

Home Credit B.V.

**Condensed Consolidated Interim Financial Report
for the three-month period ended 31 March 2015**

(unaudited)

Contents

Condensed Consolidated Interim Financial Statements

Condensed Consolidated Interim Statement of Financial Position	3
Condensed Consolidated Interim Statement of Comprehensive Income	4
Condensed Consolidated Interim Statement of Changes in Equity	5
Condensed Consolidated Interim Statement of Cash Flows	7
Notes to the Condensed Consolidated Interim Financial Statements	8

	Note	31 Mar 2015 TEUR	31 Dec 2014 TEUR
ASSETS			
Cash and cash equivalents	8	848,358	865,552
Due from banks, other financial institutions and holding companies	9	463,451	171,829
Loans to customers	10	5,205,184	5,059,514
Positive fair value of derivative instruments	11	160,652	144,846
Financial assets available-for-sale	12	280,360	306,172
Assets classified as held for sale	5	3,393	5,705
Current income tax receivables		21,893	20,266
Deferred tax assets		103,075	66,167
Investments in associates		931	2,252
Intangible assets	13	106,804	100,466
Property and equipment	14	167,944	157,603
Other assets	15	131,631	136,210
Total assets		<u>7,493,676</u>	<u>7,036,582</u>
LIABILITIES			
Current accounts and deposits from customers	16	3,432,331	2,889,966
Due to banks and other financial institutions	17	1,142,772	1,434,149
Debt securities issued	18	604,769	575,112
Negative fair value of derivative instruments	19	4,385	5,583
Current income tax liabilities		42,214	33,560
Deferred tax liabilities		3,409	3,045
Insurance and other provisions	20	79,231	80,928
Subordinated liabilities	21	626,418	542,297
Other liabilities	22	239,198	233,065
Total liabilities		<u>6,174,727</u>	<u>5,797,705</u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	23	659,020	659,020
Share premium	23	299,872	299,872
Statutory reserves	23	28,451	24,671
Foreign currency translation	23	(363,961)	(505,114)
Cash flow hedge reserve	23	10,261	12,971
Reserve for business combinations under common control	23	(81,406)	(80,685)
Revaluation reserve	23	(1,936)	(4,364)
Other reserves		766,804	828,682
Total equity attributable to equity holders of the Company		<u>1,317,105</u>	<u>1,235,053</u>
Non-controlling interests	24	<u>1,844</u>	<u>3,824</u>
Total equity		<u>1,318,949</u>	<u>1,238,877</u>
Total liabilities and equity		<u>7,493,676</u>	<u>7,036,582</u>

Home Credit B.V.
Condensed Consolidated Interim Statement of Comprehensive Income
for the three-month period ended 31 March 2015

	Note	3 months ended 31 Mar 2015 TEUR	3 months ended 31 Mar 2014 TEUR
Interest income	25	425,659	545,771
Interest expense	25	(156,375)	(156,533)
Net interest income		269,284	389,238
Fee and commission income	26	85,008	122,809
Fee and commission expense	27	(22,418)	(25,246)
Net fee and commission income		62,590	97,563
Insurance income	28	10,176	8,041
Net gains/(losses) on financial assets and liabilities	29	148	(1,525)
Other operating income	30	23,307	25,011
Operating income		365,505	518,328
Impairment losses on financial assets	31	(238,242)	(368,639)
General administrative expenses	32	(172,262)	(192,315)
Other operating expenses	33	(21,210)	(20,863)
Operating expenses		(431,714)	(581,817)
Losses on disposals of associates and subsidiaries		(125)	-
Share of earnings in associates		589	-
Loss before tax		(65,745)	(63,489)
Income tax benefit	34	8,330	1,273
Net loss for the period		(57,415)	(62,216)
Loss attributable to:			
Equity holders of the Company		(56,599)	(61,369)
Non-controlling interests	24	(816)	(847)
		(57,415)	(62,216)
Other comprehensive income which will be subsequently reclassified to profit or loss:			
Currency translation		146,140	(104,900)
Revaluation gains/(losses) on available-for-sale financial assets		5,696	(2,335)
Revaluation of available-for-sale financial assets transferred to profit or loss		(2,662)	128
Cash flow hedge reserve – effective portion of changes in fair value		5,948	30,113
Cash flow hedge reserve – net amount transferred to profit or loss		(9,335)	(21,766)
Income tax relating to components of other comprehensive income		71	(1,227)
Other comprehensive income for the period		145,858	(99,987)
Total comprehensive income for the period		88,443	(162,203)
Total comprehensive income attributable to:			
Equity holders of the Company		89,244	(162,186)
Non-controlling interests		(801)	(17)
		88,443	(162,203)

Home Credit B.V.
Condensed Consolidated Interim Statement of Changes in Equity
for the three-month period ended 31 March 2015

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 of 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

Attributable to equity holders of the Company

	Share capital TEUR	Share premium TEUR	Statutory reserves TEUR	Foreign currency translation TEUR	Reserve for business combinations under common control TEUR	Revaluation reserve TEUR	Cash flow hedge reserve TEUR	Other reserves TEUR	Total TEUR	Non- controlling interests TEUR	Total equity TEUR
Balance as at 1 January 2014	659,020	184,377	11,672	(208,627)	15,106	431	(73)	867,649	1,529,555	2,916	1,532,471
Changes in non-controlling interests	-	-	-	-	-	-	-	(157)	(157)	157	-
Transfers	-	-	618	-	-	-	-	(618)	-	-	-
Total	659,020	184,377	12,290	(208,627)	15,106	431	(73)	866,874	1,529,398	3,073	1,532,471
Currency translation	-	-	-	(105,730)	-	-	-	-	(105,730)	830	(104,900)
Revaluation of available-for-sale financial assets, net of tax	-	-	-	-	-	(1,765)	-	-	(1,765)	-	(1,765)
Change in cash flow hedge reserve, net of tax	-	-	-	-	-	-	6,678	-	6,678	-	6,678
Loss for the period	-	-	-	-	-	-	-	(61,369)	(61,369)	(847)	(62,216)
Total comprehensive income for the period	-	-	-	(105,730)	-	(1,765)	6,678	(61,369)	(162,186)	(17)	(162,203)
Total changes	-	-	618	(105,730)	-	(1,765)	6,678	(62,144)	(162,343)	140	(162,203)
Balance as at 31 March 2014	659,020	184,377	12,290	(314,357)	15,106	(1,334)	6,605	805,505	1,367,212	3,056	1,370,268

Home Credit B.V.
Condensed Consolidated Interim Statement of Cash Flows
for the three-month period ended 31 March 2015

	Note	3 months ended 31 Mar 2015 TEUR	3 months ended 31 Mar 2014 TEUR
Net operating cash flow before changes in working capital		401,181	479,434
Cash flows from operations		252,989	467,210
Cash flows from operating activities		105,133	283,756
Cash flows from/(used in) investing activities		1,648	(26,734)
Cash flows used in financing activities		<u>(189,554)</u>	<u>(83,273)</u>
Net (decrease)/increase in cash and cash equivalents		(82,773)	173,749
Cash and cash equivalents as at 1 January	8	865,552	926,483
Effects of exchange rate changes on cash and cash equivalents		<u>65,579</u>	<u>(60,084)</u>
Cash and cash equivalents as at 31 March	8	<u><u>848,358</u></u>	<u><u>1,040,148</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 2015	31 Dec 2014
PPF Group N.V.	Netherlands	86.62	86.62
EMMA OMEGA LTD	Cyprus	13.38	13.38

The ultimate controlling party is Mr. Petr Kellner, who exercises control through PPF Group N.V.

Principal activities

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

Board of Directors

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

1. Description of the Group (continued)

Consolidated subsidiaries	Country of incorporation	Ownership interest (%)	
		31 Mar 2015	31 Dec 2014
Home Credit Bank (OJSC)	Belarus	100.00	100.00
PPF Insurance (FICJSC)	Belarus	100.00	100.00
Guangdong Home Credit Financing Guarantee Co., Ltd.	China	100.00	100.00
Home Credit Business Management (Tianjin) Co., Ltd. ¹⁾	China	100.00	100.00
Home Credit Consumer Finance Co., Ltd.	China	100.00	100.00
Sichuan Home Credit Financing Guarantee Co., Ltd.	China	100.00	100.00
Shenzhen Home Credit Financial Service Co., Ltd.	China	100.00	100.00
Shenzhen Home Credit Number One Consulting Co., Ltd.	China	100.00	100.00
CF Commercial Consulting (Beijing) Co., Ltd. ²⁾	China	100.00	-
Redlione (LLC)	Cyprus	100.00	100.00
Astavedo Limited	Cyprus	100.00	100.00
Enadoco Limited	Cyprus	100.00	100.00
Rhaskos Finance Limited	Cyprus	100.00	100.00
Septus Holding Limited	Cyprus	100.00	100.00
Sylinder Capital Limited	Cyprus	100.00	100.00
Talpa Estero Limited	Cyprus	100.00	100.00
Click Credit (LLC)	Czech Republic	100.00	100.00
Different Money (LLC)	Czech Republic	100.00	100.00
Home Credit (JSC)	Czech Republic	100.00	100.00
Home Credit International (JSC)	Czech Republic	100.00	100.00
HC Broker (LLC)	Czech Republic	100.00	100.00
HC Insurance Services (LLC)	Czech Republic	100.00	100.00
Autotým (LLC)	Czech Republic	100.00	100.00
Home Credit Egypt Trade S.A.E. ¹⁾	Egypt	100.00	100.00
Favour Ocean Ltd.	Hong Kong	100.00	100.00
Home Credit Asia Limited	Hong Kong	100.00	100.00
Saint World Ltd.	Hong Kong	100.00	100.00
Home Credit India Finance Private Limited	India	100.00	100.00
PT. Home Credit Indonesia	Indonesia	85.00	75.48
Home Credit Kazakhstan (JSC)	Kazakhstan	100.00	100.00
Home Credit and Finance Bank (SB JSC)	Kazakhstan	100.00	100.00
Eurasia Capital S.A. ³⁾	Luxemburg	0.00	0.00
Eurasia Structured Finance No.1 S.A. ^{1) 3)}	Luxemburg	0.00	0.00
Eurasia Credit Card Company S.A. ^{3) 4)}	Luxemburg	-	0.00
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	95.34	95.34
PPF Home Credit IFN S.A. ¹⁾	Romania	100.00	100.00
Home Credit and Finance Bank (LLC)	Russian Federation	100.00	100.00
Financial Innovations (LLC)	Russian Federation	100.00	100.00
Home Credit Express (LLC)	Russian Federation	100.00	100.00
Bonus Center Operations (LLC) ¹⁾	Russian Federation	100.00	100.00

¹⁾ subsidiaries in the process of liquidation

²⁾ subsidiary acquired in 2015

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

⁴⁾ subsidiary liquidated in 2015

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 2015	31 Dec 2014
Home Credit Insurance (LLC)	Russian Federation	100.00	100.00
HC Finance (LLC) ¹⁾	Russian Federation	0.00	0.00
HC Finance No. 2 (LLC) ¹⁾	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	100.00	100.00
Home Credit US Holding (LLC)	USA	100.00	100.00
Easy Dreams Company Limited ²⁾	Vietnam	-	100.00
Home Credit Vietnam Finance Company Limited	Vietnam	100.00	100.00

¹⁾ special purpose entities established to facilitate the Group's issues of debt securities and subordinated liabilities

²⁾ subsidiary sold in 2015

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

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

2. Basis of preparation

The condensed consolidated interim financial statements for the three-month period ended 31 March 2015 comprise the Company and its subsidiaries.

(a) Statement of compliance

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

(b) Basis of measurement

The condensed consolidated interim financial statements are prepared on the historic cost basis except for financial instruments at fair value through profit or loss and financial assets available-for-sale that are measured at fair value. Financial assets and liabilities and non-financial assets and liabilities which are valued at historic cost are stated at amortized cost or historic cost, as appropriate, net of any relevant impairment.

(c) Presentation and functional currency

These financial statements are presented in Euro (EUR), which is the Company's functional currency and Group's presentation currency. Financial information presented in EUR has been rounded to the nearest thousand (TEUR).

(d) Changes in comparative figures

Stamp duties paid were previously presented as an item reducing penalty fee income. In 2015 they are presented as part of fee and commission expense.

Accordingly, stamp duties of TEUR 2,579 for the three-month period ended 31 March 2014 were reclassified from penalty fees in fee and commission income to fee and commission expense in order to conform to the presentation in 2015.

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.

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.

2. Basis of preparation (continued)

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.

(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.

2. Basis of preparation (continued)

(iii) Special purpose entities

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

(iv) Transactions eliminated on consolidation

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

3. Significant accounting policies

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

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

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

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

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

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

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

A number of new Standards, amendments to Standards and Interpretations were not yet effective as of 31 March 2015, and have not been applied in preparing these financial statements. Of these pronouncements, potentially the following will have an impact on the Group's operations. The Group plans to adopt these pronouncements when they become effective. The Group is in the process of analysing the likely impact on its financial statements.

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

This new standard was published on 12 November 2009 as part of phase I of the IASB's comprehensive project to replace IAS 39. It deals with classification and measurement of financial assets. The requirements of this standard represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables. In October 2010 the IASB added to IFRS 9 the requirements for classification and measurement of financial liabilities while most of the requirements in IAS 39 were carried forward unchanged to IFRS 9. IFRS 9 has not yet been adopted by the EU.

3. Significant accounting policies (continued)

IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2017)

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.

Amendments to IAS 1 Presentation of Financial Statements (effective from 1 January 2016)

The Amendments to IAS 1 include the following five, narrow-focus improvements to the disclosure requirements contained in the standard.

The guidance on materiality in IAS 1 has been amended to clarify that:

- immaterial information can detract from useful information;
- materiality applies to the whole of the financial statements; and
- materiality applies to each disclosure requirement in an IFRS.

The guidance on the order of the notes (including the accounting policies) have been amended, to:

- remove language from IAS 1 that has been interpreted as prescribing the order of notes to the financial statements; and
- clarify that entities have flexibility about where they disclose accounting policies in the financial statements.

Annual Improvements 2012-2014 Cycle (effective from 1 January 2016)

In September 2014 the IASB published Annual Improvements to IFRSs 2012-2014 Cycle as part of the annual improvements process to make non-urgent but necessary amendments to IFRS. The new cycle of improvements contains amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34. These Annual Improvements have not yet been adopted by the EU.

4. Financial risk management

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

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

5. Assets and liabilities classified as held for sale

Assets classified as held for sale as at 31 March 2015 represent assets acquired through court decisions on defaulted mortgages.

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

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

	31 Mar 2015	31 Dec 2014
	TEUR	TEUR
ASSETS		
Property and equipment	-	1,932
Other assets	3,393	3,773
	<hr/>	<hr/>
Total assets	3,393	5,705
	<hr/> <hr/>	<hr/> <hr/>

6. Segment reporting

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

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

Vietnam became a new geographical segment in July 2014 following the acquisition of Home Credit Vietnam Finance Company Limited.

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). Current and deferred income tax assets and liabilities are excluded from segment assets and liabilities.

	Russian Federation	Czech Republic	Slovak Republic	Belarus	Kazakhstan	Vietnam	China	Other	Unallocated¹	Eliminations	Consolidated
	3 months ended 31 Mar 2015	3 months ended 31 Mar 2015	3 months ended 31 Mar 2015	3 months ended 31 Mar 2015	3 months ended 31 Mar 2015	3 months ended 31 Mar 2015	3 months ended 31 Mar 2015	3 months ended 31 Mar 2015	3 months ended 31 Mar 2015	3 months ended 31 Mar 2015	3 months ended 31 Mar 2015
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Revenue from external customers ²	233,528	3,463	2,843	15,306	56,880	41,716	163,497	5,875	2,244	-	525,352
Inter-segment revenue	4,440	-	-	-	-	-	-	168	239	(4,847)	-
Total revenue	237,968	3,463	2,843	15,306	56,880	41,716	163,497	6,043	2,483	(4,847)	525,352
Net interest income from external customers	83,017	1,068	1,188	6,895	31,011	28,132	116,367	4,023	(2,417)	-	269,284
Inter-segment net interest income	4,344	-	-	(226)	(769)	(573)	-	83	(3,556)	697	-
Total net interest income	87,361	1,068	1,188	6,669	30,242	27,559	116,367	4,106	(5,973)	697	269,284

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

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

6. Segment reporting (continued)

	Russian Federation	Czech Republic	Slovak Republic	Belarus	Kazakhstan	Vietnam	China	Other	Unallocated ¹	Eliminations	Consolidated
	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
Income tax benefit/(expense)	21,619	(1,100)	(124)	402	(1,705)	(1,875)	(8,455)	(100)	(332)	-	8,330
Segment result	(81,085)	4,212	365	(800)	6,651	6,625	31,051	(16,419)	(7,368)	(647)	(57,415)
Depreciation and amortization	(8,665)	(329)	(110)	(723)	(1,714)	(1,156)	(2,004)	(6,487)	-	2,536	(18,652)
Other significant non-cash expenses ²	(157,314)	(778)	(862)	(2,100)	(18,904)	(10,901)	(46,587)	(796)	-	-	(238,242)
Capital expenditure	(3,882)	(281)	(94)	(1,565)	(2,192)	(834)	(6,136)	(2,826)	-	3,910	(13,900)
	Russian Federation	Czech Republic	Slovak Republic	Belarus	Kazakhstan	Vietnam	China	Other	Unallocated ¹	Eliminations	Consolidated
	31 Mar 2015 TEUR	31 Mar 2015 TEUR	31 Mar 2015 TEUR	31 Mar 2015 TEUR	31 Mar 2015 TEUR	31 Mar 2015 TEUR	31 Mar 2015 TEUR	31 Mar 2015 TEUR	31 Mar 2015 TEUR	31 Mar 2015 TEUR	31 Mar 2015 TEUR
Segment assets ³	4,688,783	98,296	59,301	172,277	575,739	260,165	1,563,440	187,628	154,907	(391,828)	7,368,708
Investments in associates	931	-	-	-	-	-	-	-	-	-	931
Segment liabilities ³	4,164,943	62,326	44,662	142,226	418,257	182,553	877,372	74,387	539,372	(376,994)	6,129,104
Segment equity ³	600,025	39,821	24,487	31,817	158,277	80,127	658,233	115,199	(374,203)	(14,834)	1,318,949

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

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

³ Consolidation adjustments are included in Eliminations.

6. Segment reporting (continued)

	Russian Federation	Czech Republic	Slovak Republic	Belarus	Kazakhstan	China	Other	Unallocated ¹	Eliminations	Consolidated
	3 months ended 31 Mar 2014 TEUR	3 months ended 31 Mar 2014 TEUR	3 months ended 31 Mar 2014 TEUR	3 months ended 31 Mar 2014 TEUR	3 months ended 31 Mar 2014 TEUR	3 months ended 31 Mar 2014 TEUR	3 months ended 31 Mar 2014 TEUR	3 months ended 31 Mar 2014 TEUR	3 months ended 31 Mar 2014 TEUR	3 months ended 31 Mar 2014 TEUR
Revenue from external customers ²	500,283	4,508	3,227	21,197	53,017	102,417	2,964	2,915	-	690,528
Inter-segment revenue	3,137	-	-	-	-	-	94	342	(3,573)	-
Total revenue	503,420	4,508	3,227	21,197	53,017	102,417	3,058	3,257	(3,573)	690,528
Net interest income from external customers	278,013	1,985	1,551	6,550	29,152	70,671	2,308	(992)	-	389,238
Inter-segment net interest income	3,137	-	-	(248)	(1,783)	-	24	(1,131)	1	-
Total net interest income	281,150	1,985	1,551	6,302	27,369	70,671	2,332	(2,123)	1	389,238
Income tax expense	16,876	(989)	(1,152)	(275)	(2,262)	(9,131)	(11)	(1,783)	-	1,273
Segment result	(80,550)	3,897	3,922	1,249	8,190	13,396	(6,433)	(5,610)	(277)	(62,216)
Depreciation and amortization	(13,888)	(257)	(87)	(604)	(1,179)	(535)	(3,639)	-	1,154	(19,035)
Other significant non-cash expenses ³	(321,841)	(606)	65	(3,083)	(18,486)	(25,861)	(530)	-	-	(370,342)
Capital expenditure	(16,475)	(877)	(122)	(1,578)	(1,418)	(885)	(18,677)	-	3,563	(36,469)

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

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

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

6. Segment reporting (continued)

	Russian Federation 31 Dec 2014 TEUR	Czech Republic 31 Dec 2014 TEUR	Slovak Republic 31 Dec 2014 TEUR	Belarus 31 Dec 2014 TEUR	Kazakhstan 31 Dec 2014 TEUR	Vietnam 31 Dec 2014 TEUR	China 31 Dec 2014 TEUR	Other 31 Dec 2014 TEUR	Unallocated ¹ 31 Dec 2014 TEUR	Eliminations 31 Dec 2014 TEUR	Consolidated 31 Dec 2014 TEUR
Segment assets ²	4,488,272	103,125	59,128	148,609	505,339	274,983	1,368,566	171,019	150,298	(319,190)	6,950,149
Investments in associates	2,252	-	-	-	-	-	-	-	-	-	2,252
Segment liabilities ²	3,901,814	56,849	40,708	112,472	370,086	205,893	793,070	78,516	510,209	(308,517)	5,761,100
Segment equity ²	632,688	49,760	28,122	36,622	135,333	71,077	551,242	94,041	(349,335)	(10,673)	1,238,877

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

² Consolidation adjustments are included in Eliminations.

7. Fair values of financial instruments

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

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

	Note	Carrying amount 31 Mar 2015 TEUR	Fair Value 31 Mar 2015 TEUR	Carrying amount 31 Dec 2014 TEUR	Fair Value 31 Dec 2014 TEUR
Loans to customers	10	5,205,184	5,169,319	5,059,514	4,815,561
Current accounts and deposits from customers	16	(3,432,331)	(3,422,202)	(2,889,966)	(2,825,535)
Due to banks and other financial institutions	17	(1,142,772)	(1,144,076)	(1,434,149)	(1,436,291)
Debt securities issued	18	(604,769)	(599,542)	(575,112)	(633,767)
Subordinated liabilities	21	(626,418)	(507,905)	(542,297)	(389,725)

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

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

	Note	Level 1 TEUR	Level 2 TEUR	Level 3 TEUR	Total TEUR
31 Mar 2015					
Positive fair value of derivative instruments	11	-	158,840	1,812	160,652
Financial assets available-for-sale	12	178,800	101,560	-	280,360
Negative fair value of derivative instruments	19	-	(4,385)	-	(4,385)
		178,800	256,015	1,812	436,627
31 Dec 2014					
Positive fair value of derivative instruments	11	-	141,524	3,322	144,846
Financial assets available-for-sale	12	279,778	26,394	-	306,172
Negative fair value of derivative instruments	19	-	(5,583)	-	(5,583)
		279,778	162,335	3,322	445,435

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

7. Fair values of financial instruments (continued)

Reconciliation of movements in Level 3:	31 Mar 2015	31 Mar 2014
	TEUR	TEUR
Financial assets		
Balance as at 1 January	3,322	10,700
Net gains recorded in profit or loss (included in Net losses on financial assets and liabilities)	4,881	534
Net losses recorded in other comprehensive income	(55)	(289)
Purchases	251	-
Settlements	(6,587)	-
Closing balance	<u>1,812</u>	<u>10,945</u>

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

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

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

	31 Mar 2015	31 Dec 2014
	TEUR	TEUR
Financial instruments contracted in Belarus	-	6/(6)
Financial instruments contracted in Kazakhstan	226/(76)	272/(107)

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

8. Cash and cash equivalents

	31 Mar 2015	31 Dec 2014
	TEUR	TEUR
Cash on hand	101,911	252,341
Current accounts	440,499	417,974
Current accounts with central banks	94,729	82,212
Placements with financial institutions due within one month	211,219	113,025
	<u>848,358</u>	<u>865,552</u>

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

	31 Mar 2015	31 Dec 2014
	TEUR	TEUR
Loans and term deposits with banks, other financial institutions and holding companies due in more than one month	178,851	142,612
Loans and advances provided under repo operations	251,247	-
Minimum reserve deposits with central banks	33,339	29,203
Other	14	14
	<u>463,451</u>	<u>171,829</u>

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

10. Loans to customers

	31 Mar 2015	31 Dec 2014
	TEUR	TEUR
Gross amount		
Cash loan receivables	3,638,245	3,508,194
POS loan receivables	1,728,453	1,691,134
Revolving loan receivables	749,394	729,782
Mortgage loan receivables	77,969	73,033
Car loan receivables	36,821	34,997
Loans to corporations	4,529	5,840
Other	4,343	2,515
	6,239,754	6,045,495
Collective allowances for impairment		
Cash loan receivables	(614,167)	(597,515)
POS loan receivables	(212,915)	(200,246)
Revolving loan receivables	(180,410)	(163,001)
Mortgage loan receivables	(5,860)	(4,506)
Car loan receivables	(18,894)	(18,619)
Loans to corporations	(1,017)	(770)
Other	(384)	(381)
	(1,033,647)	(985,038)
Specific allowances for impairment		
Loans to corporations	(923)	(943)
	(923)	(943)
	5,205,184	5,059,514

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

As at 31 March 2015 cash loan receivables of TEUR 99,651 (31 December 2014: TEUR 91,102) served as collateral for debt securities issued (Note 18). As at 31 March 2015 cash loan receivables of TEUR 61,505 (31 December 2014: TEUR 55,426) and POS loan receivables of TEUR 51,369 (31 December 2014: TEUR 34,469) served as collateral for bank loan facilities (Note 17).

As at 31 December 2014 POS loan receivables of TEUR 160,952 served as collateral for corporate term deposits (Note 16).

11. Positive fair value of derivative instruments

	31 Mar 2015	31 Dec 2014
	TEUR	TEUR
Positive fair value of hedging derivative instruments	150,695	131,491
Positive fair value of trading derivative instruments	9,957	13,355
	<u>160,652</u>	<u>144,846</u>

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

12. Financial assets available-for-sale

	31 Mar 2015	31 Dec 2014
	TEUR	TEUR
Debt securities	280,360	306,172
	<u>280,360</u>	<u>306,172</u>

13. Intangible assets

	31 Mar 2015	31 Dec 2014
	TEUR	TEUR
Acquisition cost	244,674	224,298
Accumulated amortization	(137,710)	(123,636)
Impairment	(160)	(196)
Carrying amount	<u>106,804</u>	<u>100,466</u>

14. Property and equipment

	31 Mar 2015	31 Dec 2014
	TEUR	TEUR
Acquisition cost	320,628	300,736
Accumulated depreciation	(152,684)	(139,590)
Impairment	-	(3,543)
Carrying amount	<u>167,944</u>	<u>157,603</u>

15. Other assets

	31 Mar 2015	31 Dec 2014
	TEUR	TEUR
Prepaid expenses	31,698	33,849
Deferred acquisition costs of insurance contracts	27,734	25,302
Outstanding selling price for receivables	23,545	26,354
Trade receivables and settlement with suppliers	22,921	24,246
Other taxes receivable	9,084	10,083
Goods held for resale	574	448
Receivables arising out of insurance and re-insurance operations	530	1,014
Accrued income from insurance fees	305	1,756
Acquisition of subsidiaries	-	1,000
Non-life amounts ceded to reinsurers from insurance provisions	228	189
Other	15,040	12,001
	131,659	136,242
Specific allowances for impairment on settlement with suppliers and other assets	(28)	(32)
	131,631	136,210

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

16. Current accounts and deposits from customers

	31 Mar 2015	31 Dec 2014
	TEUR	TEUR
Term deposits	3,138,881	2,592,858
Current accounts and demand deposits	291,510	294,848
Other	1,940	2,260
	3,432,331	2,889,966

As at 31 March 2014 the balance of corporate term deposits secured by POS loan receivables was TEUR 84,121 (Note 10).

17. Due to banks and other financial institutions

	31 Mar 2015	31 Dec 2014
	TEUR	TEUR
Unsecured loans	1,074,093	1,262,586
Secured loans	64,375	65,774
Loans received under repo operations	-	102,035
Other balances	4,304	3,754
	1,142,772	1,434,149

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

As at 31 March 2015 the balances of loans secured by cash loan receivables and POS loan receivables were TEUR 35,029 (31 December 2014: TEUR 37,768) and TEUR 29,346 (31 December 2014: TEUR 23,488) respectively. As at 31 December 2014 the balances of loans secured by guarantees were TEUR 4,518. 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 2015 TEUR	31 Dec 2014 TEUR
Unsecured RUB bonds issue 7 of MRUB 5,000	Variable	April 2015	81,526	74,495
Unsecured CZK bonds issue 4 of MCZK 2,900	Zero-coupon	September 2015	102,366	100,118
Stock exchange RUB bonds issue 02 of MRUB 3,000	Fixed	February 2016	47,736	43,603
Unsecured CZK bonds issue 5 of MCZK 3,750	Fixed	June 2016	143,164	140,044
CZK promissory notes issue of MCZK 300	Zero-coupon	July 2016	10,173	9,969
EUR promissory notes issue of MEUR 9.1	Zero-coupon	July 2016	8,495	8,384
Long-term registered Certificate of Deposit, 1 st tranche of BVND 250	Fixed	August 2016	10,148	10,024
Long-term registered Certificate of Deposit, 2 nd tranche of BVND 273	Fixed	September 2016	11,051	10,899
Long-term registered Certificate of Deposit, 3 rd tranche of BVND 200	Fixed	October 2016	8,502	7,832
Unsecured KZT bond issue 1 of MKZT 7,000	Fixed	November 2016	35,186	31,193
Long-term registered Certificate of Deposit, 4 th tranche of BVND 93	Fixed	November 2017	3,909	3,604
Long-term registered Certificate of Deposit, 5 th tranche of BVND 158	Fixed	December 2017	6,582	6,074
Long-term registered Certificate of Deposit, 6 th tranche of BVND 61	Fixed	December 2017	2,539	2,344
Long-term registered Certificate of Deposit, 7 th tranche of BVND 100	Fixed	December 2017	4,148	3,827
CZK promissory notes issue of MCZK 650	Zero-coupon	March 2018	19,624	19,190
Unsecured KZT bond issue 2 of MKZT 6,769	Fixed	February 2019	33,205	30,846
Cash loan receivables backed notes of MRUB 5,000	Variable	November 2021	76,415	72,666
			604,769	575,112

RUB denominated bonds issue 7 were issued in April 2010 with a coupon rate set for two years. In April 2012 the Group reset a new coupon rate valid till the final maturity date.

RUB denominated cash loans receivables backed notes were issued in November 2013 through HC Finance (LLC) and Eurasia Structured Finance No.3 B.V. (Note 1) with a fixed coupon rate which is valid until the coupon payment date on 19 January 2017 and capped floating coupon rate from 20 January 2017 till the final maturity. The bondholders are entitled to require early redemption of the bonds in November 2016. As at 31 March 2015 cash loan receivables of TEUR 99,651 (31 December 2014: TEUR 91,102) served as collateral for these notes (Note 10). As at 31 March 2015 the Group bought back cash loans receivables backed notes with a cumulative par value of MRUB 201.

19. Negative fair value of derivative instruments

	31 Mar 2015	31 Dec 2014
	TEUR	TEUR
Negative fair value of trading derivative instruments	4,385	5,583
	4,385	5,583

20. Insurance and other provisions

	31 Mar 2015	31 Dec 2014
	TEUR	TEUR
Provisions for unearned premiums	71,929	72,196
Provision for litigations	2,953	2,728
Provisions for outstanding claims	1,910	2,005
Other insurance provisions	342	389
Other provisions	2,097	3,610
	79,231	80,928

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

21. Subordinated liabilities

	Final maturity	Amount outstanding	
		31 Mar 2015	31 Dec 2014
		TEUR	TEUR
Loan participation notes issue of MUSD 500	April 2020	430,844	374,698
Loan participation notes issue of MUSD 200	April 2021	195,574	167,599
		626,418	542,297

Subordinated loan participation notes issue of MUSD 500 were issued in October 2012 through Eurasia Capital S.A. (Note 1). The Group has an early redemption option exercisable on 24 April 2018 (the reset date). After the reset date the interest rate is determined as a variable rate. As at 31 March 2015 the Group bought back the loan participation notes with a cumulative par value of MUSD 57.

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.

22. Other liabilities

	31 Mar 2015	31 Dec 2014
	TEUR	TEUR
Accrued employee compensation	69,746	56,440
Settlement with suppliers	63,036	60,516
Accrued expenses	38,073	35,539
Other taxes payable	31,756	27,951
Customer loan overpayments	27,359	30,453
Deferred income and prepayments	5,287	5,773
Advances received	1,200	987
Other	2,741	15,406
	239,198	233,065

23. Equity

At 31 March 2015 the Group's share capital comprised 1,250,000,000 (31 December 2014: 1,250,000,000) ordinary shares at a par value of EUR 0.57 (31 December 2014: EUR 0.57), of which 1,156,174,806 (31 December 2014: 1,156,174,806) shares were issued and fully paid. All issued shares bear equal voting rights. The holders of the shares are entitled to receive distributions of profits and reserves when declared by the general meeting of the Company. No distributions can be made if the total amount of the reserves to be maintained pursuant to the law or the articles of association exceeds the Company's equity and the management board has not given its approval to such distribution.

The creation and use of the statutory reserves is limited by legislation and the articles of each company within the Group. The legal reserve fund is 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 and CF Commercial Consulting (Beijing) Co., Ltd. from the Group's shareholder. 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 2015 the Group reported the following non-controlling interests:

	NCI	Total assets	Total liabilities	Carrying amount of NCI	Net losses for the year	Net losses allocated to NCI
	%	TEUR	TEUR	TEUR	TEUR	TEUR
PT. Home Credit Indonesia	15.00	19,111	7,110	1,800	(4,554)	(683)
HC Consumer Finance Philippines, Inc.	4.66	14,559	13,606	44	(2,863)	(133)
				<u>1,844</u>		<u>(816)</u>

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

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

25. Interest income and interest expense

	3 months ended 31 Mar 2015 TEUR	3 months ended 31 Mar 2014 TEUR
Interest income		
Cash loan receivables	249,927	346,946
POS loan receivables	112,556	116,982
Revolving loan receivables	42,947	69,118
Mortgage loan receivables	1,812	2,233
Car loan receivables	239	902
Due from banks, other financial institutions and holding companies	14,077	7,735
Financial assets available-for-sale	3,969	1,698
Financial assets held-to-maturity	-	48
Other	132	109
	<u>425,659</u>	<u>545,771</u>
Interest expense		
Deposits from customers	93,535	102,748
Due to banks and other financial institutions	37,316	20,687
Debt securities issued	11,590	20,436
Subordinated liabilities	13,934	12,662
	<u>156,375</u>	<u>156,533</u>

The Group's measures taken in response to the recent increase in customer loan delinquencies across the Russian consumer loan market included a reduction of new loan volumes. This was the main reason for the decrease in net interest income.

26. Fee and commission income

	3 months ended 31 Mar 2015 TEUR	3 months ended 31 Mar 2014 TEUR
Insurance commissions	49,784	78,724
Penalty fees	19,827	18,149
Customer payment processing and account maintenance	5,984	6,716
Cash transactions	5,169	11,417
Retailer commissions	3,727	5,854
Other	517	1,949
	<u>85,008</u>	<u>122,809</u>

The Group's measures taken in response to the recent increase in customer loan delinquencies across the Russian consumer loan market included a reduction of new loan volumes. This was the main reason for the decrease in fee and commission income.

27. Fee and commission expense

	3 months ended 31 Mar 2015 TEUR	3 months ended 31 Mar 2014 TEUR
Commissions to retailers	4,445	4,253
Payment processing and account maintenance	4,039	3,648
Cash transactions	3,833	5,315
Payments to deposit insurance agencies	2,877	4,406
Stamp duties	2,718	2,579
Other	4,506	5,045
	<u>22,418</u>	<u>25,246</u>

28. Insurance income

	3 months ended 31 Mar 2015 TEUR	3 months ended 31 Mar 2014 TEUR
Gross premiums earned	14,685	21,948
Earned premiums ceded	(20)	(7)
Net insurance benefits and claims	(263)	(931)
Acquisition costs	(4,226)	(12,969)
	<u>10,176</u>	<u>8,041</u>

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

	3 months ended 31 Mar 2015 TEUR	3 months ended 31 Mar 2014 TEUR
Net foreign currency (losses)/gains	(22,721)	2,692
Net trading gains on other financial assets and liabilities	452	515
Net gains/(losses) on trading derivative instruments	24,327	(736)
Net losses on hedging derivative instruments	(1,910)	(3,996)
	<u>148</u>	<u>(1,525)</u>

30. Other operating income

	3 months ended 31 Mar 2015 TEUR	3 months ended 31 Mar 2014 TEUR
Gains on disposal of loan receivables	17,574	18,455
Income from other services provided	3,560	2,449
Other	2,173	4,107
	<u>23,307</u>	<u>25,011</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 2015 TEUR	3 months ended 31 Mar 2014 TEUR
Cash loan receivables	141,996	248,613
POS loan receivables	46,931	64,557
Revolving loan receivables	47,815	57,201
Mortgage loan receivables	1,373	(978)
Car loan receivables	(31)	(744)
Other financial assets	158	(10)
	<u>238,242</u>	<u>368,639</u>

32. General administrative expenses

	3 months ended 31 Mar 2015 TEUR	3 months ended 31 Mar 2014 TEUR
Employee compensation	90,551	94,207
Payroll related taxes (including pension contributions)	20,700	22,864
Rental, maintenance and repair expense	14,775	24,839
Professional services	12,774	11,069
Telecommunication and postage	9,117	11,725
Taxes other than income tax	7,088	7,862
Information technologies	5,355	5,096
Advertising and marketing	4,227	3,999
Travel expenses	3,226	3,286
Other	4,449	7,368
	<u>172,262</u>	<u>192,315</u>

33. Other operating expenses

	3 months ended 31 Mar 2015 TEUR	3 months ended 31 Mar 2014 TEUR
Depreciation and amortization	18,652	19,035
Impairment (reversals)/losses on other non-financial assets	(3)	1,703
Loss on disposal of property and equipment and intangible assets	2,561	125
	<u>21,210</u>	<u>20,863</u>

34. Income tax

	3 months ended 31 Mar 2015 TEUR	3 months ended 31 Mar 2014 TEUR
Current tax expense	16,095	17,874
Deferred tax benefit	(24,425)	(19,147)
Total income tax benefit	<u>(8,330)</u>	<u>(1,273)</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 2015 TEUR	31 Dec 2014 TEUR
Revolving loan commitments	629,248	978,031
POS loan commitments	29,807	40,136
Cash loan commitments	11,122	21,758
Undrawn overdraft facilities	1,083	-
	<u>671,260</u>	<u>1,039,925</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 2015 the Group reported contractual commitments for the acquisition of property and equipment and intangible assets of TEUR 708 (31 December 2014: TEUR 1,006).

As at 31 March 2015 the balance of loan guarantees issued by the Group was TEUR 17,618 (31 December 2014: TEUR 194,607).

36. Contingencies

Taxation

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

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

37. Related party transactions

The Group has a related party relationship with its ultimate parent company PPF Group N.V., its subsidiaries and associates, the Group's key management personnel and other related parties. Related party transactions are executed on an arm's length basis. Related party transactions arise primarily from funding and treasury transactions as well as from sales of loan receivables reported under other operating income and insurance commissions reported under fee and commission income.

(a) Transactions with the parent company

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

	Note	31 Mar 2015 TEUR	31 Dec 2014 TEUR
Due from banks, other financial institutions and holding companies		27,497	23,716
Other assets	15	-	1,000
Current accounts and deposits from customers		-	(79,466)
Due to banks and other financial institutions		-	(21,844)
Subordinated liabilities		(129,642)	(96,197)
Other liabilities		(63)	-
		<u>(102,208)</u>	<u>(172,791)</u>

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

	3 months ended 31 Mar 2015 TEUR	3 months ended 31 Mar 2014 TEUR
Interest income	667	2,001
Interest expense	(5,117)	(1,880)
General administrative expenses	(63)	(63)
	<u>(4,513)</u>	<u>58</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 2015	31 Dec 2014
	TEUR	TEUR
Cash and cash equivalents	21,553	20,889
Due from banks, other financial institutions and holding companies	3,632	3,606
Loans to customers	831	11,957
Positive fair value of derivative instruments	2,031	2,925
Financial assets available-for-sale	22,845	24,348
Other assets	40,699	41,771
Current accounts and deposit from customers	(675)	(80,509)
Due to banks and other financial institutions	(107,132)	(123,772)
Debt securities issued	(55,776)	(54,832)
Negative fair value of derivative instruments	(1,107)	(2,536)
Subordinated liabilities	(34,880)	(15,384)
Other liabilities	(3,799)	(9,845)
	<u>(111,778)</u>	<u>(181,382)</u>

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

	3 months	3 months
	ended	ended
	31 Mar 2015	31 Mar 2014
	TEUR	TEUR
Interest income	4,687	451
Interest expense	(4,479)	(5,456)
Fee and commission income	487	828
Fee and commission expense	(355)	(84)
Net gains/(losses) on financial assets and liabilities	14,572	(2,920)
Other operating income	20,873	22,785
General administrative expenses	(1,539)	(2,340)
Other operating expenses	(29)	(28)
	<u>34,217</u>	<u>13,236</u>

Interest income presented in the table above did not include transaction costs integral to the effective interest rate and incurred with fellow subsidiaries in the three-month period ended 31 March 2014. Such transactions had a negative impact on interest income of TEUR 104. In the three-month period ended 31 March 2015 such transaction costs were not incurred.

As disclosed in Note 10, the Group sold receivables to related parties. The related transactions and balances are included in other assets (Note 15) (31 March 2015: TEUR 23,545, 31 December 2014: TEUR 26,354) and other operating income (Note 30) (three months ended 31 March 2015: TEUR 17,574, three months ended 31 March 2014: TEUR 16,994).

37. Related party transactions (continued)

(c) Transactions with the parent company's associates

In January 2015 the parent company sold its share in an associate company with which the majority of the Group's transactions with the parent company's associates had been executed in the past. As a result, the Group did not have any transactions with the parent company's associates as at 31 March 2015 or in the three-month period ended 31 March 2015.

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

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

Amounts included in the statement of comprehensive income in relation to transactions with the parent company's associates in the three-month period ended 31 March 2014 are as follows:

	3 months ended 31 Mar 2014 TEUR
Interest expense	(2,639)
Fee and commission income	(142)
Insurance income	(1,057)
Other operating income	801
General administrative expenses	<u>(8)</u>
	<u>(3,045)</u>

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

Amounts included in the statement of comprehensive income in relation to transactions with members of key management are long-term benefits of TEUR 57 (three months ended 31 March 2014: TEUR 862) and short-term benefits of TEUR 4,986 (three months ended 31 March 2014: TEUR 5,868) comprising salaries, bonuses and non-monetary benefits.

As at 31 March 2015 the balance of unsecured loans to members of the key management was TEUR 95 (31 December 2014: TEUR 105).

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

In 2013 the Group concluded a consultancy service agreement with a company controlled by one of the members of its Board of Directors. The consultancy fees of TEUR 1,500 charged over the three-month period ended 31 March 2015 (three months ended 31 March 2014: 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 2015 (31 December 2014: TEUR 2,559) is recorded under other liabilities.

As at 31 March 2015 the balances due from holding companies included secured loans of TEUR 78,194 (31 December 2014: TEUR 68,174) provided by the Group to a company controlled by one of the members of its Board of Directors. The weighted average interest rate is 6.89% (31 December 2014: 6.89%) and the repayment date of those loans is 30 June 2016.

38. Subsequent events

In May 2015 the Group bought back subordinated loan participation notes issue of MUSD 500 (Note 21) with par value of MUSD 214.

The consolidated financial statements as set out on pages 3 to 36 were approved by the Board of Directors on 11 June 2015.

Petr Kohout
Member of the Board of Directors