

Press Release

Home Credit B.V.: IFRS consolidated results for the three-month period ended 31 March 2016

A third consecutive profitable quarter underscores Home Credit Group's successful recalibration in Russia and continued growth in Asia

Amsterdam, 30 May 2016: Home Credit B.V. ('HCBV' or 'the Group'), the Netherlands-based holding company for Home Credit's leading multi-channel consumer finance operations in CEE and Asia, announces its consolidated financial results for the three-month period ended 31 March 2016 in accordance with International Financial Reporting Standards (IFRS).

"Our focus on geographical diversification into high-growth markets, combined with our adept and rapid response to changing macro-economic conditions, enabled us to deliver a profitable first quarter. With our Russian business stabilising, the promising growth of the Asian operations again shone through, with China and Vietnam leading the way.

The backdrop in Russia remains challenging, but our operation there is adapting successfully. Measures to reduce both costs and risks continue to pay off and the business remains on the right trajectory, despite the normal seasonality present in Q1. We maintained our position as market leader in POS, and are confident that we are well positioned for the future.

China remains a stellar performer in the portfolio with a three-fold increase in volumes. Vietnam also delivered a strong quarterly performance with increases in both volumes and profit during the period, while in India our focus remains on developing our network to secure market share so that we can fully tap the clear potential of this market as domestic demand drives higher. Our disciplined financial approach was nowhere more evident than in Kazakhstan where we remained profitable and further strengthened our liquidity position over the quarter, despite the currency turbulence the country has experienced recently. Importantly, we were able to maintain the profitability of the Asian operations while investing to support their growth, investing EUR 119 million during the quarter. Elsewhere, we are also delighted to be entering the next stage in our joint venture with Sprint in the US - on time and on budget.

We have started 2016 on surer footing, having demonstrated over the past year our team's unrivalled ability to maximise value across our portfolio, whether adapting to shifting macro-economic environments or capitalising on growth potential. We are well positioned in Asia where all our operations are either first or second in terms of market share in their respective countries. This year will bring further challenges, but also opportunities, and our focus remains on harnessing all of our operations to deliver long-term growth."

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

OVERVIEW

Home Credit's geographical spread enabled the Group to build on the good performance in 2015 and deliver a net profit of EUR 14.6 million. New loans increased 88% compared to the first quarter last year, with Asia continuing to play a major role. New loan volumes rose three fold **in China**, which contributed more than half of the Group total, while they almost doubled **in Vietnam**. In **the Philippines**, Home Credit delivered a two-fold increase in number of customers to almost 200,000 in just six months, through a combination of expansion of the POS network and joint campaigns with retailers and electronics producers, a model that has also proven successful in China. **In India**, Home

Credit continues its rollout and is now active in 40 of the largest cities, reaching some 120 million potential clients.

In Russia, measures taken to recalibrate the business are delivering results with efficiency gains evident in Q1 not only compared to the year earlier quarter but also with respect to year-end 2015. Some measures, such as the reduction in the retail network to reflect the new macro environment, have enabled Home Credit to focus investment and management time on new areas, such as the further development of its online presence. This strong new channel – which is independently ranked third in terms of usability - is increasingly important given 27% of sector volumes today in Russia come from non-branch channels.

HIGHLIGHTS

- **The Group posted a net profit of EUR 14.6 million overall in the first quarter** compared with a loss in the same period a year earlier, as the contribution of Asia to the Group business continued to grow, particularly in China and Vietnam. Although macroeconomic pressures remain in Russia the rebalancing of the business means that lending criteria have been adapted allowing the Group to secure healthy new loans and increase its market share specifically in the important POS segment.
- **Operating income in Q1 2016 was up 13.9% year on year** to EUR 419 million (Q1 2014: EUR 368 million). The number of active clients reached 14 million up from 12.5 million at the year-end 2015.
- **HCBV's multi-channel network** consisted of 195,379 distribution points, up 26.8% from Q1 2015, with 193,041 POS and loan offices, 373 bank branches and 1,965 post offices. The Group expanded the network predominantly in countries where its franchise is still in the investment stage.
- **New loan volume was EUR 2,109 million**, up 88% year on year (Q1 2015: EUR 1,122 million). In China, new loan volumes made a strong start to the year rising to EUR 1.17 billion (Q1 2015: EUR 367 million) while in Vietnam they rose to EUR 163 million from EUR 82 million in Q1 2015, in line with the growth plan in the region. In Russia, measures taken enabled the Group to increase new loan volumes, after years of major decreases in the overall loan book, with POS lending up 28% year on year.
- **General and Administrative and other operating expenses** increased in the period in line with the overall expansion of Home Credit's networks, principally focused on the development of business in Asia, while G&A expenses in Russia were cut by 25% as that operation was resized.
- **The net loan portfolio increased to EUR 6,229 million (YE 2015: EUR 5,835 million)** demonstrating our continued growth mainly in Asia.
- **The quality of HCBV's loan portfolio** increased slightly in Q1 2016 with the NPL (i.e. loans more than 90 days overdue) share of the gross loan book down to 9.0% (10.0% as at 31 December 2015 and 16.1% at 31 March 2015). The Russian subsidiary reported a drop in NPLs to 11.5% (down from 13.3% at the 2015 year-end) reflecting an increased focus on loan quality and collections.
- **The NPL coverage ratio rose** to 119.6% (31 December 2015: 115.7%).
- **HCBV's customer deposits** declined 6.1% to EUR 4,607 million (31 December 2015: EUR 4,909 million) in line with funding requirements.
- **Impairment losses** were EUR 145.0 million in the period, down substantially from EUR 238.2 million the same period a year earlier.
- **HCBV remains strongly capitalised** with total equity of EUR 1,185 million and a solid **equity to asset ratio** of 12%.

KPIs SUMMARY

Business Results	Q1 2016	YE 2015	Q1 2015
Loans granted YTD (EUR million)	2,109	6,558	1,122
Number of active clients (million)	14.0	12.5	9.1
Number of distribution points	195,379	185,893	154,056
- Number of POSs and loan offices	193,041	183,488	151,455
- Number of bank branches	373	439	629
- Number of post offices	1,965	1,966	1,972
Number of employees (thousand)	77.4	72.9	55.5

Profit and Loss (EUR million)	Q1 2016	2015	Q1 2015
Net interest income	332	1,193	269
Operating income	419	1,619	368
Credit risk costs ¹	(145)	(725)	(238)
Operating expenses ²	(247)	(887)	(196)
Net result for the period	15	(42)	(57)

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

2) Operating expenses comprise general administrative and other operating expenses

Financial Position (EUR million)	Q1 2016	YE 2015
Total assets	9,897	9,656
Net loan portfolio	6,228	5,835
Equity	1,185	1,196
Wholesale funding	3,627	3,131
Customer deposits and current accounts	4,607	4,909

Source: Home Credit B.V., consolidated.

KEY RATIOS

Profit and Loss Ratios	Q1 2016	2015	Q1 2015
Net interest margin ¹	14.5%	15.4%	17.0%
Net interest income to operating income	79.2%	73.7%	73.3%
Cost to average net loans ²	16.4%	16.1%	15.2%
Cost to income ratio ³	58.9%	54.8%	53.2%
Cost of risk ratio ⁴	9.6%	13.2%	18.6%
ROAA ⁵	0.6%	(0.5%)	(3.2%)

Financial Position Ratios	Q1 2016	YE 2015	Q1 2015
Net loans to total assets	62.9%	60.4%	69.5%
NPL ratio ⁶	9.0%	10.0%	16.1%
NPL coverage ratio ⁷	119.6%	115.7%	102.7%
Deposits to total liabilities	52.9%	58.0%	55.6%
Equity to assets	12.0%	12.4%	17.6%
Equity and deposits to net loans ratio	93.0%	104.6%	91.3%

Source: Home Credit B.V., consolidated.

Notes:

1) Net interest margin is calculated as net interest income divided by the average balance of net interest earning assets.



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The company is incorporated in the trade register of the Chamber of Commerce for Amsterdam under the file number 34126597.

2) Cost to average net loans is calculated as general administrative and other operating expenses divided by average net loans.

3) Cost to income ratio is calculated as general administrative and other operating expenses divided by operating income.

4) Cost of risk ratio represents impairment losses on the loan portfolio divided by average balance of net loans to customers.

5) RoAA is calculated as net profit divided by average balance of total assets.

6) NPL ratio is calculated as gross non-performing loans divided by total gross loans. The Group defines non-performing loans as collectively impaired loans that are overdue by more than 90 days as well as loans considered individually impaired.

7) NPL coverage ratio is calculated as loan loss provisions divided by gross non-performing loans.

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NOTES TO EDITORS

Home Credit B.V. ("HCBV" or 'the Group') is an international consumer finance provider with operations in 11 countries with high potential to grow. Founded in 1997, we focus on responsible lending primarily to people with little or no credit history. Our services are simple, easy and fast. We operate in highly attractive markets with significant barriers to entry. We are a leading provider of consumer finance in selected countries. It is our experience and knowledge across the different markets, which sustainably puts us ahead of our competitors. We drive and broaden financial inclusion for the unbanked population by providing a positive and safe borrowing experience – the first for many of our customers. We promote higher living standards and meet borrowers' financial needs. Our 77.4 thousand employees have so far served 56.5 million customers through the vast distribution network comprising 195,379 points of sale, loan offices, branches and post offices. HCBV's total consolidated assets reached EUR 9.9 billion as at 31 March 2016. *More information on HCBV is available at www.homecredit.net.*

The majority shareholder (88.62% stake) of Home Credit B.V. is PPF Financial Holdings B.V., a 100% subsidiary of **PPF Group N.V. ("PPF")**. PPF invests into multiple market segments such as banking and financial services, telecommunications, insurance, real estate, metal mining, agriculture, retail and biotechnology. PPF's reach spans from Europe to Russia, the USA and across Asia. PPF owns assets of EUR 21.3 billion (as at 30 June 2015). More information on PPF is available at www.ppf.eu.

A minority stake (11.38%) of Home Credit B.V. is held by **EMMA OMEGA LTD**, an investment holding company ultimately owned by Mr. Jiri Smejck.