

Press Release

Home Credit and Finance Bank, Russia:

IFRS consolidated results for the nine-month period ended 30 September, 2018

Healthy profitability maintained

Moscow, 27 November 2018: Home Credit & Finance Bank (“HCFB” or “the Bank”), announces the consolidated financial results of operations in Russia and Kazakhstan for the nine-month period ended 30 September 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+.

“HCFB maintained a healthy level of profitability for the first nine months of 2018, recording a net profit of 10.2 billion rubles. We remain a leader in segments such as POS loans, online POS loans and installments and are keeping a clear focus on quality even as we continue to grow our portfolio. Key risk indicators have stayed consistently low.

I am really pleased with the development of our card products in Russia. We’ve recently, launched two new cards – an installment card under the new brand “Freedom” and a debit card “Green Polza” for our customers who are adherents of a healthy lifestyle. The debit card portfolio has almost doubled over the year reaching 48 billion rubles as of October 1, 2018. The average monthly volume of transactions via the installment card just one year after its launch was more than 2 billion rubles and keeps actively growing.

Rating agencies continued to positively view our results. In October the international agency Fitch confirmed the credit rating at BB- level with a stable outlook, noting, in particular, adequate and stable metrics, including a solid capital position and healthy performance.”

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

HIGHLIGHTS

- **The Bank recorded a net profit of RUB 10.2 billion in the nine-month period of 2018, which is down 7.4%** compared with the net profit of RUB 11.0 billion a year ago, primarily due to higher investments in business digitalization and advertising in Russia.
 - **Interest income grew by 13.6% year on year to RUB 39.7 billion (9M 2017: RUB 35.0 billion), reflecting the loan book growth.** Interest expenses grew 7.0% year on year to RUB 13.4 billion (9M 2017: RUB 12.5 billion), driven by the uplift in the retail deposits base.
 - **In the reporting period net interest income reached RUB 26.3 billion, up 17.4% compared to RUB 22.4 billion a year earlier.**
 - **Net interest margin decreased to 13.1% at the end of the reporting period (9M 2017: 13.7%) due to the lower interest rate environment.**
 - **As a result, operating income for the nine-month period of 2018 grew 5.9% year on year to RUB 31.7 billion (9M 2017: RUB 29.9 billion).**
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- **General and administrative expenses rose 10.9% to RUB 15.6 billion, reflecting increased investments in business digitalization and advertising.** The cost-to-income ratio grew to 49.1% (9M 2017: 46.9%) and the cost-to-average-net-loans ratio was 9.5% (9M 2017: 10.6%).
- **In Russia HCFB continued to digitize its business.** The share of active customers using online services reached 59.4%, while the share of online payments rose to 43.6% and the share of full distance cash loans reached 40.5%.
- **Non-performing loans (NPLs) comprised 3.9% of total gross loans.** The cost of risk was 2.0% by the end of the reporting period (9M 2017: 1.6%). Provision coverage of NPLs was 132.5%.
- **Total assets increased 2.4% since the end of 2017 to RUB 303.2 billion.**
- **Net loans increased 11.6% to RUB 232.3 billion at 30 September 2018** (YE 2017: RUB 208.2 billion), **with RUB 205.0 billion new loans granted**, which is an increase of 23.9% compared to the corresponding period of 2017 (9M 2017: RUB 165.5 billion).
- **HCFB reported RUB 31.3 billion in Cash, Cash equivalents and Placements with banks** (YE 2017: RUB 26.5 billion) **and an additional RUB 27.2 billion in a high-rated bond portfolio** (YE 2017: RUB 48.8 billion), which together comprised 19.3% of total assets at the end of the reporting period. HCFB continued to adhere to a conservative approach to liquidity management.
- **Customer deposit and current account balances increased to RUB 207.8 billion as at 30 September 2018, up 7.7% since the end of 2017.** Customer deposits and current accounts remain the key source of funding for the Bank and comprise 85.2% of liabilities. The ratio of loans to deposits was 111.8% at the end of the reporting period. In Russia HCFB achieved stable growth in its debit cards balance, which stood at RUB 47.7 billion as at 30 September 2018.
- **HCFB remains well-capitalised with a consolidated capital adequacy ratio of 24.0% at 30 September 2018** (YE 2017: 23.8%). The stand-alone capital adequacy ratio was 13.9% at 30 September 2018, based on standards set by the Central Bank of Russia.
- **HCFB served about 4.8 million active customers in Russia and Kazakhstan as at 30 September 2018.**

FINANCIAL SUMMARY

<i>Balance Sheet (RUB million)</i>	9M 2018	YE 2017	Change %
Total assets	303,217	296,210	2.4
Net loan portfolio	232,320	208,249	11.6
Equity	59,377	52,873	12.3

<i>Income Statement (RUB million)</i>	9M 2018	9M 2017	Change %
Operating income	31,685	29,914	5.9
Operating expenses	15,571	14,037	10.9
Net profit / (loss)	10,155	10,972	(7.4)

KEY RATIOS

	9M 2018	2017, %	9M 2017, %
Return on average assets (ROAA)¹	4.5	5.5	5.9
Return on average equity (ROAE)²	24.2	29.6	31.2
Cost-to-income ratio³	49.1	49.9	46.9
NPL⁴	3.9	3.7	4.2
Cost of risk⁵	2.0	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 9M 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 almost 37 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, 251 post offices and 1,209 ATMs across the Russian Federation and Kazakhstan as at 30 September 2018.

More information is available at www.homecredit.ru, 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 132.4 thousand employees have so far served 111 million customers through the



vast distribution network comprising 434,232 points of sale, loan offices, branches and post offices. HCBV's total consolidated assets reached EUR 22.2 billion as at 30 September 2018. *More information on HCBV is available at 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 30 June 2018). *More information on PPF Group N.V. is available at 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.