Home Credit B.V.

Condensed Consolidated Interim Financial Report
for the nine-month period ended 30 September 2017

(unaudited)

Contents

	Note	30 Sep 2017 MEUR	31 Dec 2016 MEUR
ASSETS			
Cash and cash equivalents	7	2,815	2,412
Financial assets at fair value through profit or loss	8	20	204
Financial assets available-for-sale	9	1,211	1,045
Due from banks, other financial institutions and holding companies	10	625	397
Loans to customers	11	13,888	9,866
Assets classified as held for sale	12	3	2
Current income tax receivables		4	7
Investments in associates		1	2
Property and equipment	13	176	161
Intangible assets	14	216	171
Deferred tax assets		259	180
Other assets	15	272	257
Total assets		**19,490**	**14,704**
LIABILITIES			
Financial liabilities at fair value through profit or loss	16	307	28
Current accounts and deposits from customers	17	6,046	5,401
Due to banks, other financial institutions and holding companies	18	9,376	6,428
Debt securities issued	19	939	320
Subordinated liabilities	20	400	416
Current income tax liabilities		135	118
Deferred tax liabilities		4	12
Insurance and other provisions	21	39	42
Other liabilities	22	508	438
Total liabilities		**17,754**	**13,203**
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	23	659	659
Share premium	23	638	480
Statutory reserves	23	58	58
Foreign currency translation	23	(650)	(506)
Reserve for business combinations under common control	23	(91)	(91)
Revaluation reserve	23	12	22
Other reserves	23	1,102	873
Total equity attributable to equity holders of the Company		**1,728**	**1,495**
Non-controlling interests	24	**8**	**6**
Total equity		**1,736**	**1,501**
Total liabilities and equity		**19,490**	**14,704**

Continuing operations:	**Note**	**9 months ended 30 Sep 2017 MEUR**	**9 months ended 30 Sep 2016 MEUR**	**3 months ended 30 Sep 2017 MEUR**	**3 months ended 30 Sep 2016 MEUR**
Interest income	25	2,477	1,525	910	557
Interest expense	25	(787)	(457)	(282)	(168)
Net interest income		**1,690**	**1,068**	**628**	**389**
Fee and commission income	26	542	371	182	140
Fee and commission expense	27	(88)	(72)	(30)	(26)
Net fee and commission income		**454**	**299**	**152**	**114**
Insurance income	28	20	17	6	6
Net (losses)/gains on financial assets and liabilities	29	(1)	(16)	(7)	4
Other operating income	30	24	29	10	-
Operating income		**2,187**	**1,397**	**789**	**513**
Impairment losses on financial assets	31	(688)	(407)	(240)	(137)
General administrative expenses	32	(1,091)	(718)	(388)	(255)
Other operating expenses	33	(66)	(71)	(25)	(17)
Operating expenses		**(1,845)**	**(1,196)**	**(653)**	**(409)**
Losses on disposals/liquidations of associates and subsidiaries		(2)	-	-	-
Share of earnings in associates		2	1	1	-
Profit before tax		**342**	**202**	**137**	**104**
Income tax expense	34	(110)	(71)	(38)	(32)
Net profit from continuing operations for the period		**232**	**131**	**99**	**72**
Profit attributable to:					
Equity holders of the Company		234	133	99	72
Non-controlling interests	24	(2)	(2)	-	-
		232	**131**	**99**	**72**
Other comprehensive (loss)/income which will be subsequently reclassified to profit or loss:					
Currency translation		(145)	13	(39)	(3)
Revaluation (losses)/gains on available-for-sale financial assets		(22)	4	(2)	5
Revaluation of available-for-sale financial assets transferred to profit or loss		10	(7)	5	2
Cash flow hedge reserve – effective portion of changes in fair value		-	3	-	-
Cash flow hedge reserve – net amount transferred to profit or loss		-	(4)	-	-
Income tax relating to components of other comprehensive income		2	1	(1)	(1)
Other comprehensive (loss)/income for the period		**(155)**	**10**	**(37)**	**3**
Total comprehensive income for the period		**77**	**141**	**62**	**75**
Total comprehensive income attributable to:					
Equity holders of the Company		80	143	62	75
Non-controlling interests		(3)	(2)	-	-
		77	**141**	**62**	**75**

	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**	**Other reserves**	**Total**	**Non-controlling interests**	**Total equity**
	MEUR	**MEUR**	**MEUR**	**MEUR**	**MEUR**	**MEUR**	**MEUR**	**MEUR**	**MEUR**	**MEUR**
Balance as at 1 January 2017	659	480	58	(506)	(91)	22	873	**1,495**	6	**1,501**
Share premium increase	-	158	-	-	-	-	-	**158**	-	**158**
Changes in non-controlling interests	-	-	-	-	-	-	(5)	**(5)**	5	-
Total	**659**	**638**	**58**	**(506)**	**(91)**	**22**	**868**	**1,648**	**11**	**1,659**
Currency translation	-	-	-	(144)	-	-	-	**(144)**	(1)	**(145)**
Revaluation gains on available-for-sale financial assets, net of tax	-	-	-	-	-	(18)	-	**(18)**	-	**(18)**
Revaluation of available-for-sale financial assets transferred to profit or loss, net of tax	-	-	-	-	-	8	-	**8**	-	**8**
Profit/(loss) for the period	-	-	-	-	-	-	234	**234**	(2)	**232**
Total comprehensive income for the period	**-**	**-**	**-**	**(144)**	**-**	**(10)**	**234**	**80**	**(3)**	**77**
Total changes	**-**	**158**	**-**	**(144)**	**-**	**(10)**	**229**	**233**	**2**	**235**
Balance as at 30 September 2017	**659**	**638**	**58**	**(650)**	**(91)**	**12**	**1,102**	**1,728**	**8**	**1,736**

	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**
	MEUR	**MEUR**	**MEUR**	**MEUR**	**MEUR**	**MEUR**	**MEUR**	**MEUR**	**MEUR**	**MEUR**	**MEUR**
Balance as at 1 January 2016	659	480	39	(605)	(91)	23	4	682	**1,191**	5	**1,196**
Changes in non-controlling interests	-	-	-	-	-	-	-	(2)	**(2)**	2	-
Total	**659**	**480**	**39**	**(605)**	**(91)**	**23**	**4**	**680**	**1,189**	**7**	**1,196**
Currency translation	-	-	-	16	-	-	(3)	-	**13**	-	**13**
Revaluation gains on available-for-sale financial assets, net of tax	-	-	-	-	-	3	-	-	**3**	-	**3**
Revaluation of available-for-sale financial assets transferred to profit or loss, net of tax	-	-	-	-	-	(5)	-	-	**(5)**	-	**(5)**
Change in cash flow hedge reserve, net of tax	-	-	-	-	-	-	(1)	-	**(1)**	-	**(1)**
Profit/(loss) for the period	-	-	-	-	-	-	-	133	**133**	(2)	**131**
Total comprehensive income for the period	**-**	**-**	**-**	**16**	**-**	**(2)**	**(4)**	**133**	**143**	**(2)**	**141**
Total changes	**-**	**-**	**-**	**16**	**-**	**(2)**	**(4)**	**131**	**141**	**-**	**141**
Balance as at 30 September 2016	**659**	**480**	**39**	**(589)**	**(91)**	**21**	**-**	**813**	**1,332**	**5**	**1,337**

	Note	9 months ended 30 Sep 2017 MEUR	9 months ended 30 Sep 2016 MEUR
Operating activities			
Profit before tax		342	202
Adjustments for:			
Interest expense	25	787	457
Interest income	25	(2,477)	(1,525)
Net loss on disposal of property, equipment and intangible assets		1	1
Effects of foreign currency translation on items other than cash and cash equivalents		(15)	(14)
Impairment losses	31,33	688	417
Share of earnings in associates		(2)	(1)
Depreciation and amortization	33	63	59
Net operating cash flow before changes in working capital		**(613)**	**(404)**
Change in due from banks, other financial institutions and holding companies		(346)	9
Change in loans to customers		(5,668)	(2,523)
Change in financial assets at fair value through profit or loss		184	78
Change in other assets		(15)	(55)
Change in held for sale assets		(1)	-
Change in current accounts and deposits from customers		704	(156)
Change in financial liabilities at fair value through profit or loss		275	20
Change in other liabilities and insurance and other provisions		79	105
Cash flows used in the operations		**(5,401)**	**(2,926)**
Interest paid		(846)	(508)
Interest received		2,836	1,612
Income tax paid		(189)	(69)
Cash flows used in operating activities		**(3,600)**	**(1,891)**
Investing activities			
Proceeds from sale of property, equipment and intangible assets		6	3
Acquisition of property, equipment and intangible assets		(145)	(80)
Proceeds from sale of subsidiaries and associates		-	1
Dividends from associates		3	2
Proceeds from available-for-sale financial assets		1,426	942
Acquisition of available-for-sale financial assets		(1,606)	(803)
Acquisition of held-to-maturity financial assets		-	(29)
Cash flows (used in)/from investing activities		**(316)**	**36**
Financing activities			
Share premium increase		158	-
Proceeds from the issue of debt securities		1,226	119
Repayment of debt securities issued		(552)	(263)
Proceeds from due to banks, other financial institutions and holding companies		11,384	9,673
Repayment of due to banks, other financial institutions and holding companies		(7,833)	(6,997)
Cash flows from financing activities		**4,383**	**2,532**
Net increase in cash and cash equivalents		467	677
Cash and cash equivalents as at 1 January		2,412	1,343
Effects of exchange rate changes on cash and cash equivalents		(64)	22
Cash and cash equivalents as at 30 September	7	**2,815**	**2,042**

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 (%) 30 Sep 2017	31 Dec 2016
PPF Financial Holdings B.V.	Netherlands	88.62	88.62
EMMA OMEGA LTD	Cyprus	11.38	11.38

PPF Financial Holdings B.V. is a subsidiary of PPF Group N.V. The ultimate controlling party is Mr. Petr Kellner, who exercises control through PPF Group N.V. and PPF Financial Holdings B.V.

Principal activities

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

Board of Directors

Jiří Šmejc	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	until 7 March 2017
Jean-Pascal Duvieusart	Member	from 7 March 2017
Petr Kohout	Member	until 30 September 2017

1. Description of the Group (continued)

Consolidated subsidiaries	Country of incorporation	Ownership interest (%) 30 Sep 2017	31 Dec 2016
Non-banking Credit and Financial Organization "Home Credit" (OJSC)	Belarus	100.00	100.00
Asnova Insurance (CJSIC) [1)]	Belarus	100.00	100.00
Guangdong Home Credit Number Two Information Consulting Co., Ltd.	China	100.00	100.00
Home Credit Consumer Finance Co., Ltd.	China	100.00	100.00
Sichuan Home Credit Number Three Socioeconomic Consulting Co., Ltd. [2)]	China	100.00	100.00
Shenzhen Home Credit Xinchi Consulting Co., Ltd. [3)]	China	100.00	100.00
Shenzhen Home Credit Number One Consulting Co., Ltd.	China	100.00	100.00
CF Commercial Consulting (Beijing) Co., Ltd. [1)]	China	100.00	100.00
Redlione (LLC)	Cyprus	100.00	100.00
Astavedo Limited	Cyprus	100.00	100.00
Enadoco Limited	Cyprus	100.00	100.00
Rhaskos Finance Limited	Cyprus	100.00	100.00
Septus Holding Limited	Cyprus	100.00	100.00
Sylander Capital Limited	Cyprus	100.00	100.00
Talpa Estero Limited	Cyprus	100.00	100.00
Air Bank (JSC)	Czech Republic	100.00	100.00
Zonky (LLC)	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
My Air (LLC) [4)]	Czech Republic	100.00	-
Home Credit Egypt Trade S.A.E. [1)]	Egypt	100.00	100.00
Favour Ocean Limited	Hong Kong	100.00	100.00
Home Credit Asia Limited	Hong Kong	100.00	100.00
Saint World Limited	Hong Kong	100.00	100.00
Home Credit India Finance Private Limited	India	100.00	100.00
Home Credit India Strategic Advisory Services Private Limited [5)]	India	100.00	-
PT. Home Credit Indonesia	Indonesia	85.00	85.00
Home Credit Kazakhstan (JSC) [6)]	Kazakhstan	-	100.00
Home Credit and Finance Bank (SB JSC)	Kazakhstan	100.00	100.00
Eurasia Capital S.A. [7)]	Luxembourg	0.00	0.00
AB 2 B.V.	Netherlands	100.00	100.00
AB 4 B.V.	Netherlands	100.00	100.00
AB 7 B.V.	Netherlands	100.00	100.00
HC Asia B.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. [7)]	Netherlands	0.00	0.00
Eurasia Structured Finance No.4 B.V. [7)]	Netherlands	0.00	0.00

[1)] subsidiaries in the process of liquidation
[2)] in April 2017 Sichuan Home Credit Financing Guarantee Co., Ltd was renamed to Sichuan Home Credit Number Three Socioeconomic Consulting Co., Ltd.
[3)] in April 2017 Shenzhen Home Credit Financial Service Co., Ltd was renamed to Shenzhen Home Credit Xinchi Consulting Co., Ltd.
[4)] acquired in June 2017
[5)] subsidiary was incorporated in August 2017
[6)] subsidiary was liquidated
[7)] special purpose entities established to facilitate the Group's issues of debt securities and subordinated liabilities

1. Description of the Group (continued)

Consolidated subsidiaries	Country of incorporation	Ownership interest (%) 30 Sep 2017	31 Dec 2016
HC Consumer Finance Philippines, Inc. [1)]	Philippines	100.00	99.28
HCPH Financing 1, Inc. [2)]	Philippines	100.00	-
Filcommerce Holdings, Inc. [3)]	Philippines	100.00	40.00
Home Credit and Finance Bank (LLC)	Russian Federation	100.00	100.00
Financial Innovations (LLC)	Russian Federation	100.00	100.00
MCC Kupi ne kopi (LLC)	Russian Federation	100.00	100.00
Home Credit Online (LLC)	Russian Federation	100.00	100.00
Bonus Center Operations (LLC) [4)]	Russian Federation	-	100.00
Home Credit Insurance (LLC)	Russian Federation	100.00	100.00
HC Finance (LLC) [5)]	Russian Federation	0.00	0.00
HC Finance No. 2 (LLC) [5) 4)]	Russian Federation	0.00	0.00
Home Credit Slovakia (JSC)	Slovak Republic	100.00	100.00
Homer Software House (LLC)	Ukraine	100.00	100.00
Home Credit US (LLC)	USA	50.10	50.10
Home Credit US Holding (LLC)	USA	100.00	100.00
Home Credit Vietnam Finance Company Limited	Vietnam	100.00	100.00

1) in June 2017 the Group`s share on the voting rights in HC Consumer Finance Philippines, Inc. was increased from 60% to 100%
2) subsidiary was incorporated in August 2017
3) in June 2017 ownership interest was increased from 40% to 100%
4) subsidiary was liquidated
5) special purpose entities established to facilitate the Group's issues of debt securities and subordinated liabilities

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

Acquisition of My Air (LLC)

The acquisition price of My Air (LLC) was TEUR 76, and the acquisition date was 29 June 2017.

The main reason for acquisition is extension of services provided to Air Bank (JSC)'s clients.

In the period since the acquisition date to 30 September 2017 My Air (LLC)'s contribution to the Group's revenues and profit respectively was immaterial.

If the acquisition date had been as of the beginning of the annual period, My Air (LLC)'s contribution to the Group's revenues and profit in the nine-month period ended 30 September 2017 would have been immaterial.

Associates	Country of incorporation	Ownership interest (%) 30 Sep 2017	31 Dec 2016
Společnost pro informační databáze (JSC)	Czech Republic	27.96	27.96
Equifax Credit Services (LLC)	Russian Federation	25.00	25.00

2. Basis of preparation

The condensed consolidated interim financial statements for the nine-month period ended 30 September 2017 comprise the Company and its subsidiaries (together referred to as the "Group").

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group`s last annual consolidated financial statements as at and for the year ended 31 December 2016. 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 2016. 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 million (MEUR).

(d) Changes in comparative numbers

<u>Statement of Cash Flows</u>
The Group changed the presentation of unrealised foreign exchange gains/(losses) related to certain balance sheet items - Due from banks, other financial institutions and holding companies, Loans to customers, Current accounts and deposits from customers, Debt securities issued, Due to banks, other financial institutions and holding companies - previously part of a change in the said category. The net unrealised foreign exchange gains/(losses) are newly presented under a separate line "Effects of foreign currency translation on items other than cash and cash equivalents" within net operating cash flow before changes in working capital.

(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.

During the interim period the Group has enhanced its credit risk predicting model to limit the volatility of the risk costs caused by seasonal and other effects related to the end of month provision calculation cycle. Specifically, the Group has decided to extend the definition of the "current" DPD bucket from the exact 0 DPD to a wider category of DPD 0-15. This change has been in effect since 1 July 2017. As a result, the Group released a part of its existing collective impairment allowances in the amount of MEUR 61. The change was recognized in the statement of comprehensive income in the interim period ended on 30 September 2017.

Other significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2016.

2. Basis of preparation (continued)

Fair value measurement

The Group measures fair values using the following fair value hierarchy, which 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 (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments measured using: market prices quoted in active markets for similar instruments; prices quoted for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are measured 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 a comparison with similar instruments for which market observable prices exist, the net present value and discounted cash flow models, Black-Scholes option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond and equity 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 reporting date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the reporting date.

The fair value of debt securities available for sale is based on their quoted market price. Fair value of derivative contracts that are not exchange traded is estimated using an arbitrage pricing model, the key parameters of which are the relevant foreign exchange rates and interbank interest rates prevailing at the reporting date.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(f) Basis of consolidation

(i) Subsidiaries

Subsidiaries are enterprises controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the enterprise and has the ability to affect those returns through its power over the enterprise. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control effectively commences until the date on which control effectively ceases.

Legal restructuring and mergers involving companies under common control are accounted for using consolidated net book values, consequently no adjustment is made to carrying amounts in the consolidated accounts and no goodwill arises on such transactions.

2. Basis of preparation (continued)

(ii) Associates

Associates are enterprises in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognized gains and losses of associates on an equity accounted basis, from the date on which significant influence effectively commences until the date on which significant influence effectively ceases. When the Group's share of losses exceeds the Group's interest in the associate, that interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

(iii) Special purpose entities

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

(iv) Transactions eliminated on consolidation

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

3. Significant accounting policies

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 2016.

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 2017

The following revised standard and annual improvements to IFRSs effective from 1 January 2017 are mandatory and relevant for the Group and have been applied by the Group since 1 January 2017.

<u>*Amendments to IAS 7 Statement of Cash Flows*</u> (effective from 1 January 2017)

The amendments are part of the IASB's disclosure initiative project and introduce additional disclosure requirements intended to address investors' concerns that financial statements do not currently enable them to understand the entity's cash flows; particularly in respect to the management of financing activities.

This standard did not have significant impact on the Group's financial statements.

<u>*Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses*</u> (effective from 1 January 2017)

In January 2016 IASB issued amendments to IAS 12 *Income Taxes*. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value.

This standard did not have significant impact on the Group's financial statements.

<u>*Annual Improvements 2014-2016 Cycle*</u> (effective from 1 January 2017 and from 1 January 2018)

In November 2015 the IASB published Annual Improvements to IFRSs 2014-2016 Cycle as part of the annual improvements process to make non-urgent but necessary amendments to IFRS. Out of the amendments contained in the 2014-2016 Cycle, the amendment to IFRS 12 is effective from 1 January 2017.

3. Significant accounting policies (continued)

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

A number of new Standards, amendments to Standards and Interpretations were not yet effective as of 30 September 2017 and have not been applied in preparing these condensed consolidated interim 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.

Annual Improvements 2014-2016 Cycle (effective from 1 January 2017 and from 1 January 2018)

In November 2015 the IASB published Annual Improvements to IFRSs 2014-2016 Cycle as part of the annual improvements process to make non-urgent but necessary amendments to IFRS. Out of the amendments contained in the 2014-2016 Cycle, the amendments to IFRS 1 and IAS 28 are effective from 1 January 2018.

These Annual Improvements have not yet been adopted by the EU.

IFRS 9 Financial Instruments (effective from 1 January 2018)

IFRS 9 *Financial Instruments*, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*, and includes requirements for classification and measurement of financial instruments, impairment of financial assets and hedge accounting.

(i) Classification and measurement

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated. Instead, the whole hybrid instrument is assessed for classification. Equity investments are measured at fair value.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, although under IAS 39 all fair value changes of liabilities designated under the fair value option were recognized in profit or loss, under IFRS 9 fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

(ii) Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model applies to financial assets measured at amortized cost and FVOCI, lease receivables, certain loan commitments and financial guarantee contracts. The new impairment model generally requires to recognize expected credit losses in profit or loss for all financial assets, even those that are newly originated or acquired. Under IFRS 9, impairment is measured as either expected credit losses resulting from default events on the financial instrument that are possible within the next 12 months ('12-month ECL') or expected credit losses resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Initial amount of expected credit losses recognized for a financial asset is equal to 12-month ECL (except for certain trade and lease receivables, and contract assets, or purchased or originated credit-impaired financial assets). If the credit risk on the financial instrument has increased significantly since initial recognition, the loss allowance is measured at an amount equal to lifetime ECL.

3. Significant accounting policies (continued)

Financial assets for which 12-month ECL is recognized are considered to be in stage 1; financial assets that have experienced a significant increase in credit risk since initial recognition, but are not defaulted are considered to be in stage 2; and financial assets that are in default or otherwise credit-impaired are considered to be in stage 3.

Measurement of expected credit losses is required to be unbiased and probability-weighted, should reflect the time value of money and incorporate reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions. Under IFRS 9, credit losses are recognized earlier than under IAS 39, resulting in increased volatility in profit or loss. It will also tend to result in an increased impairment allowance, since all financial assets will be assessed for at least 12-month ECL and the population of financial assets to which lifetime ECL applies is likely to be larger than the population with objective evidence of impairment identified under IAS 39.

Calculation of expected credit losses is likely to be based on the approach (at least for some portfolios), depending on the type of the exposure, stage at which the exposure is classified under IFRS 9, collective or individual assessment, etc.

(iii) Hedge accounting

The general hedge accounting requirements aim to simplify hedge accounting, aligning the hedge accounting more closely with risk management strategies. The standard does not explicitly address macro hedge accounting, which is being considered in a separate project. IFRS 9 includes an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39.

(iv) Transition

The classification and measurement and impairment requirements are generally applied retrospectively (with some exemptions) by adjusting the opening retained earnings and reserves at the date of initial application, with no requirement to restate comparative periods.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018. Early adoption of the standard is permitted. The Group does not intend to adopt the standard earlier.

Based on its preliminary assessment, the Group, as a consumer financing provider, expects that substantially all of financial assets classified as loans and receivables under IAS 39 will continue to be measured at amortized cost under IFRS 9.

It is expected that most of the Group's debt securities will be measured at FVOCI but the final determination will depend on the outcome of the business model test.

It is expected that deposits from customers will be continued to be measured at amortized cost under IFRS 9.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9. Given the nature of the Group's operations, it is expected that the new expected credit loss model under IFRS 9 will accelerate the recognition of impairment losses and lead to higher impairment allowances at the date of initial application. The Group has not yet finalized the impairment methodologies that it will apply under IFRS 9 and is, therefore, not yet able to quantify the expected impact that the initial application of IFRS 9 will have on its financial statements.

IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018)

In May 2014 IASB and the Financial Accounting Standards Board (FASB), responsible for US Generally Accepted Accounting Principles (US GAAP) jointly issued a converged Standard on the recognition of revenue from contracts with customers. The core principle of the new Standard is for companies to recognize 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.

3. Significant accounting policies (continued)

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.*

In April 2016 IASB issued amendments to IFRS 15 clarifying some requirements and providing additional transitional relief for companies that are implementing the new Standard.

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

IFRS 16 Leases (effective from 1 January 2019)

In January 2016 IASB issued a new Standard on leases. The standard requires companies to bring most leases on-balance sheet, recognising new assets and liabilities. IFRS 16 eliminates the classification of leases as either operating or finance for lessees and, instead, introduces a single lessee accounting model. This model reflects that leases result in a company obtaining the right to use an asset (the 'lease asset') at the start of the lease and, because most lease payments are made over time, also obtaining financing. As a result, the new Standard requires lessees to account for all of their leases in a manner similar to how finance leases were treated applying IAS 17. IFRS 16 includes two exemptions from recognising assets and liabilities for (a) short-term leases (i.e. leases of 12 months or less) and (b) leases of low-value items (such as personal computers).

Applying IFRS 16, a lessee will:
- recognise lease assets (as a separate line item or together with property, plant and equipment) and lease liabilities in the balance sheet;
- recognise depreciation of lease assets and interest on lease liabilities in the income statement; and
- present the amount of cash paid for the principal portion of the lease liability within financing activities, and the amount paid for the interest portion within either operating or financing activities, in the cash flow statement.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 16. This standard is expected to have an impact on the Group's financial statements.

IFRS 17 Insurance Contracts (effective from 1 January 2021)

IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity.

IFRS 17 has not yet been adopted by the EU.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 17.

Amendments to IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective from 1 January 2018)

The amendments address concerns arising from implementing the new financial instruments Standard, IFRS 9, before implementing the replacement Standard that the Board is developing for IFRS 4. These concerns include temporary volatility in reported results.

The amendments introduce two approaches: an overlay approach and a deferral approach. The amended Standard will:
- give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts Standard is issued; and

3. Significant accounting policies (continued)

- give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments Standard – IAS 39.

The amendments to IFRS 4 supplement existing options in the Standard that can already be used to address the temporary volatility.

These amendments are not expected to have significant impact on the Group's financial statements.

IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective from 1 January 2018)

The IFRIC 22 clarifies the transactions date used to determine the exchange rate for foreign currency transactions involving an advance payment or receipt: the transaction date is the date on which the company initially recognizes the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.

This interpretation has not yet been adopted by the EU. It is not expected to have significant impact on the Group's financial statements.

Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation (effective from 1 January 2019)

In October 2017 IASB issued amendments to IFRS 9 „Prepayment Features with Negative Compensation“. These amendments enable entities to measure at amortised cost some prepayable financial assets with so-called negative compensation.

This Amendments have not yet been adopted by the EU.

Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures (effective from 1 January 2019)

The amendments to IAS 28 *Investments in Associates and Joint Ventures* clarify that companies account for long-term interests in an associate or joint venture – to which the equity method is not applied – using IFRS 9.

This Amendments 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 2016.

During the interim period the Group has enhanced its credit risk predicting model to limit the volatility of the risk costs caused by seasonal and other effects related to the end of month provision calculation cycle. Specifically, the Group has decided to extend the definition of the "current" DPD bucket from the exact 0 DPD to a wider category of DPD 0-15. This change has been in effect since 1 July 2017. As a result, the Group released a part of its existing collective impairment allowances in the amount of MEUR 61. The change was recognized in the statement of comprehensive income in the interim period ended on 30 September 2017.

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

5. Segment reporting

Business environment

The Group's operations are primarily located in countries which display emerging-market characteristics. Legal, tax and regulatory frameworks continue to be developed, but are subject to varying interpretations and frequent changes that, together with other legal and fiscal impediments, contribute to the challenges faced by entities operating in these markets.

The conflict in Ukraine and related events has increased the perceived risks of doing business in the Russian Federation. The imposition of economic sanctions on Russian individuals and legal entities by the European Union, the United States of America, Japan, Canada, Australia and others, as well as retaliatory sanctions imposed by the Russian government, has resulted in increased economic uncertainty including more volatile equity markets, a depreciation of the Russian Rouble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. In particular, some Russian entities may be experiencing difficulties in accessing international equity and debt markets and may become increasingly dependent on Russian state banks to finance their operations. The longer term effects of recently implemented sanctions, as well as the threat of additional future sanctions, are difficult to determine. Management of the Group believes that it takes all the necessary efforts to support the economic stability of the Group in the current environment.

The consolidated financial statements reflect management's assessment of the impact of business environment of these markets on the operations and financial position of the Group. The future business environment may differ from management's assessment.

Segment information

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

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment pricing is determined on an arm's length basis. The Group's senior management is the chief operating decision maker which reviews the Group's internal reporting on a regular basis to assess performance of individual segments and to allocate the Group's resources accordingly.

Information on individual segments is presented before consolidation eliminations (which are presented in a separate column).

5. Segment reporting (continued)

	China	Czech Republic	Russian Federation	Vietnam	Kazakhstan	India	Slovak Republic	Other	Unallocated[1]	Eliminations	Consolidated
	9 months ended 30 Sep 2017 MEUR	**9 months ended 30 Sep 2017 MEUR**	**9 months ended 30 Sep 2017 MEUR**	**9 months ended 30 Sep 2017 MEUR**	**9 months ended 30 Sep 2017 MEUR**	**9 months ended 30 Sep 2017 MEUR**	**9 months ended 30 Sep 2017 MEUR**	**9 months ended 30 Sep 2017 MEUR**	**9 months ended 30 Sep 2017 MEUR**	**9 months ended 30 Sep 2017 MEUR**	**9 months ended 30 Sep 2017 MEUR**
Revenue from external customers [2]	1,800	115	554	186	137	93	42	116	3	-	3,046
Inter-segment revenue	-	15	5	-	-	-	-	2	1	(23)	-
Total revenue	**1,800**	**130**	**559**	**186**	**137**	**93**	**42**	**118**	**4**	**(23)**	**3,046**
Net interest income from external customers	993	85	269	119	76	68	36	79	(35)	-	1,690
Inter-segment net interest income	-	14	3	-	-	(7)	(6)	(2)	(5)	3	-
Total net interest income	**993**	**99**	**272**	**119**	**76**	**61**	**30**	**77**	**(40)**	**3**	**1,690**
Income tax expense	(36)	(7)	(33)	(13)	(12)	-	(1)	(2)	(6)	-	(110)
Segment result	**118**	**22**	**130**	**52**	**46**	**(54)**	**8**	**(46)**	**(54)**	**10**	**232**
Depreciation and amortization	(15)	(9)	(15)	(4)	(5)	(10)	-	(17)	-	12	(63)
Net impairment losses [3]	(575)	2	(33)	(27)	2	(26)	(8)	(23)	-	-	(688)
Capital expenditure	(53)	(10)	(10)	(3)	(7)	(20)	-	(38)	-	28	(113)
	30 Sep 2017 MEUR	**30 Sep 2017 MEUR**	**30 Sep 2017 MEUR**	**30 Sep 2017 MEUR**	**30 Sep 2017 MEUR**	**30 Sep 2017 MEUR**	**30 Sep 2017 MEUR**	**30 Sep 2017 MEUR**	**30 Sep 2017 MEUR**	**30 Sep 2017 MEUR**	**30 Sep 2017 MEUR**
Segment assets [4]	**10,110**	**3,720**	**3,677**	**579**	**467**	**432**	**266**	**1,012**	**252**	**(1,025)**	**19,490**
Investments in associates	-	-	1	-	-	-	-	-	-	-	1
Segment liabilities [4]	**8,624**	**3,470**	**3,040**	**442**	**355**	**330**	**253**	**738**	**1,526**	**(1,024)**	**17,754**
Segment equity [4]	**1,486**	**250**	**637**	**137**	**112**	**102**	**13**	**274**	**(1,274)**	**(1)**	**1,736**

[1] Unallocated items represent items of revenue, operating expense, assets and liabilities which cannot be reasonably allocated to the geographical segments. Unallocated equity represents the difference between unallocated assets and unallocated liabilities and does not represent equity of holding companies included in this segment.
[2] Revenue from external customers comprises interest income, fee and commission income and gross insurance premiums earned.
[3] Net impairment losses are represented by impairment losses on financial and non-financial assets.
[4] Consolidation adjustments are included in Eliminations.

5. Segment reporting (continued)

	China	Czech Republic	Russian Federation	Vietnam	Kazakhstan	India	Slovak Republic	Other	Unallocated [1]	Eliminations	Consolidated
	9 months ended 30 Sep 2016 MEUR	9 months ended 30 Sep 2016 MEUR	9 months ended 30 Sep 2016 MEUR	9 months ended 30 Sep 2016 MEUR	9 months ended 30 Sep 2016 MEUR	9 months ended 30 Sep 2016 MEUR	9 months ended 30 Sep 2016 MEUR	9 months ended 30 Sep 2016 MEUR	9 months ended 30 Sep 2016 MEUR	9 months ended 30 Sep 2016 MEUR	9 months ended 30 Sep 2016 MEUR
Revenue from external customers [2]	910	114	511	140	102	38	47	56	5	-	1,923
Inter-segment revenue	-	13	12	-	-	-	-	1	-	(26)	-
Total revenue	**910**	**127**	**523**	**140**	**102**	**38**	**47**	**57**	**5**	**(26)**	**1,923**
Net interest income from external customers	537	81	218	92	55	27	41	34	(17)	-	1,068
Inter-segment net interest income	-	13	10	-	(6)	(1)	(10)	(2)	(6)	2	-
Total net interest income	**537**	**94**	**228**	**92**	**49**	**26**	**31**	**32**	**(23)**	**2**	**1,068**
Income tax expense	(35)	(5)	(9)	(8)	(8)	-	-	1	(7)	-	(71)
Segment result	**122**	**26**	**37**	**33**	**30**	**(39)**	**3**	**(43)**	**(34)**	**(4)**	**131**
Depreciation and amortization	(7)	(7)	(17)	(4)	(4)	(5)	-	(24)	-	10	(59)
Net impairment losses [3]	(217)	(6)	(126)	(26)	(5)	(16)	(13)	(9)	-	-	(417)
Capital expenditure	(18)	(7)	(6)	(3)	(6)	(10)	-	(20)	-	(9)	(80)
	31 Dec 2016 MEUR	**31 Dec 2016 MEUR**	**31 Dec 2016 MEUR**	**31 Dec 2016 MEUR**	**31 Dec 2016 MEUR**	**31 Dec 2016 MEUR**	**31 Dec 2016 MEUR**	**31 Dec 2016 MEUR**	**31 Dec 2016 MEUR**	**31 Dec 2016 MEUR**	**31 Dec 2016 MEUR**
Segment assets [4]	**6,641**	**3,275**	**3,338**	**515**	**410**	**248**	**301**	**461**	**159**	**(644)**	**14,704**
Investments in associates	-	-	2	-	-	-	-	-	-	-	2
Segment liabilities [4]	**5,674**	**3,079**	**2,748**	**398**	**304**	**203**	**296**	**248**	**879**	**(626)**	**13,203**
Segment equity [4]	**968**	**196**	**589**	**117**	**106**	**45**	**5**	**213**	**(720)**	**(18)**	**1,501**

[1] Unallocated items represent items of revenue, operating expense, assets and liabilities which cannot be reasonably allocated to the geographical segments. Unallocated equity represents the difference between unallocated assets and unallocated liabilities and does not represent equity of holding companies included in this segment.

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

[3] Net impairment losses are represented by impairment losses on financial and non-financial assets.

[4] Consolidation adjustments are included in Eliminations.

6. Fair values of financial instruments

For description of fair values measurements please refer to the Note 2 (e).

The following table shows the carrying amounts and fair values of financial instruments measured at amortized cost, including their levels in the fair value hierarchy:

		Carrying amount	Fair Value			
30 Sep 2017	**Note**	**MEUR**	**Level 1 MEUR**	**Level 2 MEUR**	**Level 3 MEUR**	**Total MEUR**
Due from banks, other financial institutions and holding companies	10	625	-	625	-	625
Loans to customers	11	13,888	-	-	14,000	14,000
Current accounts and deposits from customers	17	(6,046)	-	(6,049)	-	(6,049)
Due to banks, other financial institutions and holding companies	18	(9,376)	-	(9,377)	-	(9,377)
Debt securities issued	19	(939)	(7)	(937)	-	(944)
Subordinated liabilities	20	(400)	(359)	(52)	-	(411)
		(2,248)	**(366)**	**(15,790)**	**14,000**	**(2,156)**

		Carrying amount	Fair Value			
31 Dec 2016	**Note**	**MEUR**	**Level 1 MEUR**	**Level 2 MEUR**	**Level 3 MEUR**	**Total MEUR**
Due from banks, other financial institutions and holding companies	10	397	-	397	-	397
Loans to customers	11	9,866	-	-	9,954	9,954
Current accounts and deposits from customers	17	(5,401)	-	(5,410)	-	(5,410)
Due to banks, other financial institutions and holding companies	18	(6,428)	-	(6,430)	-	(6,430)
Debt securities issued	19	(320)	(8)	(311)	-	(319)
Subordinated liabilities	20	(416)	(390)	(38)	-	(428)
		(2,302)	**(398)**	**(11,792)**	**9,954**	**(2,236)**

There were no transfers between Level 1, 2 and 3 in the nine-month period ended 30 September 2017 or year ended 31 December 2016.

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

6. Fair values of financial instruments (continued)

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):

30 Sep 2017	Note	Level 1 MEUR	Level 2 MEUR	Level 3 MEUR	Total MEUR
Financial assets at fair value through profit or loss	8	-	20	-	20
Financial assets available-for-sale	9	1,184	17	10	1,211
Financial liabilities at fair value through profit or loss	16	-	(12)	(295)	(307)
		1,184	**25**	**(285)**	**924**

31 Dec 2016	Note	Level 1 MEUR	Level 2 MEUR	Level 3 MEUR	Total MEUR
Financial assets at fair value through profit or loss	8	201	3	-	204
Financial assets available-for-sale	9	945	100	-	1,045
Financial liabilities at fair value through profit or loss	16	-	(28)	-	(28)
		1,146	**75**	**-**	**1,221**

There were no transfers between Level 1, 2 and 3 in the nine-month period ended 30 September 2017 or year ended 31 December 2016.

Reconciliation of movements in Level 3:	Equity securities Available-for-sale MEUR	Financial liabilities at fair value through profit or loss MEUR
Balance at 1 January 2017	-	-
Purchases, sales, issues and settlements during the period	10	(295)
Gains/(losses) recognized in profit or loss	-	-
Gains/(losses) recognized in OCI	-	-
Closing balance at 30 September 2017	**10**	**(295)**

The Group holds an investment in equity shares of Nymbus, Inc., a business operating in the USA, which is classified as available-for-sale, with a fair value of MEUR 10 at 30 September 2017. The fair value of this investment was categorized as Level 3 at 30 September 2017. This was because the shares are not listed on an exchange and there are no recent observable arm's length transactions in the shares.

The Group received a long term loan (refer to note 16), which is measured at fair value through profit or loss. The fair value was categorized as Level 3 and determined as MEUR 295 at 30 September 2017.

The fair valuation methodology for Level 3 equity instruments is based on comparable market transactions at the valuation date. The fair value of equity securities is sensitive to economic developments at the businesses in question.

7. Cash and cash equivalents

	30 Sep 2017 MEUR	31 Dec 2016 MEUR
Cash on hand	81	90
Current accounts	1,404	1,305
Current accounts with central banks	135	137
Reverse repo operations with central banks	1,147	-
Placements with financial institutions due within one month	48	880
	2,815	**2,412**

As at 30 September 2017 current accounts comprise MEUR 829 (31 December 2016: MEUR 985) which is restricted to its use. The use of the cash is restricted by the borrowing agreements in China with the creditors to i) disbursement of loans to retail clients; or ii) repayment of the loans received from the creditors. If the cash is used to provide loans to retail clients, the loans are pledged as collateral. Thus, the restriction on the cash effectively increases the security of the creditors.

8. Financial assets at fair value through profit or loss

	30 Sep 2017 MEUR	31 Dec 2016 MEUR
Positive fair value of trading derivative instruments	15	3
Positive fair value of hedging derivative instruments	5	-
Debt securities (Government bonds)	-	201
	20	**204**

9. Financial assets available-for-sale

	30 Sep 2017 MEUR	31 Dec 2016 MEUR
Government bonds	1,199	647
Equity securities	10	-
Corporate bonds	2	368
Other debt securities	-	30
	1,211	**1,045**

As at 30 September 2017 MEUR 17 financial assets available-for-sale (31 December 2016: MEUR 11) served as collateral for bank loan facilities (loans received under repo operations) (Note 18).

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

	30 Sep 2017 MEUR	31 Dec 2016 MEUR
Loans and advances provided under repo operations	373	109
Loans and term deposits with banks, other financial institutions and holding companies due in more than one month	139	177
Minimum reserve deposits with central banks	60	76
Cash collateral for derivative instruments	7	32
Other	46	3
	625	**397**

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

As at 30 September 2017 term deposit of MEUR 46 (31 December 2016: MEUR 19) served as collateral for secured loans due to banks (Note 18).

As at 30 September 2017 term deposit of MEUR 6 (31 December 2016: MEUR 7) served as cash collateral for syndicated loan interest payments.

As at 30 September 2017 margin deposit of MEUR 4 (31 December 2016: MEUR 4) served as cash collateral for foreign exchange derivative contracts.

11. Loans to customers

	30 Sep 2017 MEUR	31 Dec 2016 MEUR
Gross amount		
Cash loan receivables	8,482	5,452
POS loan receivables	5,554	4,261
Revolving loan receivables	524	585
Mortgage loan receivables	130	111
Car loan receivables	114	117
Loans to corporations	210	178
Other	3	3
	15,017	**10,707**
Collective allowances for impairment		
Cash loan receivables	(658)	(457)
POS loan receivables	(366)	(264)
Revolving loan receivables	(67)	(86)
Mortgage loan receivables	(6)	(8)
Car loan receivables	(22)	(23)
	(1,119)	**(838)**
Specific allowances for impairment		
Loans to corporations	(10)	(3)
	(10)	**(3)**
	13,888	**9,866**

As at 30 September 2017 cash loan receivables of MEUR 861 (31 December 2016: MEUR nil) and POS loan receivables of MEUR 577 (31 December 2016: MEUR 66) served as collateral for debt securities issued (Note 19).

As at 30 September 2017 cash loan receivables of MEUR 3,735 (31 December 2016: MEUR 2,784) and POS loan receivables of MEUR 2,585 (31 December 2016: MEUR 1,580) served as collateral for bank loan facilities (Note 18).

Loan receivables used as collateral as part of these funding activities were pledged under terms that are usual and customary for such activities.

During the interim period the Group has enhanced its credit risk predicting model to limit the volatility of the risk costs (refer to Note 4). As a result, the Group released a part of its existing collective impairment allowances in the amount of MEUR 61. The change was recognized in the statement of comprehensive income in the interim period ended on 30 September 2017.

12. Assets classified as held for sale

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

In the segment analysis (Note 5), all assets classified as held for sale are presented within the Russian Federation segment.

13. Property and equipment

	30 Sep 2017 MEUR	31 Dec 2016 MEUR
Acquisition cost	360	337
Accumulated depreciation	(183)	(174)
Impairment	(1)	(2)
Carrying amount	**176**	**161**

14. Intangible assets

	30 Sep 2017 MEUR	31 Dec 2016 MEUR
Acquisition cost	477	400
Accumulated depreciation	(261)	(229)
Carrying amount	**216**	**171**

15. Other assets

	30 Sep 2017 MEUR	31 Dec 2016 MEUR
Prepaid expenses	106	90
Trade receivables and settlement with suppliers	56	67
Cash collateral for payment cards	45	51
Other taxes receivable	10	9
Accrued income from insurance fees	6	8
Deferred acquisition costs of insurance contracts	3	7
Inventories	3	1
Other	43	24
	272	**257**

16. Financial liabilities at fair value through profit or loss

	30 Sep 2017 MEUR	31 Dec 2016 MEUR
Loan	295	-
Negative fair value of trading derivative instruments	11	28
Negative fair value of hedging derivative instruments	1	-
	307	**28**

In July 2017 the Group signed a strategic partnership agreement with PAG Asia Capital (“PAG”), one of Asia’s largest private equity firms, with the aim of supporting the long-term development of the Group’s business, in China. Within this deal, PAG has made an investment to the Group, in a form of a long term loan. The Company decided to measure this loan at fair value through profit or loss.

17. Current accounts and deposits from customers

	30 Sep 2017 MEUR	31 Dec 2016 MEUR
Current accounts and demand deposits	3,835	3,391
Term deposits	2,182	1,984
Loans	26	23
Other	3	3
	6,046	**5,401**

18. Due to banks, other financial institutions and holding companies

	30 Sep 2017 MEUR	31 Dec 2016 MEUR
Secured loans	6,002	5,361
Unsecured loans	3,310	1,011
Loans received under repo operations	16	-
Other balances	48	56
	9,376	**6,428**

As at 30 September 2017 the balances of loans secured by cash loan receivables, POS loan receivables, term deposits and financial assets available-for-sale were MEUR 3,194 (31 December 2016: MEUR 2,777), MEUR 2,126 (31 December 2016: MEUR 1,558), MEUR 42 (31 December 2016: MEUR 21) and nil (31 December 2016: MEUR 10), respectively.

As at 30 September 2017 the balances of loans secured by cash were MEUR 606 (31 December 2016: MEUR 985) (Note 7).

As at 30 September 2017 the balances of loans secured by guarantees were MEUR 34 (31 December 2016: MEUR 10).

These amounts represent the balances of loans, and do not necessarily represent the fair value of the collateral.

19. Debt securities issued

	Interest rate	Final maturity	Amount outstanding 30 Sep 2017 MEUR	31 Dec 2016 MEUR
Long-term registered Certificate of Deposit, VND	Fixed	2017	67	82
Short-term registered Certificate of Deposit, VND	Fixed	2017	16	-
Certificates of deposit issue of MKZT 314.6	Fixed	2017	1	1
Asset-Backed Security issue 2 (2017-1) in CNY, tranche A	Fixed	2017	-	-
Asset-Backed Security issue 4 (2017-2) in CNY, tranche A	Fixed	2017	37	-
Asset-Backed Security issue 2 (2017-1) in CNY, tranche B	Fixed	2018	-	-
Asset-Backed Security issue 4 (2017-2) in CNY, tranche B	Fixed	2018	38	-
Asset-Backed Security issue 5 (2017-3) in CNY, tranche A	Fixed	2018	121	-
Asset-Backed Security issue 5 (2017-3) in CNY, tranche B	Fixed	2018	44	-
Asset-Backed Security issue 6 (2017-4) in CNY, tranche A	Fixed	2018	119	-
Asset-Backed Security issue 6 (2017-4) in CNY, tranche B	Fixed	2018	29	-
CZK promissory note issue of MCZK 650	Zero-coupon	2018	24	22
Certificates of deposit issue of MKZT 116.5	Fixed	2018	1	-
Long-term registered Certificate of Deposit, VND	Fixed	2018	80	99
Short-term registered Certificate of Deposit, VND	Fixed	2018	25	-
Long-term registered Certificate of Deposit, VND	Fixed	2019	37	17
Short-term registered Certificate of Deposit, VND	Fixed	2019	2	-
Secured INR bond issue of MINR 2,250	Fixed	2019	29	31
Secured INR bond issue of MINR 1,875	Fixed	2019	24	26
Stock exchange RUB bonds issue 001P-01 of MRUB 1,500	Fixed	2019	23	8
Unsecured KZT bond issue 1 of MKZT 6,769	Fixed	2019	17	20
Unsecured CZK bond issue of MCZK 1,998	Fixed	2020	79	-
Secured INR bond issue of MINR 2,500	Fixed	2020	32	-
Secured INR bond issue of MINR 3,750	Fixed	2020	49	-
Unsecured KZT bond issue 2 of MKZT 10,000	Fixed	2020	26	-
CZK promissory note issue of MCZK 207	Zero-coupon	2020	7	7
EUR promissory note issue of MEUR 7.96	Zero-coupon	2020	7	7
Long-term registered Certificate of Deposit, VND	Fixed	2020	5	-
			939	**320**

19. Debt securities issued (continued)

As at 30 September 2017 the secured INR bond issues listed above secured by cash loan receivables and POS loan receivables were MEUR 134 (31 December 2016: MEUR 57).

As at 30 September 2017 the asset-backed security in CNY listed above secured by cash loan receivables and POS loan receivables were MEUR 388 (31 December 2016: nil).

20. Subordinated liabilities

	Interest rate	Final maturity	Amount outstanding 30 Sep 2017 MEUR	31 Dec 2016 MEUR
Loan participation notes issue of MUSD 500	Fixed	April 2020	202	218
Loan participation notes issue of MUSD 200	Fixed	April 2021	147	159
Subordinated bonds issue of MCZK 2,000	Fixed	April 2024	51	39
			400	**416**

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 30 September 2017 the Group bought back the loan participation notes with a cumulative par value of MUSD 272 (31 December 2016: cumulative par value of MUSD 272).

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. As at 30 September 2017 the Group bought back the loan participation notes with a cumulative par value of MUSD 35 (31 December 2016: MUSD 35).

Subordinated bonds issue of MCZK 2,000 were issued in April 2014. The Group has an early redemption option exercisable on 30 April 2019.

21. Insurance and other provisions

	30 Sep 2017 MEUR	31 Dec 2016 MEUR
Provisions for unearned premiums	26	31
Provisions for outstanding claims	1	1
Provision for litigations	-	1
Other provisions	12	9
	39	**42**

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

22. Other liabilities

	30 Sep 2017 MEUR	31 Dec 2016 MEUR
Settlement with suppliers	217	161
Accrued employee compensation	141	149
Accrued expenses	60	48
Customer loan overpayments	38	31
Other taxes payable	34	22
Deferred income and prepayments	1	1
Advances received	1	3
Other	16	23
	508	**438**

23. Equity

As at 30 September 2017 the Group's authorized share capital comprised 1,250,000,000 (31 December 2016: 1,250,000,000) ordinary shares at a par value of EUR 0.57 (31 December 2016: EUR 0.57), of which 1,156,174,806 (31 December 2016: 1,156,174,806) shares were issued and fully paid. All issued shares bear equal voting rights. The holders of the shares are entitled to receive distributions of profits and reserves when declared by the general meeting of the Company. No distributions can be made if the total amount of the reserves to be maintained pursuant to the law or the articles of association exceeds the Company's equity and the management board has not given its approval to such distribution.

In August 2017 the Group's shareholders increased the Company's share premium by MEUR 158 (EUR 0.14 per one share).

The creation and use of statutory reserves is limited by legislation and the articles of each company within the Group. Statutory reserves are not available for distribution to the shareholders.

The foreign currency translation reserve comprises foreign exchange differences arising from translation of the financial statements of companies within the Group with a functional currency other than the presentation currency. The translation reserve is not available for distribution to the shareholders.

The reserve for business combinations under common control was recognized on acquisitions of HC Asia N.V., Home Credit Consumer Finance Co., Ltd., Home Credit Vietnam Finance Company Limited, CF Commercial Consulting (Beijing) Co., Ltd. and Air Bank (JSC) from the Group's shareholders. The reserve for business combinations under common control is not available for distribution to the shareholders.

The revaluation reserve represents the revaluation deficit or surplus, net of deferred tax, recognized on changes in the fair value of financial assets available-for-sale. The revaluation reserve is not available for distribution to the shareholders.

24. Non-controlling interests

As at 30 September 2017 the Group reported the following non-controlling interests (NCI) and net losses allocated to non-controlling interests for the nine-month period ended 30 September 2017:

	NCI %	Total assets MEUR	Total liabilities MEUR	Carrying amount of NCI MEUR	Net losses for the period MEUR	Net losses allocated to NCI MEUR
Home Credit US (LLC)	49.90	30	25	2	-	-
PT. Home Credit Indonesia	15.00	190	155	6	(15)	(2)
HC Consumer Finance Philippines, Inc.	0.69*	-	-	-	(5)	-
				8		**(2)**

In February 2017 the Group's ownership interest in HC Consumer Finance Philippines, Inc. increased from 99.28% to 99.31% and subsequently in June 2017 increased to 100%.

* *NCI applicable only for profit or loss*

As at 31 December 2016 the Group reported the following non-controlling interests (NCI) and net losses allocated to non-controlling interests for the nine-month period ended 30 September 2016:

	NCI %	Total assets MEUR	Total liabilities MEUR	Carrying amount of NCI MEUR	Net losses for the period MEUR	Net losses allocated to NCI MEUR
Home Credit US (LLC)	49.90	31	26	2	-	-
PT. Home Credit Indonesia	15.00	56	32	4	(15)	(2)
HC Consumer Finance Philippines, Inc.	0.72	94	65	-	(12)	-
				6		**(2)**

In April 2016 the Group's ownership interest in HC Consumer Finance Philippines, Inc. increased from 98.54% to 98.86% and subsequently in November 2016 increased to 99.28%.

25. Interest income and interest expense

	9 months ended 30 Sep 2017 MEUR	9 months ended 30 Sep 2016 MEUR
Interest income		
Financial assets available-for-sale	25	24
Due from banks, other financial institutions and holding companies	30	23
Cash loan receivables	1,679	874
POS loan receivables	617	468
Revolving loan receivables	100	107
Mortgage loan receivables	3	4
Car loan receivables	14	16
Financial assets held-to-maturity	-	1
Other	9	8
	2,477	**1,525**
Interest expense		
Deposits from customers	169	159
Due to banks, other financial institutions and holding companies	543	248
Debt securities issued	47	21
Subordinated liabilities	28	29
	787	**457**

26. Fee and commission income

	9 months ended 30 Sep 2017 MEUR	9 months ended 30 Sep 2016 MEUR
Insurance commissions	378	231
Penalty fees	96	76
Customer payment processing and account maintenance	27	24
Cash transactions	15	13
Retailers commissions	7	15
Other	19	12
	542	**371**

27. Fee and commission expense

	9 months ended 30 Sep 2017 MEUR	9 months ended 30 Sep 2016 MEUR
Payment processing and account maintenance	28	20
Credit and other register expense	18	12
Commissions to retailers	17	18
Cash transactions	12	11
Payments to deposit insurance agencies	10	7
Stamp duties	1	1
Other	2	3
	88	**72**

28. Insurance income

	9 months ended 30 Sep 2017 MEUR	9 months ended 30 Sep 2016 MEUR
Gross premiums earned	27	27
Net insurance benefits and claims	(1)	(1)
Acquisition costs	(6)	(9)
	20	**17**

29. Net losses on financial assets and liabilities

	9 months ended 30 Sep 2017 MEUR	9 months ended 30 Sep 2016 MEUR
Net gains/(losses) on trading derivative instruments	31	(62)
Net gains/(losses) on hedging derivative instruments	12	(1)
Net foreign currency (losses)/gains	(34)	26
Net trading (losses)/gains on other financial assets and liabilities	(10)	14
Net gains on debt securities at fair value through profit or loss	-	7
	(1)	**(16)**

30. Other operating income

	9 months ended 30 Sep 2017 MEUR	9 months ended 30 Sep 2016 MEUR
Income from other services provided	16	17
Other	8	12
	24	**29**

31. Impairment losses on financial assets

	9 months ended 30 Sep 2017 MEUR	9 months ended 30 Sep 2016 MEUR
Cash loan receivables	401	204
POS loan receivables	274	162
Revolving loan receivables	6	34
Mortgage loan receivables	(1)	4
Car loan receivables	-	1
Other financial assets	8	2
	688	**407**

32. General administrative expenses

	9 months ended 30 Sep 2017 MEUR	9 months ended 30 Sep 2016 MEUR
Employee compensation	640	400
Payroll related taxes (including pension contributions)	147	85
Rental, maintenance and repairs	50	38
Telecommunication and postage	48	31
Advertising and marketing	46	28
Professional services	43	31
Information technologies	29	24
Collection agency fee	27	22
Taxes other than income tax	21	30
Travel expenses	18	16
Other	22	13
	1,091	**718**

33. Other operating expenses

	9 months ended 30 Sep 2017 MEUR	9 months ended 30 Sep 2016 MEUR
Depreciation and amortization	63	59
Loss on disposal of property and equipment and intangible assets	3	2
Impairment losses on other non-financial assets	-	9
Impairment losses on property and equipment	-	1
	66	**71**

34. Income tax expense

	9 months ended 30 Sep 2017 MEUR	9 months ended 30 Sep 2016 MEUR
Current tax expense	208	88
Deferred tax benefit	(98)	(17)
Total income tax expense in the statement of comprehensive income	**110**	**71**

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 and cash loan facilities.

	30 Sep 2017 MEUR	31 Dec 2016 MEUR
Revolving loan commitments	388	528
POS loan commitments	32	58
Cash loan commitments	48	18
	468	**604**

The total outstanding contractual commitments to extend credit indicated above do not necessarily represent future cash requirements as many of these commitments will expire or terminate without being funded.

As at 30 September 2017 the Group reported contractual commitments for the acquisition of property and equipment and intangible assets of MEUR 14 (31 December 2016: MEUR 5).

36. Contingencies

Taxation

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

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

37. Related party transactions

The Group has a related party relationship with its parent company, which is PPF Financial Holdings B.V., with entities exercising control over the parent company, their subsidiaries, the Group's key management personnel and other related parties. Related party transactions are executed on an arm's length basis. Related party transactions arise primarily from funding and treasury transactions as well as from insurance commissions reported under fee and commission income.

(a) Transactions with the parent company and entities exercising control over the parent company

Balances included in the statement of financial position in relation to transactions with the parent company and entities exercising control over the parent company are as follows:

	30 Sep 2017 MEUR	31 Dec 2016 MEUR
Due from banks, other financial institutions and holding companies	-	7
Due to banks, other financial institutions and holding companies	(273)	(358)
Subordinated liabilities	(132)	(138)
	(405)	**(489)**

Amounts included in the statement of comprehensive income in relation to transactions with the parent company and entities exercising control over the parent company are as follows:

	9 months ended 30 Sep 2017 MEUR	9 months ended 30 Sep 2016 MEUR
Interest income	-	2
Interest expense	(25)	(15)
	(25)	**13**

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:

	30 Sep 2017 MEUR	31 Dec 2016 MEUR
Cash and cash equivalents	253	55
Financial assets at fair value through profit or loss	16	3
Due from banks, other financial institutions and holding companies	4	26
Other assets	3	10
Current accounts and deposit from customers	(26)	(25)
Due to banks, other financial institutions and holding companies	(104)	(58)
Debt securities issued	(174)	(94)
Financial liabilities at fair value through profit or loss	(7)	(20)
Subordinated liabilities	(27)	(24)
Other liabilities	(2)	(2)
	(64)	**(129)**

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

	9 months ended 30 Sep 2017 MEUR	9 months ended 30 Sep 2016 MEUR
Interest income	1	3
Interest expense	(20)	(10)
Fee and commission income	-	5
Fee and commission expense	(1)	(1)
Acquisition costs (insurance income)	-	(4)
Net gains/(losses) on financial assets and liabilities	23	(31)
General administrative expenses	(10)	(5)
	(7)	**(43)**

Interest income presented in the table above did not include transaction costs integral to the effective interest rate and incurred with fellow subsidiaries. Such transactions had a negative impact on interest income of MEUR 0 (nine-month period ended 30 September 2016: MEUR 1).

37. Related party transactions (continued)

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

Amounts included in the statement of comprehensive income in relation to transactions with members of key management are long-term benefits of MEUR 1 (nine-month period ended 30 September 2016: MEUR 5) and short-term benefits of MEUR 16 (nine-month period ended 30 September 2016: MEUR 14) comprising salaries, bonuses and non-monetary benefits.

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 MEUR 5 charged over the nine-month period ended 30 September 2017 (nine-month period ended 30 September 2016: MEUR 5) in relation to this agreement are recorded under general administrative expenses, while the related liability of MEUR 1 as of 30 September 2017 (31 December 2016: MEUR 3) is recorded under other liabilities.

As at 30 September 2017 the balances due from holding companies included secured loans of MEUR 73 (31 December 2016: MEUR 83) provided by the Group to a company controlled by one of the members of its Board of Directors. The weighted average interest rate is 7.48% (31 December 2016: 6.95%) and the repayment date of those loans is 30 June 2019.

As at 30 September 2017 the Company had outstanding loan commitments of MEUR 8 (31 December 2016: MEUR 9) with other related parties.

38. Subsequent events

On 1 October 2017 Mr. Christoph Glaser became a member of the Board of Directors of the Company.

In November 2017 the Group's shareholders increased the Company's share premium by MEUR 275.

In November 2017, the outstanding principal balance of the loan provided to the Company by the parent company was reduced by MEUR 272.

The condensed consolidated interim financial statements were issued on 27 November 2017.

Christoph Glaser
Member of the Board of Directors