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The company is incorporated in the trade register of the Chamber of Commerce for Amsterdam under the file number 34126597.

Press Release

Profitable 2H 2020 due to resilient business model, swift de-risking and acceleration of digital transformation

Group well positioned for post-Covid market recovery

Executive Summary:

- Home Credit returned to profitability in 2H20 with a net profit of EUR 35 million, following decisive actions to contain the Covid-induced volatility and recalibrate its business for the post-pandemic environment.
- Credit applications rose over 2H20: The Group disbursed an average of 47,900 loans per day in 4Q20 versus 39,600 in 2Q20.
- New volumes originated in 4Q20 rose 19% on a constant currency basis compared to 2Q20, when the pandemic peaked.
- Cost of Risk improved during 2H20 to 6.8% from 17.8% in 1H20.
- The Group focused on portfolio de-risking, conservative underwriting and frequent engagement with customers. This resulted in a 37% year-on-year reduction of the Group's loan book in FY20.
- Capital position remains solid with Equity to Net Loans increasing to 15.3% at year-end 2020 from 14.2% a year earlier.
- Group's digital transformation accelerated as we automated and simplified the customer journey. The Group is rapidly shifting customers to online and app-enabled platforms and significantly reduced operating expenses, down 25% on a run-rate basis.
- By the end of 2020, the Group had 91 million registered users of its proprietary app, with 52% of new volumes originating digitally.
- Home Credit champions financial inclusion. Our customers faced many challenges due to the economic stress resulting from the pandemic and we supported them through a wide range of actions, evolving our processes to remain fully operational throughout the year.

Jean-Pascal Duvieusart, CEO of Home Credit Group B.V., said: *"Our agile business model, supported by the tough measures we took during the height of the pandemic, meant that Home Credit began to recover in the second half. Despite the challenging year, we served our customers well, remaining open, supporting those in need and creating new ways to engage with them as we accelerated the shift toward digitalization. We made fewer, smaller and shorter-term loans, mindful of the financial strain many were under. Quite rightly, our loan book is now significantly smaller and reflects the increased risk profile of our markets, although there was growth in new loans in all our regions by the end of the year.*

With our decisive actions, we created solid foundations for growth while the communities we serve reopened and revived. We've already seen early signs of progress in some countries, as demonstrated by our second half performance. Home Credit remains resilient with an operating model that can be adapted quickly to handle changing circumstance as we did in 2020. We have recalibrated our business for the post-Covid environment and are confident that as global markets get back on track, we too will continue to rebound."

Amsterdam, [17] March 2021 – Home Credit Group B.V. ("HCGBV" or the "Group") substantially improved its performance in 2H20 amid early indications of a recovery following the initial effects of the pandemic in our countries of operation.

HCGBV saw encouraging signs of improvement in overall performance – sales, risk and cost management – in the six months to end-December. The Group delivered a net profit of EUR 35 million in 2H20 compared to a EUR 619 million net loss in 1H20 when the negative impact of the Covid pandemic was most pronounced on our business.

HCGBV's recovery is the result of swift measures taken to mitigate the impact of the global health crisis. The Group increased its provisions for potential credit losses during 2Q20. In addition, as part of the ongoing portfolio de-risking efforts, the Group enhanced its customer engagement, and focused on providing more revolving products and smaller loans with shorter duration to its existing customer base. These prompt adjustments to product features and tightened underwriting criteria resulted in rapid improvement in new loans' vintage quality during the second half of the year which returned to pre-Covid levels. The crisis underscored the resilience of the Group's business model that has again proven to be both agile and highly adaptable. Impairment losses increased in 1H20 to cover expected credit losses with the cost of risk improving during 2H20 to 6.8% from 17.8% in 1H20 thanks to better quality new issuance. The coverage ratio increased significantly in 1H20 from 7.3% to 12.2% and then, during 2H20, it increased only slightly to 12.6% due to the portfolio's size.

New volumes in 2020 decreased 49% compared to 2019 on a constant currency basis due to the impact of lockdowns, reduced consumption, stricter underwriting criteria and our strategy to promote products of a reduced ticket size (smaller loans). New volumes were most impacted during 2Q at the height of the pandemic and we have started to see an improvement since. Signs of economic recovery and improving customer sentiment are evident in the increasing number of credit applications the Group received which rose to approximately 13.8 million in 4Q up 23% compared to 2Q. In the final three months of 2020, the Group issued 47,900 loans per day on average, equivalent to one loan every 2 seconds, compared to an average 39,600 loans per day in 2Q.

Home Credit continues to champion financial inclusion by providing simple and transparent products that meet customers' needs at a fair price and by raising the level of financial literacy in all our communities. While individuals who benefit from financial inclusion are the most likely to be impacted by unprecedented market shifts, they remain central to their economies, are an important driver of long-term consumer spending growth and are a core market for the Group. They faced many challenges due to the economic stress resulting from the pandemic and we supported them through a wide range of actions, evolving our processes to remain fully operational throughout the year.

Accelerated Digitalization Strategy

As authorities around the world launched lockdowns and various social-distancing restrictions, we intensified our drive to convert our business model and customers' interactions with the Group to be fully digital. The number of registered users of the Group's proprietary mobile app rose by 21 million to 91 million in 2020, up 30% year on year, which is three times faster than growth of all borrowers served. Our proprietary mobile app allows our customers to apply for a loan on the move, wherever they shop, and to get a decision within a minute.

Acceleration of our digital strategy across our markets drove further cost efficiencies, including savings on personnel costs. Our proprietary mobile app makes loan applications easy and allows the Group to increase its engagement with customers. The app has received solid ratings from users and means the Group can interact directly with its customers without the need for personnel to submit applications. In a number of locations, customers may now apply for loans themselves by scanning QR codes. More than 150,000 retail shops in China were converted to this self-service model during 2020.

In China, HC Pay, a revolving credit product based on a QR code for smartphones, attracted over 1.66 million new users in 2020. In Russia, we started piloting loans within VK Pay, a payment platform operated by the country's leading social media network.

Operational and Financial Highlights

Home Credit recorded a net profit of EUR 35 million for 2H20 compared to EUR 619 million net loss in 1H20 as the Group adjusted quickly to the new environment.

As the Group adapted its operations during 2020 in response to the pandemic, total assets reduced 30% to EUR 18.5 billion from EUR 26.6 billion driven by a 37% year-on-year reduction in the loan book. During this period the proportion of liquid assets increased to 22.9%. This reflected our successful collections efforts, ongoing access to liquidity and our objective of being prepared for post-Covid business opportunities.

Our loan portfolio reduced to EUR 12.7 billion in 2020 from EUR 20.2 billion a year earlier driven by a decline in new volumes. The loan approval rate was maintained at a conservative level as we continued to monitor the evolving macro environment. As part of our de-risking strategy, the average term (tenor) and size of loan reduced. In 2H20 average loan contract tenors were reduced to 9 months from 20 months in 2019 while the amount of the average loan reduced from EUR 910 to EUR 450. Our Allowance to Gross Loans increased during 2020 to 12.7%, from 7.3% at the end of 2019.

Given the circumstances, HCGBV's consolidated operating income was solid at EUR 3.2 billion in FY2020, despite declining 25% year on year. This was in line with the decrease in the portfolio. The Group's net interest margin declined from 15.5% in 2019 to 13.9% in 2020 as the Group focused on providing loans to better borrowers.

Cost of funds decreased from 7.5% in 2019 to 6.7% in 2020 as the Group deleveraged and optimized its funding sources. Ongoing diversification of funding continued with HCGBV maintaining access to local and international markets and over 150 funding partners. The Group also continued or established new joint lending agreements in China, India and Indonesia during 2020, demonstrating the resilience of the business and the level of interest in our consumer loans.

Cost of risk increased from 8.6% in 2019 to 12.9% during 2020 as we managed the impact of the pandemic on the portfolio. Despite difficult circumstances, NPLs (or loans past due over 90 days) increased only slightly to 6.4% in 2020 from 5.6% in 2019. The NPL coverage ratio strengthened to 197.3% in 2020 from 130.6% in 2019.

By increasing operating efficiency through enhanced digitization and better aligning employee numbers with our revamped business structure, the Group cut its operating expenses, including one-offs, by 13.2% year on year to EUR 1.6 billion and reduced operating expenses on a run rate basis by 25%.

In the first half of 2020, during the peak of multiple lockdowns and loan repayment moratoria, the Group took a prescient conservative view of all known potential defaults and created sufficient provisions. While impairment losses in 1H20 totaled EUR 1.8 billion,

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they were only EUR 0.6 billion during the second of half of the year. These solid foundations allowed the Group to benefit from the market recovery that materialized in the second half of 2020 with Annualized Cost of risk declining from 17.8% in 1H20 to 6.8% in 2H20.

The Group's consolidated equity declined from EUR 2.9 billion at the end of 2019 to EUR 1.9 billion at the end of 2020 due to the shock to its earnings, creation of significant reserves and foreign exchange movements. However, the equity to net loans ratio increased from 14.2% in 2019 to 15.3% in 2020.

Key Financial Highlights for H2 2020 *Balance Sheet*	**H2 2020**	**H1 2020**	**Change**
Net Loans *(EUR million)*	12,697	16,157	(21.4%)
Liquid Assets *(EUR million)*	4,232	4,703	(10.0%)
Total Assets *(EUR million)*	18,518	22,506	(17.7%)
Deposits from Customers *(EUR million)*	6,654	6,818	(2.4%)
Total Equity *(EUR million)*	1,936	2,074	(6.7%)

Key Financial Highlights for H2 2020 *Income Statement*	**H2 2020**	**H1 2020**	**Change**
Operating Income *(EUR million)*	1,329	1,870	(28.9%)
Operational and Administrative Expenses *(EUR million)*	709	863	(17.8%)
Impairment Losses *(EUR million)*	560	1,791	(68.7%)
Net Profit / (loss) *(EUR million)*	35	(619)	N/A

Key Ratios	**H2 2020**	**H1 2020**	**Change**
Liquid Assets-to-Total Assets Ratio	22.9%	20.9%	*(2.0 ppt)*
Equity-to-Net Loans	15.2%	12.8%	(2.4 ppt)
Allowance-to-Gross Loans Ratio	12.7%	12.8%	(0.1 ppt)
Non-Performing Loans Ratio	6.4%	6.2%	(0.2 ppt)
NPL Coverage Ratio	197.3%	197.8%	(0.5 ppt)

Major events after the reporting period

Combination of the Group's CZ and SK Operations with MONETA Money Bank

A key event after the reporting period took place in February 2021 when PPF Group, the majority owner of HCGBV, announced its intention to combine PPF Group's retail banking and consumer finance units in the Czech Republic and Slovakia with MONETA Money Bank. As part of the proposed transaction, PPF Group offered to exchange its stakes in Air Bank, Benxy and the Czech and Slovak operations of Home Credit for additional shares issued by MONETA. This will be subject to a decision at MONETA Money Bank's General Meeting following the undertaking of due diligence of the proposed transaction.

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NOTES TO EDITORS

Founded in 1997, Home Credit focuses on responsible lending primarily to people with little or no credit history. As a leading consumer finance provider, HCGBV is fully licensed to operate in highly attractive markets. It drives and broadens financial inclusion for unbanked populations by providing a positive and safe borrowing experience – a first for many of our customers.

Home Credit Group B.V. (HCGBV) as represented in this press release is an international consumer finance provider with operations in nine countries. As of 31 December 2020, HCGBV has been active in Central and Eastern Europe (the Czech Republic and Slovakia), the Commonwealth of Independent States (Russia and Kazakhstan), China and South East Asia (India, Indonesia, the Philippines, Vietnam)

The company has so far served over 138.5 million customers through a vast distribution network comprising 333,299 points of sale, loan offices, branches, post offices and car dealerships. HCGBV's total consolidated assets reached EUR 18.5 billion. All figures in these Notes for Editors are current as at 31 December 2020. *More information about HCGBV is available at* www.homecredit.net.

HCGBV is a 91.12% subsidiary of **PPF Financial Holdings B.V. PPF Financial Holdings, is a 100% subsidiary of PPF Group N.V. ("PPF")**. **PPF Group** invests in multiple market segments including financial services, telecommunications, media, biotechnology, real estate and mechanical engineering. PPF Group's reach spans from Europe to North America and across Asia. The Group owns assets worth EUR 44 billion and employs 98,000 people globally (*as at 30 June 2020)*. PPF operates in 25 countries.
More information about PPF is available at www.ppf.eu.

A minority stake (8.88%) of Home Credit Group B.V. is held by **EMMA OMEGA LTD**, an investment holding company owned by Jiří Šmejc. *More information about Emma Capital is available at* www.emmacapital.cz