



Press Release

Home Credit B.V.: IFRS consolidated results for the six month period ended 30 June 2015

Improvement in challenging Russian market supported by strong profitable growth in Asia

Amsterdam, 28 August 2015: 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 six-month period ended 30 June 2015 in accordance with International Financial Reporting Standards (IFRS).

"While many of our operations continue to grow strongly, the challenging conditions in Russia during the first half again weighed upon the overall results of the Group. After a difficult start to the year, in the second quarter the Russian business benefited from the stabilising effect of many on-going initiatives to improve the performance there. Efforts to tighten lending criteria, strengthen collection procedures, resize and innovate our distribution network and cut costs started to take effect and we will continue to manage the business tightly to foster a further improvement in the second half.

We remain very pleased with the overall performance of our Asian operations, which are progressing strongly. Our successful roll-out in China continues apace with Home Credit now operating in 24 provinces and on track to reach almost 300 cities around the end of the year. Our expansion in India has been extremely successful with Home Credit now the fastest growing financial business in the country, having established a presence in 23 cities, and we continue to develop our operations in Indonesia and the Philippines, together our investment phase markets, to ensure that we have additional solid future platforms for growth.

Throughout the Group, we are keenly focused on driving innovation to ensure that all our businesses are as efficient as possible while providing the best customer offering, tailored to the specific needs of each country's demographics. Following the positive results from the establishment of a research centre in the Czech Republic we opened centres in Russia and China this year to ensure Home Credit knows its customers better than its competitors and is continuously able to innovate its service offering. For example, in the Czech Republic, one of our more mature markets, we have created a revolutionary new entrant to the market with our peer-to-peer lending platform, Zonky.com, where individuals can lend to one another directly without intermediaries, an on-line shopping service called "Buy-and-Be Sure" and other projects.

So although the start to the year has been challenging in one key market - a market which is responding well to our stabilisation efforts - our other operations, while smaller, continue to deliver strong growth and excellent prospects for the future. "

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

Home Credit's focus remains on balancing the business geographically, with Asia playing an increasingly larger role with EUR 2.6 billion of loans granted during the first half year and reaching 9.7 million active clients. Looking to the second half, we will continue to focus on strengthening our presence in our chosen markets, working to maximise revenue streams and profitability in the more mature markets whilst successfully continuing to drive growth and investment across the fast-growing Asian countries.



HIGHLIGHTS

The Group posted a net loss of EUR 90 million in the first six months of 2015 compared to EUR 79 million loss for first half of 2014. Profits were pulled lower by the weakening of the overall economy in Russia but offset by strong performances across Asia. Net loss for the second quarter was EUR 33 million, a substantial improvement on the EUR 57 million net loss in the first quarter, illustrating the stabilizing effect of ongoing initiatives to counter the challenges in Russia.

Operating income was in turn impacted by the more conservative approach to lending in Russia, falling by 22.4% to EUR 778 million (6M 2014: EUR 1,004 million) meaning that Net interest income fell correspondingly by 24.2% to EUR 559 million compared to EUR 737 million for the same period last year. This in turn put pressure on the net interest margin which was reduced to 15.7% (6M 2014: 18.5%).

However, the more positive effect of tightened lending criteria in Russia combined with a growth strategy in Asia can be seen in **the increased quality of HCBV's loan portfolio**: as at 30 June 2015 NPL (i. e. loans more than 90 days overdue) share of the gross loan book was reduced to 13.3% (15.3% as at 31 December 2014). Furthermore, the **NPL coverage ratio stands at the very comfortable level of 111.9%** (31 December 2014: 106.4%).

The Group's ongoing drive for efficiency reduced **general administrative and other operating expenses** by 7.4% to EUR 415 million from EUR 448 million. However, the cost-to-income ratio increased to 53.4% from 44.7% in 6M 2014, largely as a result of the fall in income during the six month period.

The Group focused on **resizing its Russian distribution network** while continuing to invest in further expansion in Asia and, as at 30 June 2015, HCBV's multi-channel network consists of **161,654 distribution points** with 159,206 POS and loan offices, 502 bank branches and 1,946 post offices.

The Group has acquired Air Bank, a retail bank registered in the Czech Republic. Air Bank is the Czech Republic's fastest growing bank which has become profitable two years after its launch. The transaction took place at the end of June 2015; therefore, there was no contribution to the Group's profit by Air Bank in the first six months of 2015. However, the acquisition boosted the Group's retail deposit portfolio and loan portfolio, and the Group expects to see a positive effect on its profit in the coming periods.

The net loan portfolio rose overall to EUR 5,878 million (31 December 2014: EUR 5,060 million) largely because of strong growth across the Group's Asian operations, particularly China, and acquisition of Air Bank.

New loan volumes during 6M 2015 reached EUR 2,603 million, down 24.7% from the previous year (6M 2014: EUR 3,456 million), impacted by the cautious steps taken in Russia. In contrast, the new volumes in China rose almost 50 per cent y-o-y, validating the strategic decision to expand into Asia's high-growth markets.

HCBV's customer deposits reached EUR 5,557 million as at 30 June 2015 almost double that of the end of 2014 (31 December 2014: EUR 2,890 million) predominantly as a result of the Group's acquisition of Air Bank in the Czech Republic, which added an additional EUR 2,251 million. The share of current account balances and term deposits now comprises 68.2% of total liabilities (31 December 2014: 49.8%).

HCBV remains strongly capitalized with total equity of EUR 1,338 million and equity to asset ratio of 14.1% (31 December 2014: 17.6%).

KPIs SUMMARY

Business Results	6M 2015	FY 2014	6M 2014
Loans granted YTD (EUR millions)	2,603	6,792	3,456
Number of clients actively served (millions)	9.7	9.1	7.9
Number of distribution points	161,654	166,272	145,236
- Number of POSs and loan offices	159,206	162,692	141,325
- Number of bank branches	502	853	1,108
- Number of post offices	1,946	2,727	2,803
Number of employees (thousands)	57.6	58.3	53.9

Profit and Loss (EUR millions)	6M 2015	FY 2014	6M 2014
Net interest income	559	1,377	737
Operating income	778	1,943	1,004
Credit risk costs¹	(453)	(1,116)	(623)
Operating expenses²	(415)	(866)	(448)
Net profit for the year	(90)	(60)	(79)

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

2) Operating expenses comprise general administrative and other operating expenses

Financial Position (EUR millions)	6M 2015	FY 2014
Total assets	9,486	7,037
Net loan portfolio	5,878	5,060
Equity	1,338	1,239
Wholesale funding	2,212	2,552
Customer deposits and current accounts	5,557	2,890

Source: Home Credit B.V., consolidated

KEY RATIOS

Profit and Loss Ratios	6M 2015	FY 2014	6M 2014
Net interest margin¹	15.7%	18.0%	18.5%
Net interest income to operating income	71.8%	70.9%	73.4%
Cost to average net loans²	15.4%	13.8%	13.5%
Cost to income ratio³	53.4%	44.6%	44.7%
Cost of risk ratio⁴	16.8%	17.8%	18.7%
ROAA⁵	(2.3%)	(0.7%)	(1.8%)

Financial Position Ratios	6M 2015	FY 2014	6M 2014
Net loans to total assets	62.0%	71.9%	72.6%
NPL ratio⁶	13.3%	15.3%	16.2%
NPL coverage ratio⁷	111.9%	106.4%	107.0%
Deposits to total liabilities	68.2%	49.8%	66.3%
Equity to assets	14.1%	17.6%	16.0%
Equity and deposits to net loans	117.3%	81.6%	98.8%

Source: Home Credit B.V., consolidated

Notes:

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

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

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

4) Cost of risk 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



Home Credit B.V., Strawinskylaan 933, 1077 XX Amsterdam, Netherlands
Tel.: +31 (0) 208 813 120, Fax: +31 (0) 208 813 129, E-mail: info@homecredit.eu, Web: www.homecredit.net
The company is incorporated in the trade register of the Chamber of Commerce for Amsterdam under the file number 34126597.

CONTACTS FOR INVESTORS

Petr Kohout

Group Chief Financial Officer
Home Credit B.V. / Home Credit International, a.s.
Tel.: +420 224 174 560
E-mail: petr.kohout@homecredit.eu

CONTACTS FOR MEDIA

Milan Tomanek

Group Head of Public Relations
Home Credit B.V. / Home Credit International, a.s.
Tel.: +420 224 174 066
E-mail: milan.tomanek@homecredit.eu

NOTES TO EDITORS

Home Credit B.V. ("HCBV" or 'the Group') is an international consumer finance provider with operations in 10 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 57.6 thousand employees have so far served 47.8 million customers through the vast distribution network comprising 161,654 points of sale, loan offices, branches and post offices. HCBV's total consolidated assets reached EUR 9.5 as at 30 June 2015. *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 Group owns assets of EUR 21.9 billion (as at 31 December 2014). More information on PPF Group N.V. 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 Smejč.