

## Press Release

Home Credit and Finance Bank, Russia:

IFRS consolidated results for the three-month period ended 31 March, 2018

### Business volumes growth against backdrop of low credit costs.

**Moscow, 30 May 2018: Home Credit & Finance Bank (“HCFB” or “the Bank”), announces the consolidated financial results of operations in Russia and Kazakhstan for the three-month period ended 31 March 2018 in accordance with International Financial Reporting Standards (IFRS).**

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

*"We delivered a good performance in the first quarter. The bank posted a net profit of 3.4 billion rubles. Thanks to the growing demand for our products in Russia, new business volumes increased by 31% year-on-year. At the same time, credit risk remains at a low level with the share of non-performing loans (NPL) to gross portfolio amounting to 4.0%.*

*We continued to develop the key segments of our business: POS lending, cash loans and credit cards, as well as our online proposition. Both online and remote channels are already regularly used by more than half of our active clients. Sales in the POS-online channel also experienced rapid growth. We stayed focused on the development of card products and the results are visible: the installment card, as well as debit and credit cards with the loyalty program "Polza" were well received by our customers. POS-transaction volumes in our card products have also significantly increased during the period.*

*Throughout the period we have continued to successfully implement our business strategy. We believe in our ability to grow our business further and to strengthen our position in the market this year. The good financial results in the first quarter set a solid base for the rest of 2018."*

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

The consumer sector in Russia continues to recover. According to Rosstat, inflation in annual terms in January-March was only 2.2-2.4%, a historical low in the history of statistical monitoring. The dynamics of real disposable incomes in the first quarter became positive (an increase of 0.9% versus 1Q 2017), with retail sales growth of 2.2% compared to the same period of 2017. In the retail lending segment the increase in effective demand resulted in growth of loans granted.

The loan portfolio growth of the Bank in the first quarter of 2018 was 3.0%. All products of the Bank, including those granted online, delivered growth.

### HIGHLIGHTS

- **The Bank recorded net profit of RUB 3.4 billion in the first quarter of 2018**, compared with net profit of RUB 3.3 billion a year ago, mainly due to business volumes growth. The operations in Kazakhstan continued to perform well.
  - **Interest income grew by 13.9% y-o-y to RUB 12.9 billion (1Q 2017: RUB 11.4 billion)**. Interest expenses grew 9.3% y-o-y to RUB 4.6 billion (1Q 2017: RUB 4.2 billion), driven by the uplift of retail deposits base.
-

- In the reporting period net interest income was RUB 8.4 billion, up 16.6% compared to RUB 7.2 billion a year earlier.
- Net interest margin decreased to 12.5% at the end of the reporting period (1Q 2017: 13.6%) due to a lower interest rates environment.
- As a result, operating income for the first quarter of 2018 grew 8.7% year on year to RUB 10.2 billion (1Q 2017: RUB 9.3 billion).
- General and administrative expenses rose 6.6% to RUB 4.8 billion, reflecting increased investments in business digitalization and advertising. The cost-to-income ratio reduced to 47.4% (1Q 2017: 48.3%) and the cost-to-average-net-loans ratio also dropped to 9.1% during the reporting period (1Q 2017: 10.6%).
- Non-performing loans (NPLs) comprised 4.0% of total gross loans. The cost of risk was 2.0% by the end of the reporting period (1Q 2017: 1.5%). Provision coverage of NPLs reached 134.4% mainly driven by IFRS 9 implementation in the reporting period.
- Total assets increased 0.4% since the end of 2017 to RUB 297.5 billion.
- Net loans went up 3.0% to RUB 214.5 billion at 31 March 2018 (YE 2017: RUB 208.2 billion), with RUB 61.2 billion new loans granted, which is 30.9% up compared to the corresponding period of 2017 (1Q 2017: RUB 46.8 billion).
- HCFB reported RUB 23.0 billion in Cash, Cash equivalents and Placements with banks (YE 2017: RUB 26.5 billion) and an additional RUB 46.8 billion in a high-rated bond portfolio (YE 2017: RUB 48.8 billion), which together comprised 23.5% of total assets at the end of the reporting period. HCFB adheres to a conservative approach in liquidity management.
- Customer deposit and current account balances increased to RUB 198.4 billion as at 31 March 2018, up 2.8% since the end of 2017. Customer deposits and current accounts remain the key source of funding for the Bank and comprise 81.9% of liabilities. The ratio of loans to deposits was 108.1% at the end of the reporting period.
- HCFB remains well-capitalised with a stand-alone capital adequacy ratio of 15.4% at 31 March 2018, based on standards set by the Central Bank of Russia.
- HCFB served about 4.8 million active customers through 272 bank branches, over 116 thousand points of sale and loan offices, 224 post offices and 1,174 ATMs across Russia and Kazakhstan. The Bank's customer database contained over 36 million contacts at 31 March 2018.

## FINANCIAL SUMMARY

Balance Sheet (RUB million)	1Q 2018	YE 2017	Change %
Total assets	297,536	296,210	0.4
Net loan portfolio	214,452	208,249	3.0
Equity	55,184	52,873	4.4

Income Statement (RUB million)	1Q 2018	1Q 2017	Change %
Operating income	10,154	9,345	8.7
Profit / (Loss) before tax	4,283	4,188	2.3
Net profit / (loss)	3,428	3,313	3.5

## KEY RATIOS

	1Q 2018	2017, %	1Q 2017, %
Return on average assets (ROAA) <sup>1</sup>	4.6	5.5	5.5

<b>Return on average equity (ROAE)<sup>2</sup></b>	25.4	29.6	29.2
<b>Cost-to-income ratio<sup>3</sup></b>	47.4	49.3	48.3
<b>NPL<sup>4</sup></b>	4.0	3.7	5.1
<b>Cost of risk<sup>5</sup></b>	2.0	1.2	1.5

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 3M 2018 financial results, please visit: <http://www.homecredit.net/>.

## CONTACT FOR INVESTORS

### **Bulat Zogdoev**

Head of Investor Relations

Home Credit and Finance Bank

Tel.: +7 495 721 10 34

E-mail: [bulat.zogdoev@homecredit.ru](mailto:bulat.zogdoev@homecredit.ru)

## CONTACTS FOR JOURNALISTS

### **Iren Shkarovskaya**

Head of Strategic Communications

Home Credit and Finance Bank

Tel.: +7 495 514 1019

E-mail: [iren.shkarovskaya@homecredit.ru](mailto:iren.shkarovskaya@homecredit.ru)

### **Milan Tomanek**

Head of Group Public Relations

Home Credit B.V. (Home Credit International, a.s.)

Tel: +420 224 174 066

E-mail: [milan.tomanek@homecredit.eu](mailto:milan.tomanek@homecredit.eu)

## NOTES TO EDITORS

**Home Credit & Finance Bank [Fitch BB-, RA Expert BBB+]** 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 272 branches, 224 post offices and 1,174 ATMs across the Russian Federation and Kazakhstan as at 31 March 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 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 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 34.8 billion (as at 30 June 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 B.V. is held by **EMMA OMEGA LTD**, an investment holding company ultimately owned by Mr. Jiri Smejč.