

## Press Release

Home Credit and Finance Bank, Russia:

IFRS consolidated results for the six-month period ended 30 June, 2018

### Growing business volumes

**Moscow, 28 August 2018:** Home Credit & Finance Bank (“HCFB” or ‘the Bank’), announces the consolidated financial results of operations in Russia and Kazakhstan for the six-month period ended 30 June 2018 in accordance with International Financial Reporting Standards (IFRS).

HCFB is rated by Fitch at BB-, and by RA Expert at ruA-. SB JSC Bank Home Credit (Kazakhstan), which is a fully owned subsidiary of HCFB, is rated by Fitch at B+.

*"In the first half of 2018, HCFB generated a net profit of 6.5 billion rubles with an increase in the net loan book and growth in business volumes of 29% with the credit quality of the portfolio remained solid.*

*HCFB's strong and diverse card product range continued to gain popularity with customers. We have seen a significant increase in the number of cards issued and the volume of transactions on Polza debit and credit cards, as well as a substantial increase in the number of transactions on Shopping Card. In addition, the loyalty program "Polza" won the "Loyalty Awards Russia 2018" award in two nominations: "Best loyalty program in cards" and "Most effective use of analytics". During the period, HCFB continued to expand its technological capabilities by introducing Google Pay. This complements the previously launched Samsung Pay and Apple Pay, which means that Home Credit customers can benefit from all of the main contactless payment systems for mobile devices.*

*As part of the government program, “Digital Economy”, Home Credit has started to collect biometric data from customers and registered them in the Unified Biometric System. As a result of this, Home Credit Russia was the first company in the market which issued a consumer loan using fully remote customer identification.*

*In June 2018 local rating agency Expert RA upgraded HCFB to ruA- with a stable outlook. Overall, the strong results for the first half of the year, favourable operating environment and continued focus on the development of advanced products and technologies means that HCFB is well positioned to continue to drive further growth throughout the rest of 2018 and beyond."*

**Yuriy Andresov,  
Chairman of the Management Board, HCFB**

### HIGHLIGHTS

- **The Bank recorded a net profit of RUB 6.5 billion in the first half of 2018, which is 8.9% down** compared with the net profit of RUB 7.2 billion a year ago, primarily due to higher investments in business digitalization and advertising in Russia.
  - **Interest income grew by 13.7% y-o-y to RUB 26.1 billion (1H 2018: RUB 22.9 billion), reflecting the loan book growth.** Interest expenses grew 7.8% y-o-y to RUB 9.0 billion (1H 2017: RUB 8.3 billion), driven by the uplift of retail deposits base.
  - **In the reporting period net interest income reached RUB 17.1 billion, up 17.0% compared to RUB 14.6 billion a year earlier.**
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- **Net interest margin decreased to 12.7% at the end of the reporting period (1H 2017: 13.9%) due to the lower interest rate environment.**
- **As a result, operating income for the first half of 2018 grew 7.8% year on year to RUB 20.9 billion (1H 2017: RUB 19.4 billion).**
- **General and administrative expenses rose 16.3% to RUB 10.5 billion, reflecting increased investments in business digitalization and advertising.** The cost-to-income ratio grew to 50.1% (1H 2017: 46.5%) and the cost-to-average-net-loans ratio was 9.7% (1H 2017: 10.4%).
- **In Russia HCFB continued to digitize its business.** The share of active customers using online services reached 55.6%, while the share of online payments reached 43.7% and the share of full distance cash loans amounted to 32%. The functionality of the mobile bank and the “My Credit” application was significantly empowered.
- **Non-performing loans (NPLs) comprised 3.9% of total gross loans.** The cost of risk was 2.1% by the end of the reporting period (1H 2017: 1.6%). Provision coverage of NPLs arrived at 133.5%.
- **Total assets increased 1.6% in the first half of 2018 to RUB 300.9 billion.**
- **Net loans increased by 7.2% to RUB 223.2 billion at 30 June 2018 (YE 2017: RUB 208.2 billion), with RUB 130.7 billion new loans granted,** which is an increase of 29.2% compared to the corresponding period in 2017 (1H 2017: RUB 101.1 billion).
- **HCFB reported RUB 33.5 billion in Cash, Cash equivalents and Placements with banks (YE 2017: RUB 26.5 billion) and an additional RUB 31.6 billion in a high-rated bond portfolio (YE 2017: RUB 48.8 billion),** which together comprised 21.6% of total assets at the end of the reporting period. HCFB continued to adhere to a conservative approach in liquidity management.
- **Customer deposit and current account balances increased to RUB 209.8 billion as at 30 June 2018, up 8.8% since the end of 2017.** Customer deposits and current accounts remain the key source of funding for the Bank and comprise 85.9% of liabilities. The ratio of loans to deposits was 106.3% at the end of the reporting period. In Russia HCFB achieved stable growth in its debit cards balance, which stood at RUB 40 billion as at 30 June 2018.
- **HCFB remains well-capitalised** with a stand-alone capital adequacy ratio of 13.4% at 30 June 2018, based on standards set by the Central Bank of Russia.
- **HCFB served about 4.8 million active customers** through 271 bank branches, over 116 thousand points of sale and loan offices, 252 post offices and 1,186 ATMs across Russia and Kazakhstan. The Bank’s customer database contained over 36 million contacts at 30 June 2018.

## FINANCIAL SUMMARY

<i>Balance Sheet (RUB million)</i>	<b>1H 2018</b>	<b>YE 2017</b>	<b>Change %</b>
<b>Total assets</b>	300,923	296,210	1.6
<b>Net loan portfolio</b>	223,163	208,249	7.2
<b>Equity</b>	56,690	52,873	7.2

<i>Income Statement (RUB million)</i>	<b>1H 2018</b>	<b>1H 2017</b>	<b>Change %</b>
<b>Operating income</b>	20,942	19,421	7.8
<b>Operating expenses</b>	10,491	9,022	16.3
<b>Net profit / (loss)</b>	6,513	7,151	(8.9)

## KEY RATIOS

	1H 2018	2017, %	1H 2017, %
<b>Return on average assets (ROAA)<sup>1</sup></b>	4.4	5.5	6.0
<b>Return on average equity (ROAE)<sup>2</sup></b>	23.7	29.6	31.2
<b>Cost-to-income ratio<sup>3</sup></b>	50.1	49.9	46.5
<b>NPL<sup>4</sup></b>	3.7	3.7	4.6
<b>Cost of risk<sup>5</sup></b>	2.1	1.2	1.6

1) RoAA is calculated as net profit for the period divided by average balance of total assets.

2) RoAE is calculated as net profit for the period divided by average balance of equity.

3) Cost-to-income ratio is calculated as general administrative expenses and impairment losses on non-financial assets divided by operating income.

4) NPL ratio is calculated as gross non-performing loans (loans which are contractually overdue for more than 90 days) divided by total gross loans. Since 1 January 2018 NPL includes loans in stage lifetime ECL credit-impaired.

5) Cost of risk represents impairment losses on loan portfolio for the period divided by average balance of net loans to customers.

For full details of HCFB's 1H 2018 financial results, please visit: <http://www.homecredit.net/>.

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## NOTES TO EDITORS

**Home Credit & Finance Bank [Fitch BB-, RA Expert ruA-]** specialises in retail finance in Russia and Kazakhstan. HCFB offers its clients a wide range of credit products and banking services. The Bank's customer database contained over 36 million contacts. HCFB's products are distributed through over 116 thousand points of sale and loan offices in Russia and Kazakhstan. The Bank's network also comprised 271 branches, 252 post offices and 1,188 ATMs across the Russian Federation and Kazakhstan as at 30 June 2018.

More information is available at [www.homecredit.ru](http://www.homecredit.ru), [www.homecredit.kz](http://www.homecredit.kz)

**Home Credit B.V. ("HCBV" or "the Group")** is an international consumer finance provider with operations in 10 countries with 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 140.1 thousand employees have so far served 101 million customers through the



vast distribution network comprising 403,577 points of sale, loan offices, branches and post offices. HCBV's total consolidated assets reached EUR 22.0 billion as at 31 March 2018. *More information on HCBV is available at [www.homecredit.net](http://www.homecredit.net).*

The 100% shareholder of Home Credit B.V. is Home Credit Group B.V., 88.62% subsidiary of PPF Financial Holdings B.V., a 100% subsidiary of **PPF Group N.V.** ("**PPF**"). PPF Group invests into multiple market segments such as banking and financial services, telecommunications, biotechnology, real estate, retail, insurance and agriculture. PPF's reach spans from Europe to Russia, the USA and across Asia. PPF Group owns assets of EUR 38 billion (as at 31 December 2017). *More information on PPF Group N.V. is available at [www.ppf.eu](http://www.ppf.eu).*

A minority stake (11.38%) of Home Credit Group B.V. is held by **EMMA OMEGA LTD**, an investment holding company ultimately owned by Mr. Jiri Smejč.