



## PRESS RELEASE

### HOME CREDIT & FINANCE BANK – INTERIM IFRS RESULTS FOR 2005

**Moscow – September 6<sup>th</sup>, 2005.** Home Credit & Finance Bank (HCFB) [Moody's Ba3/NP/D-, S&P B-/C], one of the fastest growing providers of consumer credit in Russia, has today announced its financial results in accordance with the International Financial and Reporting Standards (IFRS) for the six-month period to 30 June 2005.

*“Our 182 % increase in business volumes to RUR 18,773 million for the first half of the year, compared to RUR 6,655 million for the corresponding period in 2004, shows our ability to continue to achieve significant growth. We have continued to invest in the business, improving operating efficiency, opening new regional representative offices and strengthening the distribution network across Russia, the combination of which provides a strong platform for sustainable and profitable growth in the future.”*

**Andrey Lykov, Chairman of  
HCFB Management Board**

- **Volume of consumer loans granted in the period (H1 2005) has risen threefold and exceeds that of the corresponding period for 2004**
- **Market share has increased to 33.5% (from 24.6% achieved in H1 2004)**
- **Strong operating performance with the cost-to-income ratio standing at 39% as of H1 2005**
- **Net Profit of RUR 73.2million for the first half of the year, compared to RUR 112.0 million for the corresponding period in 2004**
- **Bottom line profitability was affected by rising loan loss provisions, as a result of the rapid growth in business volumes**
- **The Board is confident in meeting the company's strategic aim of maintaining strong, highly disciplined and profitable growth going forward**

HCFB's growth strategy has been achieved by strengthening the company's market share and customer acquisition over the period. Market share increased to 33.5% for the period and the number of retail partners with whom HCFB distributes its products increased to 12,777, an increase of 59.8% from 7,995 in H1 2004. The bank also strengthened its network of regional representative offices across the Russian Federation to 57 by opening 30 new regional offices.

HCFB maintained a strong operating performance, evidenced by the cost-to-income ratio standing at 39% as of H1 2005. The bank achieved a net profit of RUR 73.2million for the first half of the year despite an increase in loan loss provisions from the corresponding period in 2004 as a result of HCFB's rapid growth.

HCFB's capitalization is sufficient to comfortably cover all potential losses with the total BIS capital adequacy ratio standing at 19.4% as at H1 2005. In order to further strengthen the bank's capitalization, the equity capital will



be increased by over RUR 5 billion during Q3 2005. The bank's shareholders are committed to maintain the capitalization at adequate levels in the future to fund the bank's further expansion.

The first half of the year saw the continuation of HCFB's capital raising activities with both Russian and international capital markets investors. In February the bank successfully placed USD 150 million Eurobond issue followed by RUB 3 billion (US\$107 million) of bonds in the Russian market in May and the second USD 275 million Eurobond issue in June, reaffirming HCFB's strong reputation in consumer finance combined with the bank's continuing expansion across Russia.

The outlook for the second half of the year remains positive. The Board is confident in meeting the company's strategic aim of maintaining strong, highly disciplined and profitable growth going forward which will be achieved by the following:

- an acceleration of HCFB's credit card operations in the second half of 2005
- a focus on strong receivables growth and improved returns
- a further strengthening of the bank's collection processes
- further expansion of the representative offices network
- establishing new alliances and distribution channels
- Q4 and Q1 are traditionally the busiest periods in the credit cycle for consumer loans
- the continuing capital, financial and management support of HCFB's parent, the PPF Group

## Financial Highlights

	For the 6 months ended 30 June 2005 TRUR	For the 6 months ended 30 June 2004 TRUR	Change %
<b>Consumer loans granted</b>	<b>18,733,025</b>	<b>6,654,657</b>	<b>182%</b>
<b>Net consumer loans</b>	<b>19,690,241</b>	<b>6,948,476</b>	<b>184%</b>
<b>Operating income</b>	<b>3,378,585</b>	<b>1,309,043</b>	<b>158%</b>
<b>Net income</b>	<b>73,213</b>	<b>111,986</b>	<b>-35%</b>
<b>Total assets</b>	<b>29,416,947</b>	<b>9,689,963</b>	<b>204%</b>
<b>Total equity</b>	<b>2,841,416</b>	<b>2,473,091</b>	<b>15%</b>



**Notes to Editors:**

*Home Credit & Finance Bank* [Moody's Ba3/NP/D-, S&P B-/C] has been operating in the Russian consumer loan market since 2002. It has become one of Russia's market leaders controlling approximately 33.5% of the point-of-sale credit market as of 30 June 2005. HCFB is majority controlled by PPF Group of the Czech Republic. Home Credit companies have been operating in the Central and Eastern European consumer loan markets for more than eight years.

HCFB offers its clients a wide range of credit products with variable credit terms; in November 2004, HCFB entered the revolving credit card business in Russia. HCFB's total IFRS assets stood at RUB 29.4 billion as of H1 2005. The bank's regional network comprised 57 representative offices across the Russian Federation as of H1 2005. HCFB's products have been offered in approximately 12,800 stores across 900 cities throughout Russia.

Home Credit & Finance Bank is a member of the Home Credit Group and the PPF international group of companies which has interests in insurance, asset management, consumer finance and commercial banking. During its 14 years in business, PPF has become the leading Czech financial investor, and manages assets of over USD 8.8 billion. Ceska pojistovna (Moody's Baa3, Standard & Poor's BBB), the largest insurance company in the Czech Republic, has been the group's major asset. The group is active in a number of countries including the Czech Republic, the Slovak Republic, and the Russian Federation.

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