

Press Release

Home Credit B.V.: IFRS consolidated results for the period ended 31 March 2017

Solid performance in first three months with good growth in Russia

Amsterdam, 24 May 2017: Home Credit B.V. ('HCBV' or 'the Group'), the Netherlands-based holding company for Home Credit's leading multi-channel consumer finance operations in CEE, Asia and the US, announces its consolidated financial results for the three-month period ended 31 March 2017 in accordance with International Financial Reporting Standards (IFRS).

"This is a good start to the year with a solid performance across our businesses. Russia was a highlight over the period showing not only that the positive trend seen last year prevails, but also delivering new business growth. All our Asian markets performed strongly. We are on track with our investment strategy to expand our network reach in high-growth markets such as China and India.

Our business in Russia has demonstrated an impressive performance after returning to profitability last year. Following measures to reduce costs and risk, the team succeeded in stabilising the loan book and significantly increasing new loan volumes. In doing so, the credit quality of our portfolio improved further. In Russia and Kazakhstan, we began to invest in new business initiatives, making further progress in developing our online sales, payments and services offering.

In Asia, we executed our goal of further investment in developing our footprint, which resulted in a strong increase of our distribution networks and number of loans granted across China, India, the Philippines and Vietnam. Meanwhile, we again demonstrated our leadership by becoming number one in our segment in Indonesia. Our formula of partnering with manufacturers and offering zero- or low-interest products has proven successful as we continue to attract new customers and increase cross selling opportunities.

In summary, despite the normal seasonality present in the first quarter, we delivered a solid performance with a significant increase in overall profit compared to last year. For the remainder of the year our focus will remain on expanding our customer base while remaining vigilant on risk and costs. It is against this background that we are confident that we will continue to deliver."

Jiri Smejck,
Chairman of the Board of Directors and Group Chief Executive Officer, Home Credit B.V.

GROUP OVERVIEW

Home Credit continued the growth trend from 2016 and delivered a net profit of EUR 80 million in the first three months, significantly up from the EUR 15 million the previous year. Overall new loans more than doubled in the first three months 2017, compared to the same period a year earlier. The number of active clients increased by 17.4% compared to the end of 2016. The NPL ratio decreased further to 5.7%. These results are testament to Home Credit's balanced approach of having a good geographical spread while improving the quality of the loan portfolio.

In Russia, the measures taken by Home Credit have returned the business to healthy profitability. Home Credit continued to develop its distribution network, while maintaining its focus on securing new loans from higher-quality customers. The new loans underwritten in the three-month period amounted to EUR 629.5 million, a 56.2% increase year on year. Consequently, the NPL ratio further decreased to 5.6%, compared to 6.6% in the previous quarter. Home Credit continued to expand its online and digital channel offering.

Across Asia, Home Credit has redoubled its efforts to provide consumer finance products which are easily accessible, while expanding its network. Its increased market share enabled Home Credit to reach 18 million customers in the region (excluding Kazakhstan) by the end of the period, through a combination of its POS network and joint campaigns with retailers and electronics producers. New loan volumes more than doubled year on year in China, while in Vietnam they rose by 76.4%. In India, Home Credit now has a presence in 70 major cities with over 8,200 distribution points.

HIGHLIGHTS

- Operating income in Q1 2017 was up 62% year on year to EUR 678 million (Q1 2016: EUR 419 million). The number of active clients reached 23.5 million, up from 20.1 million at the end of 2016.
- The Group posted a net profit of EUR 80 million overall in the first quarter compared to a profit of EUR 15 million in the same period a year earlier. This was driven by a return to growth in Russia as the Group re-balanced its business and underwrote healthy new loans.
- HCBV's multi-channel network consisted of 308,703 distribution points, up 14.1% from the end of 2016, with 306,656 POS and loan offices, 323 bank branches and 1,724 post offices. The network was mainly expanded in more nascent operations in Asia. Further investments were also made to increase the online presence of the Group.
- New loan volume was EUR 4,287 million, up 103% year on year (Q1 2016: EUR 2,109 million). In China, new loan volumes made a strong start to the year, rising to EUR 2.77 billion (Q1 2016: EUR 1.17 billion) while in Vietnam they rose to EUR 288 million from EUR 163 million in Q1 2016, in line with the growth plan in the region. In Russia, measures taken enabled the Group to increase new loan volumes 56% year on year.
- General and Administrative and other operating expenses were EUR 359 million over the period.
- The net loan portfolio increased to EUR 11,332 million (YE 2016: EUR 9,866 million) following continued growth mainly in Asia.
- The quality of HCBV's loan portfolio improved in Q1 2017 with the NPL (i.e. loans more than 90 days overdue) share of the gross loan book down to 5.7% (6.1% as at 31 December 2016 and 9.0% at 31 March 2016).
- The NPL coverage ratio rose to 134.7% (31 December 2016: 128.2%).
- Impairment losses were EUR 201 million over the period, up from EUR 145 million over the same period a year earlier.
- HCBV remains strongly capitalised with a total equity of EUR 1,599 million and a solid equity-to-asset ratio of 10.1%.

KPIs SUMMARY

Business Results	Q1 2017	YE 2016	Q1 2016
Loans granted YTD (EUR million)	4,287	11,536	2,109
Number of active clients (million)	23.5	20.1	14.0
Number of distribution points	308,703	270,537	195,379
- Number of POSs and loan offices	306,656	268,486	193,041
- Number of bank branches	323	328	373
- Number of post offices	1,724	1,723	1,965
Number of employees (thousand)	135.5	120.2	77.5

Profit and Loss (EUR million)	Q1 2017	2016	Q1 2016
Net interest income	517	1,532	332
Operating income	678	2,000	419
Credit risk costs ¹	(201)	(563)	(145)
Operating expenses ²	(359)	(1,115)	(247)
Net result for the period	80	210	15

1) Credit risk costs represent impairment losses on the loan portfolio

2) Operating expenses comprise general administrative and other operating expenses

Financial Position (EUR million)	Q1 2017	YE 2016
Total assets	15,851	14,704
Net loan portfolio	11,332	9,866
Equity	1,599	1,501
Wholesale funding	7,966	7,163
Customer deposits and current accounts	5,639	5,401

Source: Home Credit B.V., consolidated.

KEY RATIOS

Profit and Loss Ratios	Q1 2017	2016	Q1 2016
Net interest margin ¹	14.2%	14.0%	14.5%
Net interest income to operating income	76.2%	76.6%	79.2%
Cost to average net loans ²	13.6%	15.1%	16.4%
Cost to income ratio ³	53.0%	55.7%	58.9%
Cost of risk ratio ⁴	7.6%	7.6%	9.6%
ROAA ⁵	2.1%	1.8%	0.6%

Financial Position Ratios	Q1 2017	YE 2016	Q1 2016
Net loans to total assets	71.5%	67.1%	62.9%
NPL ratio ⁶	5.1%	6.1%	9.0%
NPL coverage ratio ⁷	134.7%	128.2%	119.6%
Deposits to total liabilities	39.6%	40.9%	52.9%
Equity to assets	10.1%	10.2%	12.0%
Equity and deposits to net loans ratio	63.9%	70.0%	93.0%

Source: Home Credit B.V., consolidated.

Ratios are annualized where applicable.

Notes:

- 1) Net interest margin is calculated as net interest income divided by the average balance of net interest earning assets.
- 2) Cost to average net loans is calculated as general administrative and other operating expenses divided by average net loans.
- 3) Cost to income ratio is calculated as general administrative and other operating expenses divided by operating income.
- 4) Cost of risk ratio represents impairment losses on the loan portfolio divided by average balance of net loans to customers.
- 5) RoAA is calculated as net profit divided by average balance of total assets.
- 6) NPL ratio is calculated as gross non-performing loans divided by total gross loans. The Group defines non-performing loans as collectively impaired loans that are overdue by more than 90 days as well as loans considered individually impaired.
- 7) NPL coverage ratio is calculated as loan loss provisions divided by gross non-performing loans.

CONTACTS FOR INVESTORS

Petr Kohout

Group Chief Financial Officer
Home Credit B.V. / Home Credit International, a.s.
Tel.: +420 224 174 319
E-mail: petr.kohout@homecredit.eu

CONTACTS FOR MEDIA

Milan Tomanek

Group Head of Public Relations
Home Credit B.V. / Home Credit International, a.s.
Tel.: +420 224 174 066
E-mail: milan.tomanek@homecredit.eu

NOTES TO EDITORS

Home Credit B.V. ('HCBV' or 'the Group') is an international consumer finance provider with operations in 11 countries where there is high potential to grow. Founded in 1997, we focus on responsible lending primarily to people with little or no credit history. Our services are simple, easy and fast. We operate in highly attractive markets with significant barriers to entry. We are a leading provider of consumer finance in selected countries. It is our experience and knowledge across the different markets, which sustainably puts us ahead of our competitors. We drive and broaden financial inclusion for the unbanked population by providing a positive and safe borrowing experience – the first for many of our customers. We promote higher living standards and meet borrowers' financial needs. Our 135.5 thousand employees have so far served over 76 million customers through the vast distribution network comprising 308,703 points of sale, loan offices, branches and post offices. HCBV's total consolidated assets reached EUR 15.9 million as at 31 March 2017. *More information on HCBV is available at www.homecredit.net.*

The majority shareholder (88.62% stake) of Home Credit B.V. is PPF Financial Holdings B.V., a 100% subsidiary of **PPF Group N.V. ("PPF")**. PPF invests into multiple market segments such as banking and financial services, telecommunications, insurance, real estate, metal mining, agriculture, retail and biotechnology. PPF's reach spans from Europe to Russia, the USA and across Asia. PPF owns assets of EUR 24.2 billion (as at 30 June 2016). *More information on PPF is available at www.ppf.eu.*

A minority stake (11.38%) of Home Credit B.V. is held by **EMMA OMEGA LTD**, an investment holding company ultimately owned by Mr. Jiří Šmejč. *More information on Emma Capital is available at www.emmacapital.cz.*