)	439	(48,709)
Revaluation of available-for-sale financial assets, net of tax	-	-	-	-	-	14,153	-	-	14,153	-	14,153
Change in cash flow hedge reserve, net of tax	-	-	-	-	-	-	(8,214)	-	(8,214)	-	(8,214)
Loss for the period	-	-	-	-	-	-	-	(58,299)	(58,299)	(2,373)	(60,672)
Total comprehensive income for the period	-	-	-	(49,148)	-	14,153	(8,214)	(58,299)	(101,508)	(1,934)	(103,442)
Total changes	-	180,000	8,945	(59,169)	(10,543)	28,138	(8,214)	(159,419)	(20,262)	(509)	(20,771)
Balance as at 30 September 2015	659,020	479,872	33,616	(564,283)	(91,228)	23,774	4,757	669,263	1,214,791	3,315	1,218,106

Attributable to equity holders of the parent company

	Share capital	Share premium	Statutory reserves	Foreign currency translation	Reserve for business combinations under common control	Revaluation reserve	Cash flow hedge reserve	Other reserves	Total	Non- controlling interests	Total equity
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Balance as at 1 January 2014	659,020	184,377	11,672	(208,627)	15,106	431	(73)	867,649	1,529,555	2,916	1,532,471
Share premium increase	-	115,495	-	-	-	-	-	-	115,495	-	115,495
Acquisition of PPF Vietnam Finance Company (LLC) and Home Credit Consumer Finance Co., Ltd.	-	-	5,108	(5,019)	(95,791)	-	-	27,575	(68,127)	-	(68,127)
Disposal of subsidiaries	-	-	-	1,300	-	-	-	-	1,300	-	1,300
Changes in non-controlling interests	-	-	-	-	-	-	-	(368)	(368)	2,350	1,982
Transfers	-	-	108	-	-	-	-	(108)	-	-	-
Total	659,020	299,872	16,888	(212,346)	(80,685)	431	(73)	894,748	1,577,855	5,266	1,583,121
Currency translation	-	-	-	(69,825)	-	-	-	-	(69,825)	461	(69,364)
Revaluation of available-for-sale financial assets, net of tax	-	-	-	-	-	(898)	-	-	(898)	-	(898)
Change in cash flow hedge reserve, net of tax	-	-	-	-	-	-	4,036	-	4,036	-	4,036
Loss for the period	-	-	-	-	-	-	-	(64,445)	(64,445)	(2,418)	(66,863)
Total comprehensive income for the period	-	-	-	(69,825)	-	(898)	4,036	(64,445)	(131,132)	(1,957)	(133,089)
Total changes	-	115,495	5,216	(73,544)	(95,791)	(898)	4,036	(37,346)	(82,832)	393	(82,439)
Balance as at 30 September 2014	<u>659,020</u>	<u>299,872</u>	<u>16,888</u>	<u>(282,171)</u>	<u>(80,685)</u>	<u>(467)</u>	<u>3,963</u>	<u>830,303</u>	<u>1,446,723</u>	<u>3,309</u>	<u>1,450,032</u>

Home Credit B.V.
Condensed Consolidated Interim Statement of Cash Flows
for the nine-month period ended 30 September 2015

	Note	9 months ended 30 Sep 2015 TEUR	9 months ended 30 Sep 2014 TEUR
Net operating cash flow before changes in working capital		1,078,268	1,433,504
Cash flows from operations		459,048	772,658
Cash flows (used in)/from operating activities		(261,957)	306,110
Cash flows from/(used in) investing activities		115,754	(218,487)
Cash flows from financing activities		280,997	245,453
Net increase in cash and cash equivalents		134,794	333,076
Cash and cash equivalents as at 1 January	8	865,552	926,483
Effects of exchange rate changes on cash and cash equivalents		5,607	(57,510)
Cash and cash equivalents as at 30 September	8	1,005,953	1,202,049

1. Description of the Group

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 2015	31 Dec 2014
PPF Financial Holdings B.V.	Netherlands	88.62	-
PPF Group N.V.	Netherlands	-	86.62
EMMA OMEGA LTD	Cyprus	11.38	13.38

In June 2015 PPF Group N.V. acquired a 2.00% stake in the Company from EMMA OMEGA LTD. Subsequently in June 2015 PPF Group N.V. transferred its 88.62% stake in the Company to PPF Financial Holdings B.V.

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.

Principal activities

The principal activities of the Company and its subsidiaries (together referred to as the “Group”) are the provision of consumer financing to private individual customers in Central European, Commonwealth of Independent States (CIS) and Asian countries as well as deposit taking, saving and current bank account service and maintenance, payments, insurance and other services.

Board of Directors

Jiří Šmejč	Chairman	
Jan Cornelis Jansen	Vice-chairman	
Rudolf Bosveld	Member	
Mel Gerard Carvill	Member	
Marcel Marinus van Santen	Member	
Paulus Aloysius de Reijke	Member	
Lubomír Král	Member	
Petr Kohout	Member	from 1 January 2015

1. Description of the Group (continued)

Consolidated subsidiaries	Country of incorporation	Ownership interest (%)	
		30 Sep 2015	31 Dec 2014
Home Credit Bank (OJSC)	Belarus	100.00	100.00
PPF Insurance (FICJSC)	Belarus	100.00	100.00
Guangdong Home Credit Financing Guarantee Co., Ltd.	China	100.00	100.00
Home Credit Business Management (Tianjin) Co., Ltd. ¹⁾	China	100.00	100.00
Home Credit Consumer Finance Co., Ltd.	China	100.00	100.00
Sichuan Home Credit Financing Guarantee Co., Ltd.	China	100.00	100.00
Shenzhen Home Credit Financial Service Co., Ltd.	China	100.00	100.00
Shenzhen Home Credit Number One Consulting Co., Ltd.	China	100.00	100.00
CF Commercial Consulting (Beijing) Co., Ltd. ²⁾	China	100.00	-
Redlione (LLC)	Cyprus	100.00	100.00
Astavedo Limited	Cyprus	100.00	100.00
Enadoco Limited	Cyprus	100.00	100.00
Rhaskos Finance Limited	Cyprus	100.00	100.00
Septus Holding Limited	Cyprus	100.00	100.00
Sylander Capital Limited	Cyprus	100.00	100.00
Talpa Estero Limited	Cyprus	100.00	100.00
Air Bank (JSC) ²⁾	Czech Republic	100.00	-
Click Credit (LLC) ³⁾	Czech Republic	-	100.00
Different Money (LLC)	Czech Republic	100.00	100.00
Home Credit (JSC)	Czech Republic	100.00	100.00
Home Credit International (JSC)	Czech Republic	100.00	100.00
HC Broker (LLC)	Czech Republic	100.00	100.00
HC Insurance Services (LLC)	Czech Republic	100.00	100.00
Autotým (LLC)	Czech Republic	100.00	100.00
Home Credit Egypt Trade S.A.E. ¹⁾	Egypt	100.00	100.00
Favour Ocean Ltd.	Hong Kong	100.00	100.00
Home Credit Asia Limited	Hong Kong	100.00	100.00
Saint World Ltd.	Hong Kong	100.00	100.00
Home Credit India Finance Private Limited	India	100.00	100.00
PT. Home Credit Indonesia	Indonesia	85.00	75.48
Home Credit Kazakhstan (JSC)	Kazakhstan	100.00	100.00
Home Credit and Finance Bank (SB JSC)	Kazakhstan	100.00	100.00
Eurasia Capital S.A. ⁴⁾	Luxemburg	0.00	0.00
Eurasia Structured Finance No.1 S.A. ¹⁾⁴⁾	Luxemburg	0.00	0.00
Eurasia Credit Card Company S.A. ⁴⁾⁵⁾	Luxemburg	-	0.00
AB 1 B.V. ²⁾	Netherlands	100.00	-
AB 2 B.V. ²⁾	Netherlands	100.00	-
AB 3 B.V. ²⁾	Netherlands	100.00	-
AB 4 B.V. ²⁾	Netherlands	100.00	-
AB 5 B.V. ²⁾	Netherlands	100.00	-
AB 6 B.V. ²⁾	Netherlands	100.00	-
AB 7 B.V. ²⁾	Netherlands	100.00	-
HC Asia N.V.	Netherlands	100.00	100.00
Home Credit India B.V.	Netherlands	100.00	100.00
Home Credit Indonesia B.V.	Netherlands	100.00	100.00
Home Credit Lab N.V.	Netherlands	100.00	100.00
HC Philippines Holdings B.V.	Netherlands	100.00	100.00
Eurasia Structured Finance No.3 B.V. ⁴⁾	Netherlands	0.00	0.00
Eurasia Structured Finance No.4 B.V. ⁴⁾	Netherlands	0.00	0.00
HC Consumer Finance Philippines, Inc. ⁶⁾	Philippines	97.82	95.34
PPF Home Credit IFN S.A. ¹⁾	Romania	100.00	100.00

¹⁾ subsidiaries in the process of liquidation

²⁾ subsidiaries acquired in 2015

³⁾ subsidiary merged into Home Credit (JSC) in 2015

⁴⁾ special purpose entities established to facilitate the Group's issues of debt securities and subordinated liabilities

⁵⁾ subsidiary liquidated in 2015

⁶⁾ the Group's share on the voting rights in HC Consumer Finance Philippines, Inc. is 60.00%

1. Description of the Group (continued)

Consolidated subsidiaries	Country of incorporation	Ownership interest (%)	
		30 Sep 2015	31 Dec 2014
Home Credit and Finance Bank (LLC)	Russian Federation	100.00	100.00
Financial Innovations (LLC)	Russian Federation	100.00	100.00
Home Credit Express (LLC)	Russian Federation	100.00	100.00
Home Credit Online (LLC) ¹⁾	Russian Federation	100.00	-
Bonus Center Operations (LLC) ²⁾	Russian Federation	100.00	100.00
Home Credit Insurance (LLC)	Russian Federation	100.00	100.00
HC Finance (LLC) ³⁾	Russian Federation	0.00	0.00
HC Finance No. 2 (LLC) ³⁾	Russian Federation	0.00	0.00
Home Credit Slovakia (JSC)	Slovak Republic	100.00	100.00
Collect-Credit (LLC)	Ukraine	100.00	100.00
Homer Software House (LLC)	Ukraine	100.00	100.00
Home Credit US (LLC)	USA	50.10	100.00
Home Credit US Holding (LLC)	USA	100.00	100.00
Easy Dreams Company Limited ⁴⁾	Vietnam	-	100.00
Home Credit Vietnam Finance Company Limited	Vietnam	100.00	100.00

¹⁾ subsidiary established in 2015

²⁾ subsidiary in the process of liquidation

³⁾ special purpose entities established to facilitate the Group's issues of debt securities and subordinated liabilities

⁴⁾ subsidiary sold in 2015

The special purpose entities were established by the Group with the primary objective of raising finance through the issuance of debt securities and subordinated debt including loan portfolio securitizations. These entities are run according to pre-determined criteria that are part of their initial design. The day-to-day servicing is carried out by the Group under servicing contracts; other key decisions are also made by the Group. In addition, the Group is exposed to a variability of returns from the entities through exposure to tax benefits and cost savings related to the funding activities. As a result, the Group concludes that it controls these entities.

Associates	Country of incorporation	Ownership interest (%)	
		30 Sep 2015	31 Dec 2014
Společnost pro informační databáze (JSC)	Czech Republic	27.96	27.96
Filcommerce Holdings, Inc.	Philippines	40.00	40.00
Equifax Credit Services (LLC)	Russian Federation	25.00	25.00

1. Description of the Group (continued)

Major acquisitions in 2015

Acquisition of Air Bank (JSC)

In June 2015 the Company executed an agreement with its shareholders whereby the shareholders contributed to the Company's share premium their shareholdings in Air Bank (JSC). As a result, the Group acquired and became a controlling party to Air Bank (JSC) and its subsidiaries AB 1 B.V., AB 2 B.V., AB 3 B.V., AB 4 B.V., AB 5 B.V., AB 6 B.V. and AB 7 B.V.

The acquisition date was 30 June 2015. The share premium increase totalled TEUR 180,000.

The main reason for the acquisition was the consolidation of consumer finance entities controlled by PPF Group N.V. under one holding company.

The acquisition date net book values of identifiable assets acquired and liabilities assumed of Air Bank (JSC) and its subsidiaries are presented below:

	TEUR
ASSETS	
Cash and cash equivalents	274,948
Due from banks, other financial institutions and holding companies	178,939
Loans to customers	915,478
Positive fair value of derivative instruments	16,149
Debt securities at fair value through profit or loss	186,580
Financial assets available-for-sale	861,622
Current income tax receivables	375
Deferred tax assets	2,382
Intangible assets	38,672
Property and equipment	9,565
Other assets	30,574
Total assets	2,515,284
LIABILITIES	
Current accounts and deposits from customers	2,251,241
Negative fair value of derivative instruments	11,003
Current income tax liabilities	4,239
Deferred tax liabilities	244
Subordinated liabilities	37,182
Other liabilities	36,419
Total liabilities	2,340,328

Acquisition date gross balances of loans to customers were TEUR 990,550, and the estimated contractual cash flows not expected to be collected were TEUR 75,072. Acquisition date gross balances of due from banks, other financial institutions and holding companies were TEUR 178,939, and there were no contractual cash flows not expected to be collected.

In the period since the acquisition date to 30 September 2015 Air Bank (JSC) and its subsidiaries contributed TEUR 32,208 and TEUR 4,068 to the Group's revenues and profit respectively.

The Group's management estimates that if the acquisition date had been as of the beginning of the annual period, Air Bank (JSC) and its subsidiaries would have contributed TEUR 99,402 and TEUR 11,773 to the Group's revenues and profit respectively in the nine-month period ended 30 September 2015.

2. Basis of preparation

The condensed consolidated interim financial statements for the nine-month period ended 30 September 2015 comprise the Company and its subsidiaries.

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2014. These condensed consolidated interim financial statements do not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards.

(b) Basis of measurement

The condensed consolidated interim 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 Group's presentation currency. Financial information presented in EUR has been rounded to the nearest thousand (TEUR).

(d) Use of estimates and judgments

The preparation of the condensed consolidated interim 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.

Fair value measurement

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (such as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

2. Basis of preparation (continued)

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the end of the reporting period for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the end of the reporting period.

The fair value of debt and equity securities available-for-sale is based on their quoted market price. Derivative contracts are not exchange traded and their fair value is estimated using arbitrage pricing models where key parameters are relevant foreign exchange rates and interbank interest rates ruling at the end of the reporting period.

(e) Basis of consolidation

(i) Subsidiaries

Subsidiaries are enterprises controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the enterprise and has the ability to affect those returns through its power over the enterprise. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control effectively commences until the date on which control effectively ceases.

Legal restructuring and mergers involving companies under common control are accounted for using consolidated net book values, consequently no adjustment is made to carrying amounts in the consolidated accounts and no goodwill arises on such transactions.

(ii) Associates

Associates are enterprises in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognized gains and losses of associates on an equity accounted basis, from the date on which significant influence effectively commences until the date on which significant influence effectively ceases. When the Group's share of losses exceeds the Group's interest in the associate, that interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

(iii) Special purpose entities

The Group has established a number of special purpose entities (SPEs) for the purpose of raising finance. The Group does not have any direct or indirect shareholdings in these entities. These SPEs are controlled by the Group through the predetermination of the activities of SPEs, having rights to obtain the majority of benefits of the SPEs, and retaining the majority of the residual risks related to the SPEs.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized gains arising from intra-group transactions, are eliminated in the consolidated financial statements. Unrealized gains arising from transactions with associates are eliminated against the investment in the associate to the extent of the Group's interest in the enterprise. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3. Significant accounting policies

The significant accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

The accounting policies have been applied consistently by all Group entities and to all periods presented in these condensed consolidated interim financial statements.

(a) Changes in accounting policies and accounting pronouncements adopted since 1 January 2015

The following revised annual improvements to IFRSs effective from 1 January 2015 are mandatory and relevant for the Group and have been applied by the Group since 1 January 2015.

Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle (effective from 1 July 2014)

In December 2013 the IASB published two Cycles of the Annual Improvements to IFRSs: "2010-2012 Cycle" and "2011-2013 Cycle". The Annual Improvements to IFRSs are part of the annual improvements process to make non-urgent but necessary amendments to IFRS. The new cycles of improvements contain amendments to IFRS 1, IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38 and IAS 40, with consequential amendments to other standards and interpretations.

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

A number of new Standards, amendments to Standards and Interpretations were not yet effective as of 30 September 2015 and have not been applied in preparing these financial statements. Of these pronouncements, potentially the following will have an impact on the Group's operations. The Group plans to adopt these pronouncements when they become effective. The Group is in the process of analysing the likely impact on its financial statements.

IFRS 9 Financial Instruments (effective date: 1 January 2018)

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

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

Given the nature of the Group's operations, this standard is expected to have a pervasive impact on the Group's financial statements. In particular, calculation of impairment of financial instruments on an expected credit loss basis is expected to result in a change in the overall level of impairment allowance.

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.

3. Significant accounting policies (continued)

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. IFRS 15 has not yet been adopted by the EU.

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.

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. These Annual Improvements have not yet been adopted by the EU.

4. Financial risk management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the Group's consolidated financial statements for the year ended 31 December 2014.

During the interim period there were no significant changes in the nature or extent of risks arising from financial instruments.

5. Assets classified as held for sale

Assets classified as held for sale as at 30 September 2015 represent assets acquired through court decisions on defaulted mortgages.

Assets classified as held for sale as at 31 December 2014 represent items of property and equipment which are subject to sale transactions in connection with branch closures and assets acquired through court decisions on defaulted mortgages.

In the segment analysis (Note 6), assets classified as held for sale are presented within the Russian Federation segment.

	30 Sep 2015	31 Dec 2014
	TEUR	TEUR
ASSETS		
Property and equipment	-	1,932
Other assets	2,446	3,773
	<hr/>	<hr/>
Total assets	2,446	5,705
	<hr/> <hr/>	<hr/> <hr/>

6. Segment reporting

Segment information is presented in respect of the Group's geographical segments based on the Group's management and internal reporting structure. Segment information in respect of the Group's business segments is not presented as the Group's operations are concentrated in one main business segment only, consumer lending products.

The Group operates in seven principal geographical areas, the Russian Federation, the Czech Republic, the Slovak Republic, the Republic of Belarus, the Republic of Kazakhstan, the Socialist Republic of Vietnam and the People's Republic of China. The geographical segments are based on the geographical location of assets which corresponds to the geographical location of customers at the same time.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment pricing is determined on an arm's length basis. The Group's senior management is the chief operating decision maker which reviews the Group's internal reporting on a regular basis to assess performance of individual segments and to allocate the Group's resources accordingly.

Information on individual segments is presented before consolidation eliminations (which are presented in a separate column).

	Russian Federation	Czech Republic	Slovak Republic	Belarus	Kazakhstan	Vietnam	China	Other	Unallocated¹	Eliminations	Consolidated
	9 months ended 30 Sep 2015 TEUR	9 months ended 30 Sep 2015 TEUR	9 months ended 30 Sep 2015 TEUR	9 months ended 30 Sep 2015 TEUR	9 months ended 30 Sep 2015 TEUR	9 months ended 30 Sep 2015 TEUR	9 months ended 30 Sep 2015 TEUR	9 months ended 30 Sep 2015 TEUR	9 months ended 30 Sep 2015 TEUR	9 months ended 30 Sep 2015 TEUR	9 months ended 30 Sep 2015 TEUR
Revenue from external customers ²	741,446	48,073	22,195	44,290	165,262	115,458	539,842	24,117	7,143	-	1,707,826
Inter-segment revenue	11,933	6,026	-	-	-	-	-	581	927	(19,467)	-
Total revenue	753,379	54,099	22,195	44,290	165,262	115,458	539,842	24,698	8,070	(19,467)	1,707,826
Net interest income from external customers	259,312	30,274	16,347	19,040	89,919	77,970	377,529	16,553	(7,634)	-	879,310
Inter-segment net interest income	9,942	5,758	(3,048)	(679)	(2,755)	(1,101)	-	257	(10,174)	1,800	-
Total net interest income	269,254	36,032	13,299	18,361	87,164	76,869	377,529	16,810	(17,808)	1,800	879,310

¹ Unallocated items represent items of revenue, operating expense, assets, liabilities and equity which cannot be reasonably allocated to the geographical segments.

² Revenue from external customers comprises interest income, fee and commission income and gross insurance premiums earned.

6. Segment reporting (continued)

	Russian Federation	Czech Republic	Slovak Republic	Belarus	Kazakhstan	Vietnam	China	Other	Unallocated ¹	Eliminations	Consolidated
	9 months ended 30 Sep 2015	9 months ended 30 Sep 2015	9 months ended 30 Sep 2015	9 months ended 30 Sep 2015	9 months ended 30 Sep 2015	9 months ended 30 Sep 2015	9 months ended 30 Sep 2015	9 months ended 30 Sep 2015	9 months ended 30 Sep 2015	9 months ended 30 Sep 2015	9 months ended 30 Sep 2015
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Income tax benefit/(expense)	38,992	(5,167)	(939)	(77)	(11,928)	(4,724)	(33,971)	(249)	(2,266)	-	(20,329)
Segment result	(155,467)	18,896	3,012	(97)	29,711	16,691	108,097	(59,663)	(22,356)	504	(60,672)
Depreciation and amortization	(25,480)	(2,682)	(295)	(2,028)	(5,446)	(3,716)	(6,132)	(20,715)	-	7,578	(58,916)
Other significant non-cash expenses ²	(410,350)	(6,818)	(5,512)	(4,848)	(38,566)	(27,712)	(111,790)	(6,018)	-	-	(611,614)
Capital expenditure	(14,860)	(3,059)	(248)	(3,395)	(6,781)	(2,846)	(11,730)	(15,720)	-	13,280	(45,359)
	Russian Federation	Czech Republic	Slovak Republic	Belarus	Kazakhstan	Vietnam	China	Other	Unallocated ¹	Eliminations	Consolidated
	30 Sep 2015	30 Sep 2015	30 Sep 2015	30 Sep 2015	30 Sep 2015	30 Sep 2015	30 Sep 2015	30 Sep 2015	30 Sep 2015	30 Sep 2015	30 Sep 2015
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Segment assets ³	3,578,746	2,688,801	286,997	150,596	374,942	240,455	2,135,118	372,352	163,223	(804,664)	9,186,566
Investments in associates	1,170	-	-	-	-	-	-	-	-	-	1,170
Segment liabilities ³	3,127,224	2,514,714	282,679	126,637	273,525	160,632	1,501,966	121,415	648,094	(788,426)	7,968,460
Segment equity ³	451,522	174,087	4,318	23,959	101,417	79,823	633,152	250,937	(484,871)	(16,238)	1,218,106

¹ Unallocated items represent items of revenue, operating expense, assets, liabilities and equity which cannot be reasonably allocated to the geographical segments.

² Other significant non-cash expenses are represented by impairment losses on financial and non-financial assets.

³ Consolidation adjustments are included in Eliminations.

6. Segment reporting (continued)

	Russian Federation	Czech Republic	Slovak Republic	Belarus	Kazakhstan	Vietnam	China	Other	Unallocated ¹	Eliminations	Consolidated
	9 months ended 30 Sep 2014 TEUR	9 months ended 30 Sep 2014 TEUR	9 months ended 30 Sep 2014 TEUR	9 months ended 30 Sep 2014 TEUR	9 months ended 30 Sep 2014 TEUR	9 months ended 30 Sep 2014 TEUR	9 months ended 30 Sep 2014 TEUR	9 months ended 30 Sep 2014 TEUR	9 months ended 30 Sep 2014 TEUR	9 months ended 30 Sep 2014 TEUR	9 months ended 30 Sep 2014 TEUR
Revenue from external customers ²	1,414,103	12,047	9,165	67,678	147,350	32,084	314,445	11,039	7,878	-	2,015,789
Inter-segment revenue	7,708	-	8	-	-	-	-	325	1,029	(9,070)	-
Total revenue	1,421,811	12,047	9,173	67,678	147,350	32,084	314,445	11,364	8,907	(9,070)	2,015,789
Net interest income from external customers	727,573	4,345	4,032	23,745	80,829	18,875	207,052	8,429	(4,013)	-	1,070,867
Inter-segment net interest income	7,708	-	8	(712)	(3,920)	(657)	-	124	(3,246)	695	-
Total net interest income	735,281	4,345	4,040	23,033	76,909	18,218	207,052	8,553	(7,259)	695	1,070,867
Income tax benefit/(expense)	18,585	(2,263)	(1,362)	(1,230)	(6,733)	(2,211)	(22,974)	(1,882)	(3,485)	-	(23,555)
Segment result	(108,852)	7,951	4,970	4,487	22,684	7,765	39,414	(31,146)	(14,706)	570	(66,863)
Depreciation and amortization	(41,036)	(798)	(290)	(1,923)	(4,078)	(891)	(2,422)	(12,993)	-	4,641	(59,790)
Other significant non-cash expenses ³	(756,175)	(1,719)	(1,587)	(9,725)	(43,127)	(8,941)	(83,309)	(2,700)	-	-	(907,283)
Capital expenditure	(31,969)	(1,982)	(578)	(4,910)	(8,775)	(4,871)	(9,352)	(23,632)	-	9,592	(76,477)

¹ Unallocated items represent items of revenue, operating expense, assets, liabilities and equity which cannot be reasonably allocated to the geographical segments.

² Revenue from external customers comprises interest income, fee and commission income and gross insurance premiums earned.

³ Other significant non-cash expenses are represented by impairment losses on financial and non-financial assets.

6. Segment reporting (continued)

	Russian Federation 31 Dec 2014 TEUR	Czech Republic 31 Dec 2014 TEUR	Slovak Republic 31 Dec 2014 TEUR	Belarus 31 Dec 2014 TEUR	Kazakhstan 31 Dec 2014 TEUR	Vietnam 31 Dec 2014 TEUR	China 31 Dec 2014 TEUR	Other 31 Dec 2014 TEUR	Unallocated ¹ 31 Dec 2014 TEUR	Eliminations 31 Dec 2014 TEUR	Consolidated 31 Dec 2014 TEUR
Segment assets ²	4,536,901	106,609	68,830	149,369	505,956	278,929	1,375,638	172,666	160,874	(319,190)	7,036,582
Investments in associates	2,252	-	-	-	-	-	-	-	-	-	2,252
Segment liabilities ²	3,904,213	56,849	40,708	112,747	370,623	207,852	824,396	78,625	510,209	(308,517)	5,797,705
Segment equity ²	632,688	49,760	28,122	36,622	135,333	71,077	551,242	94,041	(349,335)	(10,673)	1,238,877

¹ Unallocated items represent items of revenue, operating expense, assets, liabilities and equity which cannot be reasonably allocated to the geographical segments.

² Consolidation adjustments are included in Eliminations.

7. Fair values of financial instruments

The Group has performed an assessment of fair values of its financial instruments to determine whether it is practicable within the constraints of timeliness and cost to determine their fair values with sufficient reliability.

Fair values of the following financial instruments differ from their carrying amounts shown in the statement of financial position:

	Note	Carrying amount 30 Sep 2015 TEUR	Fair Value 30 Sep 2015 TEUR	Carrying amount 31 Dec 2014 TEUR	Fair Value 31 Dec 2014 TEUR
Loans to customers	10	5,502,917	5,391,665	5,059,514	4,815,561
Current accounts and deposits from customers	17	(4,998,753)	(5,017,275)	(2,889,966)	(2,825,535)
Due to banks and other financial institutions	18	(1,773,958)	(1,773,190)	(1,434,149)	(1,436,291)
Debt securities issued	19	(383,782)	(377,884)	(575,112)	(571,728)
Subordinated liabilities	22	(424,411)	(376,826)	(542,297)	(389,725)

The Group's estimates of fair values of its other financial assets and liabilities are not materially different from their carrying values.

The following table shows an analysis of financial instruments recorded at fair value broken down into those whose fair value is based on quoted market prices (Level 1), calculated using valuation techniques where all the model inputs are observable in the market, typically interest rates and foreign exchange rates (Level 2) and calculated using valuation techniques where significant model inputs are not observable in the market (Level 3):

	Note	Level 1 TEUR	Level 2 TEUR	Level 3 TEUR	Total TEUR
30 Sep 2015					
Positive fair value of derivative instruments	11	-	152,095	9,028	161,123
Debt securities at fair value through profit or loss	12	194,603	-	-	194,603
Financial assets available-for-sale	13	1,233,207	31,599	-	1,264,806
Negative fair value of derivative instruments	20	-	(17,054)	-	(17,054)
		1,427,810	166,640	9,028	1,603,478
31 Dec 2014					
Positive fair value of derivative instruments	11	-	141,524	3,322	144,846
Financial assets available-for-sale	13	279,778	26,394	-	306,172
Negative fair value of derivative instruments	20	-	(5,583)	-	(5,583)
		279,778	162,335	3,322	445,435

There were no transfers between Level 1, 2 and 3 in the nine-month period ended 30 September 2015 or year ended 31 December 2014.

7. Fair values of financial instruments (continued)

Reconciliation of movements in Level 3:	30 Sep 2015	30 Sep 2014
	TEUR	TEUR
Financial assets		
Balance as at 1 January	3,322	10,700
Net gains recorded in profit or loss (included in Net gains on financial assets and liabilities)	9,498	460
Net losses recorded in other comprehensive income	(3,792)	(176)
Settlements	-	(1,737)
Closing balance	9,028	9,247

Fair values of derivative instruments presented in Level 3 represent foreign currency derivatives, refer to Note 11.

Valuation techniques used for Level 3 financial instruments are based on discounted cash flow models where future contractual cash flows are discounted to the present value. The financial instruments presented under the Level 3 category were contracted in Belarus and Kazakhstan (31 December 2014: financial instruments presented under Level 3 were contracted in Belarus and Kazakhstan). The availability of market data to be used for the determination of the discount rates used for these instruments is limited. Therefore, the Group estimated the discount rates based on official interest rates declared by the National Bank of the Republic of Belarus and official interest rates published on Kazakhstan Stock Exchange.

The effect of change of interest rates by +/- 100 basis points on the fair value of derivative instruments is:

	30 Sep 2015	31 Dec 2014
	TEUR	TEUR
Financial instruments contracted in Belarus	(0.2)/0.2	6/(6)
Financial instruments contracted in Kazakhstan	14/(14)	272/(107)

The fair value of the foreign currency derivative instruments is sensitive to changes in BYR/EUR and KZT/EUR foreign currency exchange rate. The effect of change of BYR/EUR and KZT/EUR rate for +/- 1% on the fair value of derivative instruments is:

	30 Sep 2015	31 Dec 2014
	TEUR	TEUR
Financial instruments contracted in Belarus	86/(86)	383/(383)
Financial instruments contracted in Kazakhstan	768/(768)	1,211/(1,211)

The calculation of fair values of Level 3 is the responsibility of local treasury teams of respective Group entities, which on a monthly basis carry out the calculations based on a pre-determined valuation model and inputs. Heads of the local treasury teams approve the calculation outputs.

8. Cash and cash equivalents

	30 Sep 2015	31 Dec 2014
	TEUR	TEUR
Cash on hand	77,747	252,341
Current accounts	500,966	417,974
Current accounts with central banks	114,337	82,212
Placements with financial institutions due within one month	312,903	113,025
	<u>1,005,953</u>	<u>865,552</u>

9. Due from banks, other financial institutions and holding companies

	30 Sep 2015	31 Dec 2014
	TEUR	TEUR
Loans and term deposits with banks, other financial institutions and holding companies due in more than one month	235,159	142,612
Loans and advances provided under repo operations	187,355	-
Minimum reserve deposits with central banks	66,037	29,203
Other	11,112	14
	<u>499,663</u>	<u>171,829</u>

The minimum reserve deposits are mandatory non-interest bearing deposits whose withdrawals are restricted and which are maintained in accordance with regulations issued by central banks in countries in which the Group's banking entities operate.

As at 30 September 2015 term deposit of TEUR 5,990 (31 December 2014: TEUR 0) served as collateral for secured loans due to banks (Note 18).

10. Loans to customers

	30 Sep 2015	31 Dec 2014
	TEUR	TEUR
Gross amount		
Cash loan receivables	3,420,428	3,508,194
POS loan receivables	1,916,330	1,691,134
Revolving loan receivables	778,000	729,782
Mortgage loan receivables	75,987	73,033
Car loan receivables	114,423	34,997
Loans to corporations	57,736	5,840
Other	7,771	2,515
	6,370,675	6,045,495
Collective allowances for impairment		
Cash loan receivables	(515,635)	(597,515)
POS loan receivables	(171,111)	(200,246)
Revolving loan receivables	(149,477)	(163,001)
Mortgage loan receivables	(6,434)	(4,506)
Car loan receivables	(22,914)	(18,619)
Loans to corporations	(816)	(770)
Other	(406)	(381)
	(866,793)	(985,038)
Specific allowances for impairment		
Loans to corporations	(965)	(943)
	(965)	(943)
	5,502,917	5,059,514

The Group regularly sells pools of certain customer loan receivables to related parties. The Group sells the receivables at a fixed price above their face value which is regularly agreed between the parties on arm's length principles.

As at 30 September 2015 cash loan receivables of TEUR 85,833 (31 December 2014: TEUR 91,102) served as collateral for debt securities issued (Note 19). As at 30 September 2015 cash loan receivables of TEUR 44,689 (31 December 2014: TEUR 55,426) and POS loan receivables of TEUR 336,905 (31 December 2014: TEUR 34,469) served as collateral for bank loan facilities (Note 18).

As at 31 December 2014 POS loan receivables of TEUR 160,952 served as collateral for corporate term deposits (Note 17). As at 30 September 2015 no such collateralized deposits were outstanding.

11. Positive fair value of derivative instruments

	30 Sep 2015	31 Dec 2014
	TEUR	TEUR
Positive fair value of hedging derivative instruments	131,363	131,491
Positive fair value of trading derivative instruments	29,760	13,355
	<u>161,123</u>	<u>144,846</u>

Cash flows from the hedging derivative instruments are expected to occur in 2015-2016.

12. Debt securities at fair value through profit or loss

	30 Sep 2015	31 Dec 2014
	TEUR	TEUR
Debt securities	194,603	-
	<u>194,603</u>	<u>-</u>

13. Financial assets available-for-sale

	30 Sep 2015	31 Dec 2014
	TEUR	TEUR
Debt securities	1,264,806	306,172
	<u>1,264,806</u>	<u>306,172</u>

14. Intangible assets

	30 Sep 2015	31 Dec 2014
	TEUR	TEUR
Acquisition cost	292,806	224,298
Accumulated amortization	(161,042)	(123,636)
Impairment	(137)	(196)
Carrying amount	<u>131,627</u>	<u>100,466</u>

15. Property and equipment

	30 Sep 2015	31 Dec 2014
	TEUR	TEUR
Acquisition cost	271,014	300,736
Accumulated depreciation	(135,418)	(139,590)
Impairment	-	(3,543)
Carrying amount	<u>135,596</u>	<u>157,603</u>

16. Other assets

	30 Sep 2015	31 Dec 2014
	TEUR	TEUR
Prepaid expenses	57,146	33,849
Trade receivables and settlement with suppliers	49,084	24,246
Deferred acquisition costs of insurance contracts	19,550	25,302
Outstanding selling price for receivables	-	26,354
Other taxes receivable	7,433	10,083
Inventories	491	448
Accrued income from insurance fees	285	1,756
Receivables arising out of insurance and re-insurance operations	-	1,014
Acquisition of subsidiaries	-	1,000
Non-life amounts ceded to reinsurers from insurance provisions	159	189
Other	19,736	12,001
	153,884	136,242
Specific allowances for impairment on settlement with suppliers and other assets	(493)	(32)
	153,391	136,210

As at 31 December 2014 acquisition of subsidiaries represented the consideration paid for the acquisition of CF Commercial Consulting (Beijing) Co., Ltd., which was acquired in March 2015 (Note 1).

17. Current accounts and deposits from customers

	30 Sep 2015	31 Dec 2014
	TEUR	TEUR
Current accounts and demand deposits	2,747,783	294,848
Term deposits	2,240,473	2,592,858
Loans	7,875	-
Other	2,622	2,260
	4,998,753	2,889,966

As at 31 December 2014 the balance of corporate term deposits secured by POS loan receivables was TEUR 84,121 (Note 10). As at 30 September 2015 no such collateralized deposits were outstanding.

18. Due to banks and other financial institutions

	30 Sep 2015	31 Dec 2014
	TEUR	TEUR
Unsecured loans	1,365,565	1,262,586
Secured loans	362,149	65,774
Loans received under repo operations	30,222	102,035
Other balances	16,022	3,754
	1,773,958	1,434,149

As at 30 September 2015 the balance of loans received under repo operations of TEUR 30,222 (31 December 2014: TEUR 102,035) was secured by financial assets available-for-sale.

As at 30 September 2015 the balances of loans secured by cash loan receivables, POS loan receivables and term deposit were TEUR 32,217 (31 December 2014: TEUR 37,768), TEUR 324,556 (31 December 2014: TEUR 23,488) and TEUR 5,376 (31 December 2014: TEUR 0) respectively. As at 31 December 2014 the balances of loans secured by guarantees were TEUR 4,518. As at 30 September 2015 there were no loan balances secured by guarantees. These amounts represent the balances of loans, and do not necessarily represent the fair value of the collateral.

19. Debt securities issued

	Interest rate	Final maturity	Amount outstanding	
			30 Sep 2015 TEUR	31 Dec 2014 TEUR
Unsecured RUB bonds issue 7 of MRUB 5,000	Variable	April 2015	-	74,495
Unsecured CZK bonds issue 4 of MCZK 2,900	Zero-coupon	September 2015	-	100,118
Stock exchange RUB bonds issue 02 of MRUB 3,000	Fixed	February 2016	40,745	43,603
Unsecured CZK bonds issue 5 of MCZK 3,750	Fixed	June 2016	140,402	140,044
CZK promissory notes issue of MCZK 300	Zero-coupon	July 2016	10,583	9,969
EUR promissory notes issue of MEUR 9.1	Zero-coupon	July 2016	8,726	8,384
Long-term registered Certificate of Deposit, 1 st tranche of BVND 250	Fixed	August 2016	10,119	10,024
Long-term registered Certificate of Deposit, 2 nd tranche of BVND 273	Fixed	September 2016	11,025	10,899
Long-term registered Certificate of Deposit, 3 rd tranche of BVND 200	Fixed	October 2016	8,475	7,832
Unsecured KZT bond issue 1 of MKZT 7,000	Fixed	November 2016	23,516	31,193
Long-term registered Certificate of Deposit, 8 th tranche of BVND 37	Fixed	April 2017	1,555	-
Long-term registered Certificate of Deposit, 9 th tranche of BVND 24	Fixed	April 2017	990	-
Long-term registered Certificate of Deposit, 4 th tranche of BVND 93	Fixed	November 2017	3,904	3,604
Long-term registered Certificate of Deposit, 5 th tranche of BVND 158	Fixed	December 2017	6,571	6,074
Long-term registered Certificate of Deposit, 6 th tranche of BVND 61	Fixed	December 2017	2,535	2,344
Long-term registered Certificate of Deposit, 7 th tranche of BVND 100	Fixed	December 2017	4,140	3,827
CZK promissory notes issue of MCZK 650	Zero-coupon	March 2018	20,506	19,190
Unsecured KZT bond issue 2 of MKZT 6,769	Fixed	February 2019	22,116	30,846
Cash loan receivables backed notes issue of MRUB 5,000	Variable	November 2021	67,874	72,666
			383,782	575,112

RUB denominated cash loans receivables backed notes were issued in November 2013 through HC Finance (LLC) and Eurasia Structured Finance No.3 B.V. (Note 1) with a fixed coupon rate which is valid until the coupon payment date on 19 January 2017 and capped floating coupon rate from 20 January 2017 till the final maturity. The bondholders are entitled to require early redemption of the bonds in November 2016. As at 30 September 2015 cash loan receivables of TEUR 85,833 (31 December 2014: TEUR 91,102) served as collateral for these notes (Note 10).

20. Negative fair value of derivative instruments

	30 Sep 2015	31 Dec 2014
	TEUR	TEUR
Negative fair value of trading derivative instruments	17,054	5,583
	17,054	5,583

21. Insurance and other provisions

	30 Sep 2015	31 Dec 2014
	TEUR	TEUR
Provisions for unearned premiums	49,320	72,196
Provisions for outstanding claims	1,388	2,005
Other insurance provisions	289	389
Provision for litigations	2,321	2,728
Other provisions	2,126	3,610
	55,444	80,928

Other provisions represent restructuring provisions and provisions for closure of offices in connection with a business optimisation programme in Russia.

22. Subordinated liabilities

	Final maturity	Amount outstanding	
		30 Sep 2015	31 Dec 2014
		TEUR	TEUR
Loan participation notes issue of MUSD 500	April 2020	215,253	374,698
Loan participation notes issue of MUSD 200	April 2021	189,036	167,599
Subordinated bonds issue of MCZK 1,000	April 2024	20,122	-
		424,411	542,297

Subordinated loan participation notes issue of MUSD 500 were issued in October 2012 through Eurasia Capital S.A. (Note 1). The Group has an early redemption option exercisable on 24 April 2018 (the reset date). After the reset date the interest rate is determined as a variable rate. In 2015 the Group bought back the loan participation notes with a cumulative par value of MUSD 271 (2014: cumulative par value of MUSD 51).

Subordinated loan participation notes issue of MUSD 200 were issued in October 2013 through Eurasia Capital S.A. (Note 1). The Group has an early redemption option exercisable on 17 April 2019 (the reset date). After the reset date the interest rate is determined as a variable rate.

23. Other liabilities

	30 Sep 2015	31 Dec 2014
	TEUR	TEUR
Accrued employee compensation	82,884	56,440
Settlement with suppliers	73,727	60,516
Accrued expenses	43,535	35,539
Other taxes payable	36,873	27,951
Customer loan overpayments	25,053	30,453
Deferred income and prepayments	3,199	5,773
Advances received	1,312	987
Other	11,475	15,406
	278,058	233,065

24. Equity

At 30 September 2015 the Group's authorized share capital comprised 1,250,000,000 (31 December 2014: 1,250,000,000) ordinary shares at a par value of EUR 0.57 (31 December 2014: EUR 0.57), of which 1,156,174,806 (31 December 2014: 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.

In June 2015 the Group's shareholders contributed to the Company's share premium their shareholdings in Air Bank (JSC) (Note 1). The share premium increase totalled TEUR 180,000 (EUR 0.16 per one share).

The creation and use of statutory reserves is limited by legislation and the articles of each company within the Group. Statutory reserves are not available for distribution to the shareholders.

The foreign currency translation reserve comprises foreign exchange differences arising from translation of the financial statements of companies within the Group with a functional currency other than the presentation currency. The translation reserve is not available for distribution to the shareholders.

The cash flow hedge reserve represents the effect of the recognition of the effective portion of changes in the fair value of hedging instruments in other comprehensive income in equity. The cash flow hedge reserve is not available for distribution to the shareholders.

The reserve for business combinations under common control was recognized on acquisitions of HC Asia N.V., Home Credit Consumer Finance Co., Ltd., Home Credit Vietnam Finance Company Limited, CF Commercial Consulting (Beijing) Co., Ltd. and Air Bank (JSC) from the Group's shareholders. The reserve for business combinations under common control is not available for distribution to the shareholders.

The revaluation reserve represents the revaluation deficit or surplus, net of deferred tax, recognized on changes in the fair value of financial assets available-for-sale. The revaluation reserve is not available for distribution to the shareholders.

25. Non-controlling interests

As at 30 September 2015 the Group reported the following non-controlling interests:

	NCI	Total assets	Total liabilities	Carrying amount of NCI	Net losses for the period	Net losses allocated to NCI
	%	TEUR	TEUR	TEUR	TEUR	TEUR
Home Credit US (LLC)	49.90	9,432	9,371	30	(388)	(193)
PT. Home Credit Indonesia	15.00	30,566	10,160	3,061	(12,121)	(1,818)
HC Consumer Finance Philippines, Inc.	2.18	19,628	9,366	224	(9,699)	(362)
				<u>3,315</u>		<u>(2,373)</u>

As at 31 December 2014 the Group reported the following non-controlling interests:

	NCI	Total assets	Total liabilities	Carrying amount of NCI	Net losses for the period	Net losses allocated to NCI
	%	TEUR	TEUR	TEUR	TEUR	TEUR
PT. Home Credit Indonesia	24.52	22,572	7,638	3,662	(11,373)	(2,937)
HC Consumer Finance Philippines, Inc.	4.66	10,052	6,580	162	(7,069)	(587)
				<u>3,824</u>		<u>(3,524)</u>

26. Interest income and interest expense

	9 months ended 30 Sep 2015 TEUR	9 months ended 30 Sep 2014 TEUR
Interest income		
Cash loan receivables	798,873	973,614
POS loan receivables	354,025	317,686
Revolving loan receivables	137,895	211,483
Mortgage loan receivables	5,450	6,693
Car loan receivables	6,152	912
Due from banks, other financial institutions and holding companies	34,953	33,633
Financial assets available-for-sale	27,304	8,249
Financial assets held-to-maturity	146	149
Other	3,139	341
	<u>1,367,937</u>	<u>1,552,760</u>
Interest expense		
Deposits from customers	311,536	308,887
Due to banks and other financial institutions	109,069	88,074
Debt securities issued	32,164	46,359
Subordinated liabilities	35,858	38,573
	<u>488,627</u>	<u>481,893</u>

27. Fee and commission income

	9 months ended 30 Sep 2015 TEUR	9 months ended 30 Sep 2014 TEUR
Insurance commissions	167,636	235,260
Penalty fees	69,091	77,900
Customer payment processing and account maintenance	22,617	20,400
Cash transactions	17,130	36,661
Retailer commissions	16,139	15,083
Other	3,099	4,682
	<u>295,712</u>	<u>389,986</u>

28. Fee and commission expense

	9 months ended 30 Sep 2015 TEUR	9 months ended 30 Sep 2014 TEUR
Commissions to retailers	14,557	8,117
Payment processing and account maintenance	13,006	11,770
Cash transactions	11,669	16,029
Payments to deposit insurance agencies	9,714	13,593
Stamp duties	3,939	8,631
Other	16,133	6,623
	<u>69,018</u>	<u>64,763</u>

29. Insurance income

	9 months ended 30 Sep 2015 TEUR	9 months ended 30 Sep 2014 TEUR
Gross premiums earned	44,177	73,043
Net insurance benefits and claims	(1,440)	(2,525)
Earned premiums ceded	(49)	(5,472)
Acquisition costs	(14,400)	(30,614)
	<u>28,288</u>	<u>34,432</u>

30. Net gains on financial assets and liabilities

	9 months ended 30 Sep 2015 TEUR	9 months ended 30 Sep 2014 TEUR
Net foreign currency losses	(42,374)	(824)
Net trading gains on other financial assets and liabilities	13,339	852
Net gains on trading derivative instruments	43,258	14,066
Net losses on hedging derivative instruments	(6,484)	(10,781)
Other	-	150
	<u>7,739</u>	<u>3,463</u>

31. Other operating income

	9 months ended 30 Sep 2015 TEUR	9 months ended 30 Sep 2014 TEUR
Gains on disposal of loan receivables	38,721	51,006
Income from other services provided	8,298	10,504
Other	10,622	4,822
	<u>57,641</u>	<u>66,332</u>

Gains on disposal of loan receivables relate to sales of customer loan receivables.

32. Impairment losses on financial assets

	9 months ended 30 Sep 2015 TEUR	9 months ended 30 Sep 2014 TEUR
Cash loan receivables	367,222	543,262
POS loan receivables	119,980	169,308
Revolving loan receivables	117,637	187,702
Mortgage loan receivables	3,589	(773)
Car loan receivables	445	(1,598)
Financial assets available-for-sale	(125)	-
Other financial assets	208	(165)
	<u>608,956</u>	<u>897,736</u>

33. General administrative expenses

	9 months ended 30 Sep 2015 TEUR	9 months ended 30 Sep 2014 TEUR
Employee compensation	291,380	268,427
Payroll related taxes (including pension contributions)	62,974	61,624
Professional services	43,738	40,712
Rental, maintenance and repair expense	42,467	75,364
Taxes other than income tax	34,579	16,383
Telecommunication and postage	28,200	37,192
Advertising and marketing	16,239	20,861
Information technologies	15,536	15,830
Travel expenses	12,343	11,969
Other	14,827	22,539
	<u>562,283</u>	<u>570,901</u>

34. Other operating expenses

	9 months ended 30 Sep 2015 TEUR	9 months ended 30 Sep 2014 TEUR
Depreciation and amortization	58,916	59,790
Loss on disposal of property and equipment and intangible assets	8,309	6,463
Impairment losses on property and equipment	2,108	9,273
Impairment losses on other non-financial assets	550	66
Impairment losses on intangible assets	-	208
	<u>69,883</u>	<u>75,800</u>

35. Income tax

	9 months ended 30 Sep 2015 TEUR	9 months ended 30 Sep 2014 TEUR
Current tax expense	74,203	40,058
Deferred tax benefit	<u>(53,874)</u>	<u>(16,503)</u>
Total income tax expense	<u>20,329</u>	<u>23,555</u>

36. Commitments

The Group has outstanding commitments to extend loans. These commitments take the form of approved credit limits related to customer revolving loan accounts, POS loan facilities, cash loan facilities and overdraft facilities.

	30 Sep 2015 TEUR	31 Dec 2014 TEUR
Revolving loan commitments	523,201	569,595
POS loan commitments	34,775	34,309
Cash loan commitments	15,862	8,862
Undrawn overdraft facilities	<u>316</u>	<u>585</u>
	<u>574,154</u>	<u>613,351</u>

The total outstanding contractual commitments to extend loans indicated above do not necessarily represent future cash requirements as many of these commitments will expire or terminate without being funded.

As at 30 September 2015 the Group reported contractual commitments for the acquisition of property and equipment and intangible assets of TEUR 4,250 (31 December 2014: TEUR 1,006).

As at 30 September 2015 the Group had no loan guarantees issued (31 December 2014: TEUR 194,607).

37. Contingencies

Taxation

Taxation systems in the Russian Federation, the Republic of Belarus, the Republic of Kazakhstan, the Socialist Republic of Vietnam and the People's Republic of China are relatively new and are characterized by frequent changes in legislation which are subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during several subsequent calendar years. Recent events within the Russian Federation, the Republic of Belarus, the Republic of Kazakhstan, the Socialist Republic of Vietnam and the People's Republic of China suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

The facts mentioned above may create tax risks in respective countries that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian, Belarusian, Kazakhstani, Vietnamese and Chinese tax legislation, official pronouncements and court decisions.

38. Related party transactions

The Group has a related party relationship with its parent company, which was PPF Financial Holdings B.V. as at 30 September 2015 and PPF Group N.V. as at 31 December 2014, with entities exercising control over the parent company, their subsidiaries and associates, the Group'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 as well as from sales of loan receivables reported under other operating income and insurance commissions reported under fee and commission income.

(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:

	30 Sep 2015	31 Dec 2014
	TEUR	TEUR
Due from banks, other financial institutions and holding companies	23,617	23,716
Other assets	-	1,000
Current accounts and deposits from customers	-	(79,466)
Due to banks and other financial institutions	-	(21,844)
Subordinated liabilities	(125,073)	(96,197)
Other liabilities	(189)	-
	<u>(101,645)</u>	<u>(172,791)</u>

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:

	9 months	9 months
	ended	ended
	30 Sep 2015	30 Sep 2014
	TEUR	TEUR
Interest income	2,712	4,081
Interest expense	(12,963)	(5,657)
General administrative expenses	(189)	(189)
	<u>(10,440)</u>	<u>(1,765)</u>

38. Related party transactions (continued)

(b) Transactions with fellow subsidiaries

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

	30 Sep 2015	31 Dec 2014
	TEUR	TEUR
Cash and cash equivalents	62,471	20,889
Due from banks, other financial institutions and holding companies	26,464	3,606
Loans to customers	1,653	11,957
Positive fair value of derivative instruments	5,531	2,925
Financial assets available-for-sale	-	24,348
Other assets	12,083	41,771
Current accounts and deposit from customers	-	(80,509)
Due to banks and other financial institutions	(102,365)	(123,772)
Debt securities issued	(58,031)	(54,832)
Negative fair value of derivative instruments	(14,901)	(2,536)
Subordinated liabilities	(18,731)	(15,384)
Other liabilities	(1,252)	(9,845)
	<u>(87,078)</u>	<u>(181,382)</u>

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

	9 months	9 months
	ended	ended
	30 Sep 2015	30 Sep 2014
	TEUR	TEUR
Interest income	1,137	1,539
Interest expense	(13,682)	(14,143)
Fee and commission income	2,359	2,961
Fee and commission expense	(306)	(1,399)
Net gains/(losses) on financial assets and liabilities	10,268	(5,909)
Other operating income	32,081	65,095
General administrative expenses	(6,090)	(9,179)
Other operating expenses	(62)	(1)
	<u>22,881</u>	<u>38,964</u>

Interest income presented in the table above did not include transaction costs integral to the effective interest rate and incurred with fellow subsidiaries. Such transactions had a negative impact on interest income of TEUR 2,571 (nine-month period ended 30 September 2014: TEUR 5,698).

As disclosed in Note 10, the Group sold receivables to related parties. The related transactions and balances are included in other assets (Note 16) (30 September 2015: TEUR 0, 31 December 2014: TEUR 26,354) and other operating income (Note 31) (nine-month period ended 30 September 2015: TEUR 38,721, nine-month period ended 30 September 2014: TEUR 51,006).

38. Related party transactions (continued)

(c) Transactions with the parent company's associates

In January 2015 PPF Group N.V. sold its share in an associate company with which the majority of the Group's transactions with the parent company's associates had been executed in the past. As a result, the Group did not have any transactions with the parent company's associates as at 30 September 2015 or in the nine-month period ended 30 September 2015.

Balances included in the statement of financial position in relation to transactions with the parent company's associates as at 31 December 2014 are as follows:

	31 Dec 2014 TEUR
Other assets	77
Debt securities issued	(174,797)
Other liabilities	<u>(125)</u>
	<u>(174,845)</u>

Amounts included in the statement of comprehensive income in relation to transactions with the parent company's associates in the nine-month period ended 30 September 2014 are as follows:

	9 months ended 30 Sep 2014 TEUR
Interest expense	(8,185)
Fee and commission income	(1,326)
Insurance income	(1,151)
Other operating income	1,679
General administrative expenses	<u>(269)</u>
	<u>(9,252)</u>

(d) Transactions with key management personnel and other related parties

Amounts included in the statement of comprehensive income in relation to transactions with members of key management are long-term benefits of TEUR 702 (nine-month period ended 30 September 2014: TEUR 1,749) and short-term benefits of TEUR 10,950 (nine-month period ended 30 September 2014: TEUR 14,906) comprising salaries, bonuses and non-monetary benefits.

As at 30 September 2015 the balance of unsecured loans to members of the key management was TEUR 76 (31 December 2014: TEUR 105).

The members of the Board of Directors of the Company and key management of its subsidiaries are considered as the key management of the Group.

In 2013 the Group 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 over the nine-month period ended 30 September 2015 (nine-month period ended 30 September 2014: TEUR 4,500) in relation to this agreement are recorded under general administrative expenses, while the related liability of TEUR 500 as of 30 September 2015 (31 December 2014: TEUR 2,559) is recorded under other liabilities.

As at 30 September 2015 the balances due from holding companies included secured loans of TEUR 90,560 (31 December 2014: TEUR 68,174) provided by the Group to a company controlled by one of the members of its Board of Directors. The weighted average interest rate is 6.50% (31 December 2014: 6.89%) and the repayment date of those loans is 30 June 2016.

The consolidated financial statements as set out on pages 3 to 36 were issued on 4 December 2015.