



Home Credit & Finance Bank, ul. Pravdy 8, 125040 Moscow, Russia  
Tel.: +7 495 514 1019, Fax: +7 495 785 8218  
Press@homecredit.ru, www.homecredit.ru

## Press Release

Home Credit and Finance Bank, Russia:

IFRS consolidated results for the three-month period ended 31 March, 2017

### Good results with strong new business volume growth

**Moscow, 24 May 2017:** 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 2017 in accordance with International Financial Reporting Standards (IFRS).

**HCFB is rated by Fitch at B+. SB JSC Bank Home Credit (Kazakhstan), a 100% subsidiary of HCFB, is rated by Fitch at B+.**

*"After returning to profitability in 2016, the results of the first three months of 2017 demonstrate a sustainable positive trend. In the first quarter we achieved a substantial profit, despite the usual seasonality. Our loan book has stabilised as we have successfully pushed to increase new loan volumes and have achieved particularly strong growth in cash loans. We are particularly satisfied with the progress in our digital business, where we saw a significant increase in the number of our users – about 35% of our customers now regularly use our online services. Meanwhile, the credit quality of our portfolio improved further, as demonstrated by the decline in NPLs across all segments. Based on these results, we are confident in our ability to deliver a strong performance this year."*

*The profit in the first quarter was achieved against the backdrop of remaining pressure on the consumer sector in Russia. Despite this we see a gradual recovery in consumer lending. Overall, our results for the first three months of this year set a positive outlook for the rest of 2017 as we continue to benefit from our robust business model focused on winning high quality customers and maximising cross-selling opportunities."*

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

The Russian consumer sector remains under pressure, but macroeconomic uncertainty has decreased and the central bank has reduced the key rate twice since the beginning of the year. In this context, Home Credit's performance in the first three months of 2017 continues the positive trend seen in 2016, when the Bank returned to profitability after a period of adjusting to the new environment in Russia.

The Bank maintained its leadership position in the POS loans segment in Russia. Home Credit also continued to develop its online and digital channel by introducing new products and further improving the customer experience. As a result, the Bank now has over 1.2 million regular online users and online cash loans reached 20% of total volumes. The My Credit mobile app is now used by 740 thousand customers.

### HIGHLIGHTS

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- **The Bank recorded net profit of RUB 3.3 billion for the first quarter of 2017** compared with net loss of RUB 0.2 billion a year ago, illustrating the risk metrics improvement, cost of funding decrease, and a stabilized operational environment in Russia. The operations in Kazakhstan also continued to perform well.
- **Interest income fell 7.3% y-o-y to RUB 11.2 billion (1Q 2016: RUB 12.1 billion)** reflecting the decrease both in the retail portfolio and the loan interest rates. Interest expenses dropped 15.4% y-o-y to RUB 4.2 billion (1Q 2016: RUB 4.9 billion), driven by the continued decline of retail deposits interest rates.
- **In the three-month period of 2017, net interest income was RUB 7.0 billion, down 1.8% compared to RUB 7.2 billion a year earlier.**
- **Net interest margin stood at 13.4% at the end of the reporting period (1Q 2016: 13.9%).**
- **Operating income for the reporting period grew 3.2% year on year to RUB 9.3 billion (1Q 2016: RUB 9.1 billion).**
- **General and administrative expenses grew 5.3% to RUB 4.5 billion, reflecting increased investments in business digitalization.** The cost-to-income ratio was 48.4% (1Q 2016: 47.5%) and the cost-to-average-net-loans ratio was 10.6% during the reporting period (1Q 2016: 9.9%).
- **Non-performing loans (NPLs) comprised 5.1% of total gross loans (YE 2016: 6.0%),** as HCFB continued to prioritize risk-management and collection. The cost of risk of 1.5% by the end of the reporting period also proved the positive trend in terms of portfolio quality (1Q 2016: 11.4%). Provision coverage of NPLs remains a healthy 140.9%.
- **Total assets increased 1.6% since the end of 2016 to RUB 241.4 billion.**
- **Net loans decreased 0.5% to RUB 170.2 billion at 31 March 2017 (YE 2016: RUB 170.9 billion), with RUB 46.8 billion new loans granted,** which is 22.9% up compared to the corresponding period of 2016 (1Q 2016: RUB 38.1 billion).
- **HCFB reported RUB 34.6 billion in Cash, Cash equivalents and Placements with banks (YE 2016: RUB 30.6 billion) and an additional RUB 21.2 billion in a high-rated bond portfolio (YE 2016: RUB 21.6 billion),** which together comprised 23.1% of total assets at the end of the reporting period.
- **Customer deposit and current account balances stood at RUB 158.5 billion as at 31 March 2017, up 1.8% since the end of 2016.** Retail deposits and current accounts remain the key source of funding for the Bank. The ratio of loans to deposits was 107.4% at the end of the reporting period,
- **HCFB remains well-capitalised with a consolidated capital adequacy ratio of 28.3% at 31 March 2017 (YE 2016: 27.1%).** The stand-alone capital adequacy ratio, based on standards set by the Central Bank of Russia, was 14.6% at the end of the reporting period.
- **HCFB served about 4.2 million active customers** through 289 bank branches, over 101 thousand points of sale and loan offices, 217 post offices and 1,112 ATMs across Russia and Kazakhstan. The Bank's client base comprised 34.5 million customers at 31 March 2017.

## FINANCIAL SUMMARY

<i>Balance Sheet (RUB million)</i>	<b>Q1 2017</b>	<b>YE 2016</b>	<b>Change %</b>
<b>Total assets</b>	241,441	237,591	1.6
<b>Net loan portfolio</b>	170,170	170,945	(0.5)
<b>Equity</b>	46,999	43,797	7.3

<i>Income Statement (RUB million)</i>	<b>Q1 2017</b>	<b>Q1 2016</b>	<b>Change %</b>
<b>Operating income</b>	9,345	9,051	3.2
<b>Profit / (Loss) before tax</b>	4,188	(180)	-
<b>Net profit / (loss)</b>	3,313	(169)	-

## KEY RATIOS

	<b>Q1 2017, %</b>	<b>2016, %</b>	<b>Q1 2016, %</b>
<b>Return on average assets (ROAA)<sup>1</sup></b>	5.5	3.2	(0.3)
<b>Return on average equity (ROAE)<sup>2</sup></b>	29.2	19.1	(1.7)
<b>Cost-to-income ratio<sup>3</sup></b>	48.4	47.3	47.5
<b>Capital adequacy ratio</b>	28.3	27.1	25.8
<b>NPL<sup>4</sup></b>	5.1	6.0	11.3
<b>Cost of risk<sup>5</sup></b>	1.5	6.5	11.4

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.

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 1Q 2017 financial results, please visit: <http://www.homecredit.net/>.

## CONTACT FOR INVESTORS

### **Bulat Zogdoev**

Head of Investor Relations

Home Credit and Finance Bank

Tel.: +7 495 785 8225 ext. 3857

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 B+]** specialises in retail finance in Russia and Kazakhstan. HCFB offers its clients a wide range of credit products and banking services. The Bank's database comprises almost 34.5 million contacts. HCFB's products are distributed through over 101 thousand points of sale and loan offices in Russia and Kazakhstan. The Bank's network also comprised 289 branches, 217 post offices and 1,112 ATMs across the Russian Federation and Kazakhstan as at 31 March 2017.

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 11 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 135.5 thousand employees have so far served 76.2 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 billion as at 31 March 2017. *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 exceeding EUR 24.2 billion (as at 30 June 2016). *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 Smejck.