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 first quarter of 2016

Successful adaptation of operations delivering clear results

Moscow, 31 May 2016: 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 2016 in accordance with International Financial Reporting Standards (IFRS).

HCFB is rated by Moody's at B2, and by Fitch at B+. SB JSC Bank Home Credit (Kazakhstan), a 100% subsidiary of HCFB, is rated by Fitch at B.

"The decisive actions we took during 2015, which enabled Home Credit to return to profitability in Q4, have set the foundations for a good start to this year. While the company reported a small loss for the quarter, reflecting the seasonality of the business, it was a significantly better performance year on year building on an improving trend over the period across a number of metrics. We were able to further increase our cost efficiency even as we carefully reduced our loan book and made substantial progress in reducing risk across the business over the three months. We strengthened our #1 position in POS, securing a growing share of this key customer pool which presents important cross-selling and growth opportunities as conditions improve. As we look ahead, based on the data we have at present, we are cautiously optimistic about the future.

To be clear, the macro-economic backdrop in Russia remains challenging and the outlook is still unclear. We are however seeing a slight recovery in the consumer lending market with an increase in loan demand and business volumes growth. The platform we have today has the flexibility and management controls to enable us to adapt quickly and successful and to be ready for any changes to the market. Our performance over the first three months of this year shows that we can develop our business and win new, good customers, while consistently improving our ability to manage risks, costs and healthy growth even against the backdrop of a difficult operational environment. While our Q4 performance showed that we had indeed put Home Credit on a better course, our Q1 results further underscore that it is the right one for a sustainable future, and can look forward to a profitable year ahead."

Yuriy Andresov,
Chairman of the Management Board, HCFB

While the uncertainty generated by the central bank's move on interest rates in December 2014 has eased slightly, macro-economic pressure remains. Much of the improvement in Home Credit's performance in the first three months of 2016 stems from the decisive actions taken by management during 2015 to adjust the business to the new environment in Russia.

The positive impact of the changes made to increase efficiency last year are already evident in the Q1 results: G&A expenses were 25% lower year on year, OPEX to net loans improved to 10% and risk cost declined to 11%, down from 21% a year earlier. Notably, all these metrics showed not only significant improvement year on year but also further improvement versus year end 2015. At the same time, further high-interest deposits matured benefiting the net interest margin, a trend that will continue as the last of them mature.

The active management of the loan portfolio lead to a further reduction in the level of NPLs which fell to 11% and, in the important POS segment, it was almost half that level. The strengthening of both cost and risk controls enabled the group to carefully grow its POS lending with Home Credit continuing to secure over 30% of the new volumes and increasing its market share to 28% at the end of Q1, up from 27% at year end and 26% a year earlier. As a result POS business volumes increased by 28% year on year providing important cross-selling opportunities for the future. Due to the benefit of improved internal processes, the cross-sell volumes grew 20%.

Working with our traditional partners, including expanding relationships with both retailers and producers, the company was able to move into new segments. In addition, by building Home Credit's online presence, the Company has developed a strong independent channel and is increasingly less dependent on its retail network which was reduced in 2015 to reflect the new environment. Today, 27% of cash loans volumes in Russia come from non-branch channels and Home Credit is well positioned as this grows: Home Credit's internet bank was ranked third in terms of usability according to the 2016 UsabilityLab rating while the mobile application *My Credit* was one of the top-10 financial applications in Russia both in Play Market (Android) and App Store (IOS) with more than 160,000 downloads during the first quarter.

HIGHLIGHTS

- **The Bank recorded a net loss of RUB 0.2 billion for the first quarter of 2016,** a substantial improvement from the RUB 5.6 billion net loss in the corresponding period of 2015, illustrating the stabilising effect of operational initiatives undertaken to counter the challenges in Russia**.**

- **Net interest income was RUB 6.9 billion, down 16.5% compared to RUB 8.3 billion a year earlier,** reflecting the decline in the retail portfolio.

- **Operating income for the reporting period fell 18.4% year on year to RUB 9.1 billion (**Q1 2015: RUB 11.1 billion)**.**

- **HCFB achieved net interest margin of 13.3% at the end of the reporting period** (Q1 2015: 11.9%) mainly due to expensive retail deposits maturing.

- **General and Administrative expenses were reduced 24.8% to RUB 4.3 billion, reflecting the results of a cost optimisation program to match the contraction of the loan book.** The cost-to-income ratio was 47.5% (Q1 2015: 51.4%) and the cost-to-average-net-loans ratio was 9.9% during the reporting period.

- **Non-performing loans (NPL) comprised 11.3% of total gross loans** (YE 2015: 13.0%) **against the backdrop of reduced business volumes,** reflecting HCFB's focus on risk-management and collection. The level of cost of risk of 11.4% by the end of the reporting period demonstrates the positive trend in terms of portfolio quality (1Q 2015: 21.4%). Provision coverage of NPLs remains a healthy 114.7%.

- **Total assets were RUB 229.6 billion, down 14.3% since the end of 2015.**

- **Net loans decreased 5.9% to RUB 167.9 billion at 31 March 2016** (YE 2015: RUB 178.4 billion)**, with RUB 38.1 billion new loans granted** which is 6.8% up compared to the corresponding period in 2015 (1Q 2015: RUB 35.6 billion).

- **HCFB reported RUB 25.7 billion in Cash, Cash equivalents and Placements with banks** (YE 2015: RUB 42.6 billion) **and an additional RUB 19.8 billion in a high-rated bond portfolio** (YE 2015: RUB 22.2 billion), which together comprised 19.8% of total assets at the end of the reporting period. The decreased liquidity surplus was in line with the Bank's policy to reduce the share of expensive retail deposits in Russia. The current liquidity reserves have recovered.

- **Retail deposit and current account balances were RUB 138.8 billion as at 31 March 2016, down 19.0% since the end of 2015.** The deposits outflow in the first quarter of 2015 reflected the decreased volumes of lending and lower deposit interest rate strategy of the Bank. Deposit and current account balances comprised 75.5% of the Bank's liabilities. The ratio of loans to deposits was 116.7% at the end of the reporting period, confirming the Bank´s continued use of retail deposits as a major funding source.

- **HCFB remains well capitalised with a consolidated capital adequacy ratio of 25.8% at 31 March 2016** (YE 2015: 24.3%). The stand-alone capital adequacy ratio, based on standards set by the CBR, was 14.2% at the end of the reporting period.

- **HCFB served about 4.3 million active customers** through 326 bank branches, over 96,000 points of sale and loan offices, 237 post offices and 1,132 ATMs across Russia and Kazakhstan. The Bank's client base comprised 32.9 million customers at 31 March 2016.

FINANCIAL SUMMARY

Balance Sheet (RUB million)	Q1 2016	YE 2015	Change %
Total assets	229,555	267,923	(14.3)
Net loan portfolio	167,908	178,418	(5.9)
Equity	38,907	39,654	(1.9)

Income Statement (RUB million)	Q1 2016	Q1 2015	Change %
Operating income	9,051	11,086	(18.4)
Profit / (Loss) before tax	(180)	(7,099)	(97.5)
Net profit / (loss)	(169)	(5,648)	(97.0)

KEY RATIOS

	Q1 2016, %	2015, %	Q1 2015, %
Return on average assets (ROAA)[1]	(0.3)	(2.9)	(6.8)
Return on average equity (ROAE)[2]	(1.7)	(19.8)	(45.3)
Cost-to-income ratio[3]	47.5	47.4	51.4
Capital adequacy ratio	25.8	24.3	22.2
NPL[4]	11.3	13.0	15.1
Cost of risk[5]	11.4	16.2	21.4

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 Q1 2016 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

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

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

NOTES TO EDITORS

Home Credit & Finance Bank [Moody's B2, 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 over 32.9 million contacts. HCFB's products are distributed through over 96,000 points of sale and loan offices in Russia and Kazakhstan. The Bank's network also comprised 326 branches, 237 post offices and 1,132 ATMs across the Russian Federation and Kazakhstan as at 31 March 2016.
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 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 77.4 thousand employees have so far served 56.5 million customers through the vast distribution network comprising 195,379 points of sale, loan offices, branches and post offices. HCBV's total consolidated assets reached EUR 9.9 billion as at 31 March 2016. *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 21.3 billion (as at 30 June 2015). 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. Jiri Smejc.