

Home Credit B.V.

Condensed Consolidated Interim Financial Report for the three-month period ended 31 March 2016

(unaudited)

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	Note	31 Mar 2016 TEUR	31 Dec 2015 TEUR
ASSETS			
Cash and cash equivalents	8	1,583,111	1,349,330
Due from banks, other financial institutions and holding companies	9	291,563	407,223
Loans to customers	10	6,228,613	5,835,110
Positive fair value of derivative instruments	11	8,032	112,281
Debt securities at fair value through profit or loss		202,728	176,879
Financial assets available-for-sale	12	952,342	1,204,608
Financial assets held-to-maturity		31,156	6,118
Assets classified as held for sale	5	2,139	2,045
Current income tax receivables		6,279	5,723
Deferred tax assets		142,449	125,565
Investments in associates		419	1,524
Intangible assets	13	146,464	136,418
Property and equipment	14	135,572	137,501
Other assets	15	166,508	155,638
Total assets		<u>9,897,375</u>	<u>9,655,963</u>
LIABILITIES			
Current accounts and deposits from customers	16	4,607,424	4,908,631
Due to banks and other financial institutions	17	2,841,217	2,330,836
Debt securities issued	18	356,464	373,090
Negative fair value of derivative instruments	19	43,124	18,322
Current income tax liabilities		53,147	45,041
Deferred tax liabilities		23,002	22,257
Insurance and other provisions	20	40,972	45,819
Subordinated liabilities	21	429,600	427,519
Other liabilities	22	317,389	288,710
Total liabilities		<u>8,712,339</u>	<u>8,460,225</u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	23	659,020	659,020
Share premium	23	479,872	479,872
Statutory reserves	23	38,652	38,599
Foreign currency translation	23	(617,422)	(604,427)
Cash flow hedge reserve	23	-	3,728
Reserve for business combinations under common control	23	(91,228)	(91,228)
Revaluation reserve	23	13,357	23,127
Other reserves		697,680	682,280
Total equity attributable to equity holders of the Company		<u>1,179,931</u>	<u>1,190,971</u>
Non-controlling interests	24	<u>5,105</u>	<u>4,767</u>
Total equity		<u>1,185,036</u>	<u>1,195,738</u>
Total liabilities and equity		<u>9,897,375</u>	<u>9,655,963</u>

		3 months ended 31 Mar 2016 TEUR	3 months ended 31 Mar 2015 TEUR
Continuing operations:	Note		
Interest income	25	470,945	425,659
Interest expense	25	(139,273)	(156,375)
Net interest income		331,672	269,284
Fee and commission income	26	107,695	85,008
Fee and commission expense	27	(23,114)	(20,329)
Net fee and commission income		84,581	64,679
Insurance income	28	5,696	10,176
Net (losses)/gains on financial assets and liabilities	29	(9,439)	148
Other operating income	30	6,167	23,307
Operating income		418,677	367,594
Impairment losses on financial assets	31	(144,997)	(238,242)
General administrative expenses	32	(226,866)	(174,351)
Other operating expenses	33	(19,742)	(21,210)
Operating expenses		(391,605)	(433,803)
Losses on disposals of associates and subsidiaries		125	(125)
Share of earnings in associates		408	589
Profit/(loss) before tax		27,605	(65,745)
Income tax (expense)/benefit	34	(12,981)	8,330
Net profit/(loss) for the period		14,624	(57,415)
Profit/(loss) attributable to:			
Equity holders of the Company		15,401	(56,599)
Non-controlling interests	24	(777)	(816)
		14,624	(57,415)
Other comprehensive income which will be subsequently reclassified to profit or loss:			
Currency translation		(15,226)	146,140
Revaluation gains on available-for-sale financial assets		844	5,696
Revaluation of available-for-sale financial assets transferred to profit or loss		(12,894)	(2,662)
Cash flow hedge reserve – effective portion of changes in fair value		(92,515)	5,948
Cash flow hedge reserve – net amount transferred to profit or loss		91,954	(9,335)
Income tax relating to components of other comprehensive income		2,392	71
Other comprehensive income which will not be subsequently reclassified to profit or loss:			
Remeasurements of the defined benefit liability		52	-
Other comprehensive income for the period		(25,393)	145,858
Total comprehensive income for the period		(10,769)	88,443
Total comprehensive income attributable to:			
Equity holders of the Company		(10,907)	89,244
Non-controlling interests		138	(801)
		(10,769)	88,443

Home Credit B.V.
Condensed Consolidated Interim Statement of Changes in Equity
for the three-month period ended 31 March 2016

	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 2016	659,020	479,872	38,599	(604,427)	(91,228)	23,127	3,728	682,280	1,190,971	4,767	1,195,738
Disposal of subsidiaries	-	-	-	(133)	-	-	-	-	(133)	-	(133)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	200	200
Transfers	-	-	53	-	-	-	-	(53)	-	-	-
Total	659,020	479,872	38,652	(604,560)	(91,228)	23,127	3,728	682,227	1,190,838	4,967	1,195,805
Currency translation	-	-	-	(12,862)	-	-	(3,279)	-	(16,141)	915	(15,226)
Revaluation gains on available-for-sale financial assets, net of tax	-	-	-	-	-	676	-	-	676	-	676
Revaluation of available-for-sale financial assets transferred to profit or loss, net of tax	-	-	-	-	-	(10,446)	-	-	(10,446)	-	(10,446)
Change in cash flow hedge reserve, net of tax	-	-	-	-	-	-	(449)	-	(449)	-	(449)
Defined benefit plan reserve	-	-	-	-	-	-	-	52	52	-	52
Profit/(loss) for the period	-	-	-	-	-	-	-	15,401	15,401	(777)	14,624
Total comprehensive income for the period	-	-	-	(12,862)	-	(9,770)	(3,728)	15,453	(10,907)	138	(10,769)
Total changes	-	-	53	(12,995)	-	(9,770)	(3,728)	15,400	(11,040)	338	(10,702)
Balance as at 31 March 2016	<u>659,020</u>	<u>479,872</u>	<u>38,652</u>	<u>(617,422)</u>	<u>(91,228)</u>	<u>13,357</u>	<u>-</u>	<u>697,680</u>	<u>1,179,931</u>	<u>5,105</u>	<u>1,185,036</u>

Home Credit B.V.
Condensed Consolidated Interim Statement of Changes in Equity
for the three-month period ended 31 March 2016

	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
Acquisition of CF Commercial Consulting (Beijing) Co., Ltd.	-	-	-	(4,972)	(721)	-	-	(2,944)	(8,637)	-	(8,637)
Changes in non-controlling interests	-	-	-	-	-	-	-	1,445	1,445	(1,179)	266
Transfers	-	-	3,780	-	-	-	-	(3,780)	-	-	-
Total	659,020	299,872	28,451	(510,086)	(81,406)	(4,364)	12,971	823,403	1,227,861	2,645	1,230,506
Currency translation	-	-	-	146,125	-	-	-	-	146,125	15	146,140
Revaluation gains on available-for-sale financial assets, net of tax	-	-	-	-	-	2,428	-	-	2,428	-	2,428
Change in cash flow hedge reserve, net of tax	-	-	-	-	-	-	(2,710)	-	(2,710)	-	(2,710)
Loss for the period	-	-	-	-	-	-	-	(56,599)	(56,599)	(816)	(57,415)
Total comprehensive income for the period	-	-	-	146,125	-	2,428	(2,710)	(56,599)	89,244	(801)	88,443
Total changes	-	-	3,780	141,153	(721)	2,428	(2,710)	(61,878)	82,052	(1,980)	80,072
Balance as at 31 March 2015	659,020	299,872	28,451	(363,961)	(81,406)	(1,936)	10,261	766,804	1,317,105	1,844	1,318,949

Home Credit B.V.
Condensed Consolidated Interim Statement of Cash Flows
for the three-month period ended 31 March 2016

	Note	3 months ended 31 Mar 2016 TEUR	3 months ended 31 Mar 2015 TEUR
Net operating cash flow before changes in working capital		331,242	401,181
Cash flows (used in)/from operations		(303,702)	252,989
Cash flows (used in)/from operating activities		(419,827)	105,133
Cash flows from investing activities		192,183	1,648
Cash flows from/(used in) financing activities		<u>477,750</u>	<u>(189,554)</u>
Net increase/(decrease) in cash and cash equivalents		250,106	(82,773)
Cash and cash equivalents as at 1 January	8	1,349,330	865,552
Effects of exchange rate changes on cash and cash equivalents		<u>(16,325)</u>	<u>65,579</u>
Cash and cash equivalents as at 31 March	8	<u><u>1,583,111</u></u>	<u><u>848,358</u></u>

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 (%)	
		31 Mar 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.

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 Šmejce	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

1. Description of the Group (continued)

Consolidated subsidiaries	Country of incorporation	Ownership interest (%)	
		31 Mar 2016	31 Dec 2015
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.	China	100.00	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)	Czech Republic	100.00	100.00
Zonky (LLC) ²⁾	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 Limited	Hong Kong	100.00	100.00
Home Credit Asia Limited	Hong Kong	100.00	100.00
Saint World Limited	Hong Kong	100.00	100.00
Home Credit India Finance Private Limited	India	100.00	100.00
PT. Home Credit Indonesia	Indonesia	85.00	85.00
Home Credit Kazakhstan (JSC) ¹⁾	Kazakhstan	100.00	100.00
Home Credit and Finance Bank (SB JSC)	Kazakhstan	100.00	100.00
Eurasia Capital S.A. ³⁾	Luxembourg	0.00	0.00
Eurasia Structured Finance No.1 S.A. ^{3) 4)}	Luxembourg	-	0.00
AB 1 B.V.	Netherlands	100.00	100.00
AB 2 B.V.	Netherlands	100.00	100.00
AB 3 B.V.	Netherlands	100.00	100.00
AB 4 B.V.	Netherlands	100.00	100.00
AB 5 B.V.	Netherlands	100.00	100.00
AB 6 B.V.	Netherlands	100.00	100.00
AB 7 B.V.	Netherlands	100.00	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. ³⁾	Netherlands	0.00	0.00
Eurasia Structured Finance No.4 B.V. ³⁾	Netherlands	0.00	0.00
HC Consumer Finance Philippines, Inc. ⁵⁾	Philippines	98.54	98.54

¹⁾ subsidiaries in the process of liquidation

²⁾ in March 2016 Different Money (LLC) was renamed to Zonky (LLC)

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

⁴⁾ subsidiary was liquidated

⁵⁾ 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 (%)	
		31 Mar 2016	31 Dec 2015
Home Credit and Finance Bank (LLC)	Russian Federation	100.00	100.00
Financial Innovations (LLC)	Russian Federation	100.00	100.00
MFO HC Express (LLC)	Russian Federation	100.00	100.00
Home Credit Online (LLC)	Russian Federation	100.00	100.00
Bonus Center Operations (LLC) ¹⁾	Russian Federation	100.00	100.00
Home Credit Insurance (LLC)	Russian Federation	100.00	100.00
HC Finance (LLC) ²⁾	Russian Federation	0.00	0.00
HC Finance No. 2 (LLC) ²⁾	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	50.10
Home Credit US Holding (LLC)	USA	100.00	100.00
Home Credit Vietnam Finance Company Limited	Vietnam	100.00	100.00

¹⁾ subsidiary in the process of liquidation

²⁾ special purpose entities established to facilitate the Group's issues of debt securities and subordinated liabilities

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 (%)	
		31 Mar 2016	31 Dec 2015
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

2. Basis of preparation

The condensed consolidated interim financial statements for the three-month period ended 31 March 2016 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 2015. 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) Changes in comparative numbers

Credit and other register expenses were previously presented in category "other" within fee and commission expense and under professional services within general administrative expenses. In 2016 they are presented as part of fee and commission expense on a separate line.

Accordingly, credit and other register expenses of TEUR 1,158 charged over the three-month period ended 31 March 2015 were reclassified from "professional services" in general administrative expenses to fee and commission expense in order to conform to the presentation in 2016. In addition, credit and other register expense of TEUR 551 and TEUR 35 charged over the three-month period ended 31 March 2015 were reclassified from category "other" and "payment processing and account maintenance" in fee and commission expense, respectively, to the separate line.

Collection agency fees were previously presented under "professional services" within general administrative expenses and in category "other" within fee and commission expense. In 2016 they are presented on a separate line in general administrative expense.

Accordingly, collection agency fees of TEUR 3,247 charged over the three-month period ended 31 March 2015 were reclassified from fee and commission expense to general administrative expenses in order to conform to the presentation in 2016. Further, collection agency fees of TEUR 4,178 charged over the three-month period ended 31 March 2015 were reclassified from "professional services" to the separate line within general administrative expenses.

The reclassification had no impact on the Group's result or equity.

(e) 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.

2. Basis of preparation (continued)

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.

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.

(f) 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.

2. Basis of preparation (continued)

(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 2015.

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 2016

The following revised annual improvements to IFRSs effective from 1 January 2016 are mandatory and relevant for the Group and have been applied by the Group 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 does not have significant impact on the Group'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.

3. Significant accounting policies (continued)

(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 31 March 2016 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 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 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.

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.

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

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).

3. Significant accounting policies (continued)

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 Group's operations, this standard is not expected to have significant impact on the Group's financial statements.

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 Group'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 Group's financial statements.

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 2015.

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 represent assets acquired through court decisions on defaulted mortgages.

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

	31 Mar 2016	31 Dec 2015
	TEUR	TEUR
ASSETS		
Other assets	2,139	2,045
Total assets	2,139	2,045

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.

India became a new geographical segment at the end of 2015 following the growth and increasing significance of the Group's operations in Indian market. Related information is therefore presented separately. Before it was included in the segment Other. Comparative figures for the three-month period ended 31 March 2015 were restated accordingly.

The Group operates in eight principal geographical areas, the Russian Federation, the People's Republic of China, the Republic of Kazakhstan, the Socialist Republic of Vietnam, the Republic of Belarus, the Czech Republic, the Slovak Republic and the Republic of India. 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).

	China	Czech Republic	Russian Federation	Vietnam	Slovak Republic	Kazakhstan	Belarus	India	Other	Unallocated ¹	Eliminations	Consolidated
	3 months ended 31 Mar 2016	3 months ended 31 Mar 2016	3 months ended 31 Mar 2016	3 months ended 31 Mar 2016	3 months ended 31 Mar 2016	3 months ended 31 Mar 2016	3 months ended 31 Mar 2016	3 months ended 31 Mar 2016	3 months ended 31 Mar 2016	3 months ended 31 Mar 2016	3 months ended 31 Mar 2016	3 months ended 31 Mar 2016
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Revenue from external customers ²	264,568	38,252	161,992	45,758	16,325	30,771	9,119	10,807	8,319	1,637	-	587,548
Inter-segment revenue	-	4,513	4,412	-	-	60	-	-	154	435	(9,574)	-
Total revenue	264,568	42,765	166,404	45,758	16,325	30,831	9,119	10,807	8,473	2,072	(9,574)	587,548
Net interest income from external customers	160,864	26,260	67,385	30,551	14,009	18,624	4,955	7,604	5,563	(4,143)	-	331,672
Inter-segment net interest income	-	4,389	3,258	-	(3,164)	(2,535)	(373)	(105)	(154)	(1,622)	306	-
Total net interest income	160,864	30,649	70,643	30,551	10,845	16,089	4,582	7,499	5,409	(5,765)	306	331,672

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)

	China	Czech Republic	Russian Federation	Vietnam	Slovak Republic	Kazakhstan	Belarus	India	Other	Unallocated ¹	Eliminations	Consolidated
	3 months ended 31 Mar 2016 TEUR	3 months ended 31 Mar 2016 TEUR	3 months ended 31 Mar 2016 TEUR	3 months ended 31 Mar 2016 TEUR	3 months ended 31 Mar 2016 TEUR	3 months ended 31 Mar 2016 TEUR	3 months ended 31 Mar 2016 TEUR	3 months ended 31 Mar 2016 TEUR	3 months ended 31 Mar 2016 TEUR	3 months ended 31 Mar 2016 TEUR	3 months ended 31 Mar 2016 TEUR	3 months ended 31 Mar 2016 TEUR
Income tax benefit/(expense)	(8,520)	(2,121)	1,782	(2,751)	(12)	(1,803)	(481)	-	28	897	-	(12,981)
Segment result	31,811	5,374	(4,426)	10,969	206	5,918	(135)	(9,482)	(12,638)	(7,551)	(5,422)	14,624
Depreciation and amortization	(2,207)	(2,401)	(5,536)	(1,315)	(100)	(1,104)	(494)	(1,469)	(7,271)	-	3,230	(18,667)
Other significant non-cash expenses ²	(59,656)	(3,617)	(58,122)	(9,460)	(5,453)	(3,945)	(456)	(3,016)	(1,607)	-	-	(145,332)
Capital expenditure	(4,911)	(2,109)	(1,801)	(950)	(39)	(2,414)	(530)	(4,238)	(9,427)	-	6,444	(19,975)
	China	Czech Republic	Russian Federation	Vietnam	Slovak Republic	Kazakhstan	Belarus	India	Other	Unallocated ¹	Eliminations	Consolidated
	31 Mar 2016 TEUR	31 Mar 2016 TEUR	31 Mar 2016 TEUR	31 Mar 2016 TEUR	31 Mar 2016 TEUR	31 Mar 2016 TEUR	31 Mar 2016 TEUR	31 Mar 2016 TEUR	31 Mar 2016 TEUR	31 Mar 2016 TEUR	31 Mar 2016 TEUR	31 Mar 2016 TEUR
Segment assets ³	3,246,009	2,959,244	2,829,229	318,852	294,388	291,310	117,888	104,524	243,339	132,194	(639,602)	9,897,375
Investments in associates	-	-	419	-	-	-	-	-	-	-	-	419
Segment liabilities ³	2,514,751	2,802,328	2,381,723	228,543	293,211	215,739	99,755	46,317	131,877	621,515	(623,420)	8,712,339
Segment equity ³	731,258	156,916	447,506	90,309	1,177	75,571	18,133	58,207	111,462	(489,321)	(16,182)	1,185,036

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	China	Kazakhstan	Vietnam	Slovak Republic	Belarus	India	Other	Unallocated ¹	Eliminations	Consolidated
	3 months ended 31 Mar 2015 TEUR	3 months ended 31 Mar 2015 TEUR	3 months ended 31 Mar 2015 TEUR	3 months ended 31 Mar 2015 TEUR	3 months ended 31 Mar 2015 TEUR	3 months ended 31 Mar 2015 TEUR	3 months ended 31 Mar 2015 TEUR	3 months ended 31 Mar 2015 TEUR	3 months ended 31 Mar 2015 TEUR	3 months ended 31 Mar 2015 TEUR	3 months ended 31 Mar 2015 TEUR	3 months ended 31 Mar 2015 TEUR
Revenue from external customers ²	233,528	3,463	163,497	56,880	41,716	2,843	15,306	3,317	2,558	2,244	-	525,352
Inter-segment revenue	4,440	-	-	-	-	-	-	-	168	239	(4,847)	-
Total revenue	237,968	3,463	163,497	56,880	41,716	2,843	15,306	3,317	2,726	2,483	(4,847)	525,352
Net interest income from external customers	83,017	1,068	116,367	31,011	28,132	1,188	6,895	1,690	2,333	(2,417)	-	269,284
Inter-segment net interest income	4,344	-	-	(769)	(573)	-	(226)	(65)	148	(3,556)	697	-
Total net interest income	87,361	1,068	116,367	30,242	27,559	1,188	6,669	1,625	2,481	(5,973)	697	269,284
Income tax benefit/(expense)	21,619	(1,100)	(8,455)	(1,705)	(1,875)	(124)	402	-	(100)	(332)	-	8,330
Segment result	(81,085)	4,212	31,051	6,651	6,625	365	(800)	(5,042)	(11,331)	(7,368)	(693)	(57,415)
Depreciation and amortization	(8,665)	(329)	(2,004)	(1,714)	(1,156)	(110)	(723)	(748)	(6,066)	-	2,863	(18,652)
Other significant non-cash expenses ³	(157,314)	(778)	(46,587)	(18,904)	(10,901)	(862)	(2,100)	(596)	(200)	-	-	(238,242)
Capital expenditure	(3,882)	(281)	(6,136)	(2,192)	(834)	(94)	(1,565)	(1,277)	(1,961)	-	4,322	(13,900)

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	Czech Republic	China	Kazakhstan	Vietnam	Slovak Republic	Belarus	India	Other	Unallocated ¹	Eliminations	Consolidated
	31 Dec 2015	31 Dec 2015	31 Dec 2015	31 Dec 2015	31 Dec 2015	31 Dec 2015	31 Dec 2015	31 Dec 2015	31 Dec 2015	31 Dec 2015	31 Dec 2015	31 Dec 2015
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Segment assets ³	3,174,421	2,881,607	2,698,372	319,210	304,776	288,052	115,908	92,286	205,573	136,030	(560,272)	9,655,963
Investments in associates	1,524	-	-	-	-	-	-	-	-	-	-	1,524
Segment liabilities ³	2,756,606	2,700,886	2,040,767	230,430	221,854	283,082	95,020	61,331	103,986	509,188	(542,925)	8,460,225
Segment equity ³	417,815	180,721	657,605	88,780	82,922	4,970	20,888	30,955	101,587	(373,158)	(17,347)	1,195,738

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.

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 31 Mar 2016 TEUR	Fair Value 31 Mar 2016 TEUR	Carrying amount 31 Dec 2015 TEUR	Fair Value 31 Dec 2015 TEUR
Loans to customers	10	6,228,613	6,201,198	5,835,110	5,812,455
Current accounts and deposits from customers	16	(4,607,424)	(4,616,191)	(4,908,631)	(4,926,155)
Due to banks and other financial institutions	17	(2,841,217)	(2,841,215)	(2,330,836)	(2,330,699)
Debt securities issued	18	(356,464)	(353,168)	(373,090)	(372,171)
Subordinated liabilities	22	(429,600)	(399,754)	(427,519)	(400,274)

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
31 Mar 2016					
Positive fair value of derivative instruments	11	2,106	5,926	-	8,032
Debt securities at fair value through profit or loss		202,728	-	-	202,728
Financial assets available-for-sale	12	921,035	31,307	-	952,342
Negative fair value of derivative instruments	19	(7,372)	(35,752)	-	(43,124)
		1,118,497	1,481	-	1,119,978

	Note	Level 1 TEUR	Level 2 TEUR	Level 3 TEUR	Total TEUR
31 Dec 2015					
Positive fair value of derivative instruments	11	-	112,281	-	112,281
Debt securities at fair value through profit or loss		176,879	-	-	176,879
Financial assets available-for-sale	12	1,173,233	31,375	-	1,204,608
Negative fair value of derivative instruments	19	-	(18,322)	-	(18,322)
		1,350,112	125,334	-	1,475,446

There were no transfers between Level 1, 2 and 3 in the three-month period ended 31 March 2016 or year ended 31 December 2015.

7. Fair values of financial instruments (continued)

Reconciliation of movements in Level 3:	31 Mar 2016	31 Mar 2015
	TEUR	TEUR
Financial assets		
Balance as at 1 January	-	3,322
Net gains recorded in profit or loss (included in Net gains on financial assets and liabilities)	-	4,881
Net losses recorded in other comprehensive income	-	(55)
Purchases	-	251
Settlements	-	(6,587)
Closing balance	-	1,812

8. Cash and cash equivalents

	31 Mar 2016	31 Dec 2015
	TEUR	TEUR
Cash on hand	60,461	132,240
Current accounts	669,429	480,638
Current accounts with central banks	79,647	134,439
Placements with financial institutions due within one month	773,574	602,013
	1,583,111	1,349,330

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

	31 Mar 2016	31 Dec 2015
	TEUR	TEUR
Loans and term deposits with banks, other financial institutions and holding companies due in more than one month	193,639	254,508
Loans and advances provided under repo operations	-	82,041
Minimum reserve deposits with central banks	66,106	60,911
Other	31,818	9,763
	291,563	407,223

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 31 March 2016 term deposit of TEUR 9,063 (31 December 2015: TEUR 12,386) served as collateral for secured loans due to banks (Note 17).

As at 31 March 2016 term deposit of TEUR 4,859 (31 December 2015: TEUR 4,805) served as cash collateral for syndicated loan interest payments.

As at 31 March 2016 margin deposit of TEUR 3,696 (31 December 2015: TEUR 3,700) served as cash collateral for foreign exchange derivative contracts.

10. Loans to customers

	31 Mar 2016	31 Dec 2015
	TEUR	TEUR
Gross amount		
Cash loan receivables	3,387,296	3,269,051
POS loan receivables	2,682,905	2,403,597
Revolving loan receivables	637,810	677,811
Car loan receivables	113,002	113,370
Mortgage loan receivables	80,542	73,950
Loans to corporations	67,029	52,422
Other	10,491	12,589
	6,979,075	6,602,790
Collective allowances for impairment		
Cash loan receivables	(417,793)	(440,949)
POS loan receivables	(188,780)	(171,905)
Revolving loan receivables	(111,111)	(124,159)
Car loan receivables	(22,699)	(22,233)
Mortgage loan receivables	(8,183)	(6,412)
Loans to corporations	(811)	(762)
Other	(453)	(434)
	(749,830)	(766,854)
Specific allowances for impairment		
Loans to corporations	(632)	(826)
	(632)	(826)
	6,228,613	5,835,110

The Group regularly sells pools of certain customer loan receivables to related party. 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 31 March 2016 cash loan receivables of TEUR 82,449 (31 December 2015: TEUR 78,874) served as collateral for debt securities issued (Note 18). As at 31 March 2016 cash loan receivables of TEUR 36,124 (31 December 2015: TEUR 54,394) and POS loan receivables of TEUR 2,201,875 (31 December 2015: TEUR 940,365) served as collateral for bank loan facilities (Note 17).

11. Positive fair value of derivative instruments

	31 Mar 2016 TEUR	31 Dec 2015 TEUR
Positive fair value of hedging derivative instruments	-	95,711
Positive fair value of trading derivative instruments	8,032	16,570
	<u>8,032</u>	<u>112,281</u>

12. Financial assets available-for-sale

	31 Mar 2016 TEUR	31 Dec 2015 TEUR
Government bonds	633,633	864,842
Corporate bonds	289,183	310,234
Other debt securities	29,526	29,532
	<u>952,342</u>	<u>1,204,608</u>

13. Intangible assets

	31 Mar 2016 TEUR	31 Dec 2015 TEUR
Acquisition cost	327,040	304,577
Accumulated amortization	(180,445)	(168,034)
Impairment	(131)	(125)
Carrying amount	<u>146,464</u>	<u>136,418</u>

14. Property and equipment

	31 Mar 2016 TEUR	31 Dec 2015 TEUR
Acquisition cost	278,666	275,249
Accumulated depreciation	(142,742)	(136,800)
Impairment	(352)	(948)
Carrying amount	<u>135,572</u>	<u>137,501</u>

15. Other assets

	31 Mar 2016	31 Dec 2015
	TEUR	TEUR
Trade receivables and settlement with suppliers	62,376	66,997
Prepaid expenses	61,606	46,878
Deferred acquisition costs of insurance contracts	12,611	14,841
Other taxes receivable	7,523	6,215
Accrued income from insurance fees	3,166	1,222
Inventories	581	631
Non-life amounts ceded to reinsurers from insurance provisions	129	141
Other	18,787	19,130
	166,779	156,055
Specific allowances for impairment on settlement with suppliers and other assets	(271)	(417)
	166,508	155,638

16. Current accounts and deposits from customers

	31 Mar 2016	31 Dec 2015
	TEUR	TEUR
Current accounts and demand deposits	3,031,461	2,946,946
Term deposits	1,564,772	1,950,331
Loans	8,491	8,019
Other	2,700	3,335
	4,607,424	4,908,631

17. Due to banks and other financial institutions

	31 Mar 2016	31 Dec 2015
	TEUR	TEUR
Secured loans	2,275,114	1,826,967
Unsecured loans	548,647	496,294
Loans received under repo operations	13,361	2,118
Other balances	4,095	5,457
	2,841,217	2,330,836

As at 31 March 2016 the balance of loans received under repo operations of TEUR 13,361 (31 December 2015: TEUR 2,118) was secured by financial assets available-for-sale.

As at 31 March 2016 the balances of loans secured by cash loan receivables, POS loan receivables, term deposit and financial assets held-to-maturity were TEUR 31,680 (31 December 2015: TEUR 37,185), TEUR 2,198,098 (31 December 2015: TEUR 1,778,516), TEUR 16,801 (31 December 2015: TEUR 11,266) and TEUR 28,535 (31 December 2015: TEUR 0) respectively. These amounts represent the balances of loans, and do not necessarily represent the fair value of the collateral.

18. Debt securities issued

	Interest rate	Final maturity	Amount outstanding 31 Mar 2016 TEUR	31 Dec 2015 TEUR
Stock exchange RUB bonds issue 02 of MRUB 3,000	Fixed	February 2016	-	37,473
Unsecured CZK bonds issue 5 of MCZK 3,750	Fixed	June 2016	145,383	143,376
Short-term registered Certificate of Deposit, 10 th tranche of BVND 100	Fixed	July 2016	4,125	-
Short-term registered Certificate of Deposit, 11 th tranche of BVND 222	Fixed	July 2016	9,153	-
Short-term registered Certificate of Deposit, 12 th tranche of BVND 135	Fixed	July 2016	5,554	-
CZK promissory notes issue of MCZK 300	Zero-coupon	July 2016	10,921	10,788
EUR promissory notes issue of MEUR 9.1	Zero-coupon	July 2016	8,963	8,844
Long-term registered Certificate of Deposit, 1 st tranche of BVND 250	Fixed	August 2016	10,235	11,029
Long-term registered Certificate of Deposit, 2 nd tranche of BVND 273	Fixed	September 2016	11,151	12,018
Long-term registered Certificate of Deposit, 3 rd tranche of BVND 200	Fixed	October 2016	8,582	8,637
Unsecured KZT bond issue 1 of MKZT 7,000	Fixed	November 2016	18,500	18,878
Long-term registered Certificate of Deposit, 8 th tranche of BVND 37	Fixed	April 2017	1,572	1,586
Long-term registered Certificate of Deposit, 9 th tranche of BVND 24	Fixed	April 2017	1,001	1,013
Long-term registered Certificate of Deposit, 4 th tranche of BVND 93	Fixed	November 2017	3,946	3,974
Long-term registered Certificate of Deposit, 5 th tranche of BVND 158	Fixed	December 2017	6,644	6,698
Long-term registered Certificate of Deposit, 6 th tranche of BVND 61	Fixed	December 2017	2,563	2,584
Long-term registered Certificate of Deposit, 7 th tranche of BVND 100	Fixed	December 2017	4,186	4,220
CZK promissory notes issue of MCZK 650	Zero-coupon	March 2018	21,253	20,949
Unsecured KZT bond issue 2 of MKZT 6,769	Fixed	February 2019	17,337	18,533
Cash loan receivables backed notes issue of MRUB 5,000	Fixed	November 2021	65,395	62,490
			356,464	373,090

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 Group issued the public offer to purchase the outstanding cash loans receivables backed notes on 27 November 2016. As at 31 March 2016 cash loan receivables of TEUR 82,449 (31 December 2015: TEUR 78,874) served as collateral for these notes (Note 10).

19. Negative fair value of derivative instruments

	31 Mar 2016 TEUR	31 Dec 2015 TEUR
Negative fair value of trading derivative instruments	43,124	18,322
	<u>43,124</u>	<u>18,322</u>

20. Insurance and other provisions

	31 Mar 2016 TEUR	31 Dec 2015 TEUR
Provisions for unearned premiums	33,904	39,039
Provision for litigations	1,531	1,641
Provisions for outstanding claims	887	956
Other insurance provisions	343	310
Other provisions	4,307	3,873
	<u>40,972</u>	<u>45,819</u>

Other provisions include restructuring provisions in connection with a business optimisation programme in Russia.

21. Subordinated liabilities

	Final maturity	Amount outstanding	
		31 Mar 2016 TEUR	31 Dec 2015 TEUR
Loan participation notes issue of MUSD 500	April 2020	210,005	211,837
Loan participation notes issue of MUSD 200	April 2021	185,289	186,416
Subordinated bonds issue of MCZK 1,000	April 2024	34,306	29,266
		<u>429,600</u>	<u>427,519</u>

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.

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.

Subordinated bonds issue of MCZK 1,000 were issued in April 2014. The Group has an early redemption option exercisable on 30 April 2019.

22. Other liabilities

	31 Mar 2016	31 Dec 2015
	TEUR	TEUR
Settlement with suppliers	107,404	83,625
Accrued employee compensation	82,013	87,043
Accrued expenses	41,571	41,632
Other taxes payable	40,679	34,730
Customer loan overpayments	27,787	30,152
Deferred income and prepayments	2,730	2,963
Advances received	1,423	1,427
Other	13,782	7,138
	<u>317,389</u>	<u>288,710</u>

23. Equity

At 31 March 2016 the Group's authorized 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.

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.

24. Non-controlling interests

As at 31 March 2016 the Group reported the following non-controlling interests and net profit/(losses) allocated to non-controlling interests for the three-month period ended 31 March 2016:

	NCI	Total assets	Total liabilities	Carrying amount of NCI	Net profit/ (losses) for the period	Net profit/ (losses) allocated to NCI
	%	TEUR	TEUR	TEUR	TEUR	TEUR
Home Credit US (LLC)	49.90	14,476	10,559	1,955	75	37
PT. Home Credit Indonesia	15.00	37,410	17,257	3,023	(5,102)	(765)
HC Consumer Finance Philippines, Inc.	1.46	32,634	23,965	127	(3,351)	(49)
				<u>5,105</u>		<u>(777)</u>

As at 31 December 2015 the Group reported the following non-controlling interests and net profit/(losses) allocated to non-controlling interests for the three-month period ended 31 March 2015:

	NCI	Total assets	Total liabilities	Carrying amount of NCI	Net profit/ (losses) for the period	Net profit/ (losses) allocated to NCI
	%	TEUR	TEUR	TEUR	TEUR	TEUR
Home Credit US (LLC)	49.90	14,365	10,344	2,006	-	-
PT. Home Credit Indonesia	15.00	29,747	12,539	2,581	(4,554)	(683)
HC Consumer Finance Philippines, Inc.	1.46	27,103	14,795	180	(2,863)	(133)
				<u>4,767</u>		<u>(816)</u>

In July 2015 the Group sold 49.9% of its 100% share in Home Credit US (LLC) to Sprint eBusiness, Inc., a strategic partner for the Group's operations in the US market.

In February 2015 the Group's ownership interest in PT. Home Credit Indonesia increased from 75.48% to 85%.

In May 2015 the Group's ownership interest in HC Consumer Finance Philippines, Inc. increased from 95.34% to 97.82% and subsequently in December 2015 increased to 98.54%.

25. Interest income and interest expense

	3 months ended 31 Mar 2016 TEUR	3 months ended 31 Mar 2015 TEUR
Interest income		
Cash loan receivables	254,033	249,927
POS loan receivables	157,151	112,556
Revolving loan receivables	36,241	42,947
Mortgage loan receivables	1,309	1,812
Car loan receivables	5,424	239
Due from banks, other financial institutions and holding companies	6,290	14,077
Financial assets at fair value through profit or loss	804	-
Financial assets available-for-sale	8,122	3,969
Financial assets held-to-maturity	200	-
Other	1,371	132
	<u>470,945</u>	<u>425,659</u>
Interest expense		
Deposits from customers	53,746	93,535
Due to banks and other financial institutions	68,068	37,316
Debt securities issued	7,553	11,590
Subordinated liabilities	9,904	13,934
Other	2	-
	<u>139,273</u>	<u>156,375</u>

26. Fee and commission income

	3 months ended 31 Mar 2016 TEUR	3 months ended 31 Mar 2015 TEUR
Insurance commissions	64,625	49,784
Penalty fees	23,427	19,827
Customer payment processing and account maintenance	7,511	5,984
Retailer commissions	4,412	3,727
Cash transactions	4,361	5,169
Other	3,359	517
	<u>107,695</u>	<u>85,008</u>

27. Fee and commission expense

	3 months ended 31 Mar 2016 TEUR	3 months ended 31 Mar 2015 TEUR
Commissions to retailers	6,375	4,445
Payment processing and account maintenance	5,619	4,004
Cash transactions	3,929	3,833
Payments to deposit insurance agencies	2,810	2,877
Credit and other register expense	3,676	1,744
Stamp duties	284	2,718
Other	421	708
	<u>23,114</u>	<u>20,329</u>

28. Insurance income

	3 months ended 31 Mar 2016 TEUR	3 months ended 31 Mar 2015 TEUR
Gross premiums earned	8,908	14,685
Net insurance benefits and claims	(605)	(263)
Earned premiums ceded	(19)	(20)
Acquisition costs	(2,588)	(4,226)
	<u>5,696</u>	<u>10,176</u>

29. Net (losses)/gains on financial assets and liabilities

	3 months ended 31 Mar 2016 TEUR	3 months ended 31 Mar 2015 TEUR
Net trading gains on other financial assets and liabilities	13,115	452
Net foreign currency gains/(losses)	15,483	(22,721)
Net gains on debt securities at fair value through profit and loss	3,247	-
Net (losses)/gains on trading derivative instruments	(40,343)	24,327
Net losses on hedging derivative instruments	(941)	(1,910)
	<u>(9,439)</u>	<u>148</u>

30. Other operating income

	3 months ended 31 Mar 2016 TEUR	3 months ended 31 Mar 2015 TEUR
Gains on disposal of loan receivables	-	17,574
Income from other services provided	5,979	3,560
Other	188	2,173
	<u>6,167</u>	<u>23,307</u>

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

31. Impairment losses on financial assets

	3 months ended 31 Mar 2016 TEUR	3 months ended 31 Mar 2015 TEUR
Cash loan receivables	72,926	141,996
POS loan receivables	52,216	46,931
Revolving loan receivables	17,012	47,815
Mortgage loan receivables	1,807	1,373
Car loan receivables	967	(31)
Other financial assets	69	158
	<u>144,997</u>	<u>238,242</u>

32. General administrative expenses

	3 months ended 31 Mar 2016 TEUR	3 months ended 31 Mar 2015 TEUR
Employee compensation	117,896	90,551
Payroll related taxes (including pension contributions)	25,613	20,700
Taxes other than income tax	16,587	7,088
Professional services	12,551	7,438
Rental, maintenance and repair expense	12,279	14,775
Telecommunication and postage	9,177	9,117
Information technologies	8,557	5,355
Advertising and marketing	7,875	4,227
Collection agency fee	6,368	4,425
Travel expenses	5,333	3,226
Other	4,630	4,449
	<u>226,866</u>	<u>174,351</u>

33. Other operating expenses

	3 months ended 31 Mar 2016 TEUR	3 months ended 31 Mar 2015 TEUR
Depreciation and amortization	18,667	18,652
Loss on disposal of property and equipment and intangible assets	740	2,561
Impairment losses/(reversals) on other non-financial assets	335	(3)
	<u>19,742</u>	<u>21,210</u>

34. Income tax

	3 months ended 31 Mar 2016 TEUR	3 months ended 31 Mar 2015 TEUR
Current tax expense	24,174	16,095
Deferred tax benefit	(11,193)	(24,425)
Total income tax expense/(benefit)	<u>12,981</u>	<u>(8,330)</u>

35. 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.

	31 Mar 2016	31 Dec 2015
	TEUR	TEUR
Revolving loan commitments	518,142	524,584
POS loan commitments	26,062	41,858
Cash loan commitments	15,006	10,201
Undrawn overdraft facilities	218	246
	<u>559,428</u>	<u>576,889</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 31 March 2016 the Group reported contractual commitments for the acquisition of property and equipment and intangible assets of TEUR 2,426 (31 December 2015: TEUR 2,599).

As at 31 March 2016 the balance of loan guarantees issued by the Group was TEUR 0 (31 December 2015: TEUR 6,274).

36. Contingencies

Taxation

The taxation systems in the Russian Federation, the Republic of Belarus, the Republic of Kazakhstan, the Socialist Republic of Vietnam, the People's Republic of China and some other countries of operations 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, the People's Republic of China and some other countries of operations 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, Chinese and other countries' tax legislation, official pronouncements and court decisions.

37. Related party transactions

The Group 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 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:

	31 Mar 2016	31 Dec 2015
	TEUR	TEUR
Due from banks, other financial institutions and holding companies	22,675	21,491
Due to banks and other financial institutions	(40,083)	(8,956)
Subordinated liabilities	(132,598)	(133,666)
Other liabilities	(63)	-
	<u>(150,069)</u>	<u>(121,131)</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:

	3 months ended 31 Mar 2016	3 months ended 31 Mar 2015
	TEUR	TEUR
Interest income	957	667
Interest expense	(3,377)	(5,117)
General administrative expenses	(63)	(63)
	<u>(2,483)</u>	<u>(4,513)</u>

37. 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:

	31 Mar 2016	31 Dec 2015
	TEUR	TEUR
Cash and cash equivalents	46,266	61,111
Due from banks, other financial institutions and holding companies	25,675	11,569
Loans to customers	4,893	14,391
Positive fair value of derivative instruments	4,771	13,682
Other assets	8,821	13,580
Current accounts and deposit from customers	(22,225)	(21,600)
Due to banks and other financial institutions	(29,327)	(27,941)
Debt securities issued	(59,839)	(59,703)
Negative fair value of derivative instruments	(29,265)	(12,450)
Subordinated liabilities	(27,026)	(20,197)
Other liabilities	(1,079)	(2,732)
	<u>(78,335)</u>	<u>(30,290)</u>

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

	3 months ended	3 months ended
	31 Mar 2016	31 Mar 2015
	TEUR	TEUR
Interest income	1,298	542
Interest expense	(3,423)	(4,479)
Fee and commission income	2,171	487
Fee and commission expense	(250)	(355)
Acquisition costs (insurance income)	(1,350)	-
Net (losses)/gains on financial assets and liabilities	(6,565)	14,572
Other operating income	37	20,873
General administrative expenses	(1,916)	(1,568)
Other operating expenses	(27)	(29)
	<u>(10,025)</u>	<u>30,043</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 1,018 (three-month period ended 31 March 2015: TEUR 0).

As disclosed in Note 10, the Group sold receivables to related parties. The related transactions and balances are included in other operating income (Note 30) (three months ended 31 March 2016: TEUR 0, three months ended 31 March 2015: TEUR 17,574).

37. Related party transactions (continued)

(c) 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 523 (three-month period ended 31 March 2015: TEUR 57) and short-term benefits of TEUR 6,200 (three-month period ended 31 March 2015: TEUR 4,986) comprising salaries, bonuses and non-monetary benefits.

As at 31 March 2016 the balance of unsecured loans to members of the key management was TEUR 68 (31 December 2015: TEUR 81).

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 1,500 charged over the three-month period ended 31 March 2016 (three-month period ended 31 March 2015: TEUR 1,500) in relation to this agreement are recorded under general administrative expenses, while the related liability of TEUR 500 as of 31 March 2016 (31 December 2015: TEUR 2,827) is recorded under other liabilities.

As at 31 March 2016 the balances due from holding companies included secured loans of TEUR 78,538 (31 December 2015: TEUR 80,891) provided by the Group to a company controlled by one of the members of its Board of Directors. The weighted average interest rate is 6.51% (31 December 2015: 6.71%) and the repayment date of those loans is 30 June 2019.

38. Subsequent events

In April and May 2016 the Company has drawn loans from its parent company in total amount of TEUR 126,000.

The consolidated financial statements as set out on pages 3 to 36 were issued on 30 May 2016.

Petr Kohout
Member of the Board of Directors