



## Press Release

Home Credit B.V.:  
IFRS consolidated results for the year ended 31 December 2013

### Home Credit's Asian expansion strategy successfully delivers

**Amsterdam, 11 March 2014: 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 year ended 31 December 2013 in accordance with International Financial Reporting Standards (IFRS).**

*"Last year we have benefited from our drive to achieve geographical diversification thanks to the positive contribution made by our business across Asia. In China we substantially increased our presence and recently provide loans in 14 provinces; in Kazakhstan we strengthened deposit gathering capabilities through opening new branches in regions, we successfully launched our business in Indonesia and the Philippines. Furthermore, we have continued to drive further cost efficiencies while also growing loans and deposits.*

*The robust performance in Asia tempered a weaker result in Russia, where regulatory reform and economic pressures hampered profitable growth – although the Russian business still posted a healthy Return on Average Equity of 20.9%. Even with the impact from Russia the Group posted a net profit for the year of EUR 324 million.*

*Our 2013 results fully validate the Group expansion strategy to high growth markets in Asia. In the future, the Russian business will have a smaller impact on overall Group performance thanks to the increased contribution from the Asian operations. I expect this positive, stabilizing trend to continue in the years to come."*

**Jiří Šmejč,**  
**Chairman of the Board of Directors and Chief Executive Officer, Home Credit B.V.**

### HIGHLIGHTS

**2013 saw a strong operational performance** at Home Credit with the value of loans granted rising by 20.4% to EUR 9,741 million while the number of active clients grew to 7.7 million, up 17.4%. Distribution points grew by 27% to almost 140,000, with 135,459 POS and loan offices, 1,328 bank branches and 2,825 post offices.

**The net loan portfolio rose, up 9.8% to EUR 7,171 million (2012: EUR 6,531 million).** This increase was driven by our strategy to drive organic growth across the Group and continue building new businesses in Asia, entering Indonesia and the Philippines during 2013, although growth was held back by the tough economic backdrop in Russia.

**Total assets were stable at EUR 9.313 billion.**

**The Group posted a net profit in 2013 of EUR 324 million,** down 35.9%, impacted by the tough economic and regulatory environment in Russia, but supported by a strong performance in China, and solid contribution from Kazakhstan, Slovakia, and Belarus.

**Operating income in 2013 reflected the growth across its regions,** specifically in Russia, China and Kazakhstan, rising by 43.3% to EUR 2,542 million (2012: EUR 1,773 million). Net interest income in 2013 increased by 66.7% to EUR 1,762 million compared to EUR 1,057 million for the prior year. The Net Interest Margin remained solid at 19.9%.

**General administrative and other operating expenses** rose by 41.3% to EUR 925 million from EUR 655 million due to the increase in number of employees linked mainly to the development of the distribution networks in Russia, Kazakhstan and China. HCBV continues to implement

stringent cost management initiatives; **the cost-to-income ratio improved slightly at 36.4% from 36.9% in 2012.**

**HCBV continued to add steadily to retail deposits with the balance rising by 8.1% to EUR 5,105 million** (31 December 2012: EUR 4,724 million). Share of current account balances and term deposits now comprise 65.6% of total liabilities (31 December 2012: 59.6%).

**The quality of HCBV's loan portfolio** dipped in 2013 with the NPL (non-performing loans more than 90 days overdue) share of the gross loan book up to 12.2% (7.6% as at 31 December 2012) due to the deteriorating position in Russia. However, the NPL coverage ratio remained strong at 117% (2012: 118.9%).

**HCBV remains strongly capitalised and deposits are now the key source of external funding:** total equity amounted to EUR 1,532 million as at 31 December 2013.

### KPIs SUMMARY

| <b>Business Results</b>             | <b>As at Dec 31, 2013</b> | <b>As at Dec 31, 2012</b> | <b>Change, %</b> |
|-------------------------------------|---------------------------|---------------------------|------------------|
| Loans granted YTD (EUR millions)    | 9,741                     | 8,088                     | 20.4%            |
| Number of active clients (millions) | 7.7                       | 6.6                       | 17.4%            |
| Number of distribution points       | 139,612                   | 109,927                   | 27.0%            |
| - Number of POS's and loan offices  | 135,459                   | 105,869                   | 27.9%            |
| - Number of bank branches           | 1,328                     | 961                       | 38.2%            |
| - Number of post offices            | 2,825                     | 3,097                     | -8.8%            |
| Number of employees (thousands)     | 51.4                      | 38.9                      | 32.3%            |

| <b>Profit and Loss (EUR millions)</b> | <b>2013</b> | <b>2012</b> | <b>Change, %</b> |
|---------------------------------------|-------------|-------------|------------------|
| Net interest income                   | 1,762       | 1,057       | 66.7%            |
| Operating income                      | 2,542       | 1,773       | 43.3%            |
| Credit risk costs <sup>1</sup>        | (1,186)     | (478)       | 147.9%           |
| Operating expenses <sup>2</sup>       | (925)       | (655)       | 41.3%            |
| Net profit for the year               | 324         | 506         | -35.9%           |

1) Credit risk costs represent impairment losses

2) Operating expenses comprise general administrative and other operating expenses

| <b>Financial Position (EUR millions)</b> | <b>As at Dec 31, 2013</b> | <b>As at Dec 31, 2012</b> | <b>Change, %</b> |
|--|---------------------------|---------------------------|------------------|
| Total assets                             | 9,313                     | 9,426                     | -1.2%            |
| Net loan portfolio                       | 7,171                     | 6,531                     | 9.8%             |
| Equity                                   | 1,532                     | 1,505                     | 1.8%             |
| Wholesale Funding                        | 2,236                     | 2,871                     | -22.1%           |
| Customer deposits and current accounts   | 5,105                     | 4,724                     | 8.1%             |

Source: Home Credit B.V., consolidated.

### KEY RATIOS

| <b>Profit and Loss Ratios</b>           | <b>2013</b> | <b>2012</b> |
|---|-------------|-------------|
| Net interest margin <sup>1</sup>        | 19.9%       | 18.9%       |
| Net interest income to operating income | 69.3%       | 59.6%       |
| Cost to average net loans <sup>2</sup>  | 13.0%       | 15.0%       |
| Cost income ratio <sup>3</sup>          | 36.4%       | 36.9%       |
| Cost of risk ratio <sup>4</sup>         | 16.7%       | 11.0%       |
| ROAA <sup>5</sup>                       | 3.3%        | 8.1%        |

| <b>Financial Position Ratios</b>              | <b>As at Dec 31, 2013</b> | <b>As at Dec 31, 2012</b> |
|---|---------------------------|---------------------------|
| <b>Net loans to total assets</b>              | 77.0%                     | 69.3%                     |
| <b>NPL ratio<sup>6</sup></b>                  | 12.2%                     | 7.6%                      |
| <b>NPL coverage ratio<sup>7</sup></b>         | 117.0%                    | 118.9%                    |
| <b>Deposits to total liabilities</b>          | 65.6%                     | 59.6%                     |
| <b>Equity to assets</b>                       | 16.5%                     | 16.0%                     |
| <b>Equity and deposits to net loans ratio</b> | 92.6%                     | 95.4%                     |

Source: Home Credit B.V., consolidated.

Notes:

- 1) Net interest margin is calculated as net interest income divided by the average balance of net interest earning assets.
- 2) Cost to average net loans is calculated as general administrative and other operating expenses divided by average net loans.
- 3) Cost to income ratio is calculated as general administrative and other operating expenses divided by operating income.
- 4) Cost of risk represents impairment losses 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")** is a leading multi-channel provider of consumer finance in Central and Eastern Europe ("CEE") and in Asia. Founded in 1997, HCBV is focused on the eight key consumer finance markets of the Czech Republic, Slovakia, the Russian Federation, Belarus, Kazakhstan, China, India, Indonesia and is developing a new business in the Philippines\*. HCBV's core business is to provide consumer finance lending to qualified mass market retail customers (POS loans, cash loans, revolving loans, credit cards and car loans). As its business expands HCBV is also selectively adding retail deposit and current account services for its customers in the markets where it holds a banking licence. Its 51.4 thousand employees have so far served 37.4 million customers through its vast distribution network comprising of 139,612 points of sale, loan offices, branches and post offices. HCBV's total consolidated assets reached EUR 9.3 billion as at 31 December 2013. *More information on HCBV is available at [www.homecredit.eu](http://www.homecredit.eu).*

Majority shareholder (86.62% stake) of Home Credit B.V. is **PPF Group N.V. ("PPF")**. PPF invests into multiple market segments such as banking and financial services, telecommunications, insurance, real estate, energy, metal mining, agriculture, retail and biotechnology. PPF's reach spans from Central and Eastern Europe to Russia and across Asia. PPF Group owns assets of EUR 22.1 billion (as at 30 June 2013). *More information on PPF Group N.V. is available at [www.ppf.eu](http://www.ppf.eu).*

Minority stake (13.38%) of Home Credit B.V. is held by **EMMA OMEGA LTD**, an investment holding company ultimately owned by Mr. Jiří Šmejč.

\* Home Credit B.V. also executed agreements with PPF Group N.V. concerning the future acquisition of a 100% ownership stake in the following companies: Home Credit Consumer Finance Co., Ltd. [China], CF Commercial Consulting (Beijing) Co. Ltd. [China] and PPF Vietnam Finance Company Limited [Vietnam]. The completion of the transactions is subject to obtaining regulatory approval from the respective regulators in China and Vietnam. Therefore, these three entities were not consolidated as at 31 December 2013.