



Press Release

Home Credit B.V.: IFRS consolidated results for the year ended 31 December 2014

2014 results impacted by economic environment in Russia while the business continues to rebalance towards high growth Asian markets

Amsterdam, 12 March 2015: Home Credit B.V. ('HCBV' or 'the Group'), the Netherlands-based holding company for Home Credit's leading multi-channel consumer finance operations in CEE and Asia, announces its consolidated financial results for the year ended 31 December 2014 in accordance with International Financial Reporting Standards (IFRS).

"A worse than expected deterioration in the Russian economy impacted our performance. Although the steps taken to address the challenges in this region – put in place well over a year ago – had a positive effect, the tough and still-volatile environment resulted in a net loss for the year. However, the Group's continued successful expansion in the high growth markets in Asia further reduced the importance of Russia to the overall business.

China now represents 17.8% of new loan volumes for the Group, up from 9.4% last year, while Russia represents 62.2% down from 77.0% in 2013. This validates our decision to expand in Asia, where the consolidation of the Vietnamese business in the third quarter has also benefited the results.

2015 will be a challenging year but we are in a strong position. We have taken swift, proactive decisions in Russia and are well prepared to navigate the tough macro-economic environment there. We continue to focus on expansion in Asia where we have an ambitious roll out plan for 2015 with plans to operate in 300 cities in China by the year end and to open up in 40 new cities in India."

Jiri Smejč,
Chairman of the Board of Directors and Chief Executive Officer, Home Credit B.V.

HIGHLIGHTS

The Group posted a net loss in 2014 of EUR 60 million, down from a net profit of EUR 324 million in 2013, impacted by the tough economic environment in Russia, but supported by a strong performance in China, Kazakhstan and Vietnam.

New loan volume for 2014 was EUR 6,792 million, down 30.3% from the previous year (2013: EUR 9,739), impacted by Home Credit Russia's policy, determined over a year ago amid the credit boom of 2013, to tighten lending criteria and write fewer loans in Russia. However, new volumes in China rose by 31.5%, helping to boost the importance of this market to the overall business.

Operating income in 2014 paced the decline in loans, falling by 23.6% to EUR 1,943 million (2013: EUR 2,542 million). Net interest income in 2014 fell by 21.9% to EUR 1,377 million compared to EUR 1,762 million for the prior year. The net interest margin remained solid at 18.0%.

Thanks to continued strong growth in Asia, the Group increased the number of clients it serves by 14.9% to 9.1 million in 2014 and distribution points grew by 19.1% to over 166,000, with 162,692 POS and loan offices, 853 bank branches and 2,727 post offices.

Even as it grew the number of active clients and distribution points, **the Group reduced general administrative and other operating expenses by 6.4% to EUR 866 million** from EUR 924 million thanks to stringent cost management initiatives. However, **the cost-to-income ratio increased to 44.6% from 36.4% in 2013**, as a result of the drop in income.

The net loan portfolio fell, down 29.4% to EUR 5,060 million (31 December 2013: EUR 7,171 million) as a result of the deliberate reduction in business volumes in Russia combined with the currency impact of the weaker Rouble.

Total assets dropped to EUR 7,037 million (31 December 2013: EUR 9,313 million).

HCBV reduced the level of client deposits with the balance dropping by 43.4% to EUR 2,890 million (31 December 2013: EUR 5,105 million). This was partly a result of a deliberate move to bring retail deposits in line with the reduction in business volumes, but was also a result of the sharp drop in the Rouble. The share of current account balances and term deposits at 31 December 2014 comprised 49.8% of total liabilities (31 December 2013: 65.6%).

The quality of HCBV's loan portfolio fell in 2014 with the NPL (non-performing loans more than 90 days overdue) share of the gross loan book up to 15.3% (12.2% as at 31 December 2013), impacted by the decision to underwrite fewer loans in Russia. The NPL coverage ratio was 106.4% (31 December 2013: 116.9%).

HCBV remains strongly capitalised with its equity to asset ratio improved to 17.6% (31 December 2013: 16.5%).

KPIs SUMMARY

| Business Results | As at Dec 31, 2014 | As at Dec 31, 2013 | Change,% |
|--|-------------------------------|-------------------------------|-----------------|
| Loans granted YTD (EUR millions) | 6,792 | 9,739 | (30%) |
| Number of clients served (millions) | 9.1 | 7.9 | 15% |
| Number of distribution points | 166,272 | 139,612 | 19% |
| - <i>Number of POSs and loan offices</i> | 162,692 | 135,459 | 20% |
| - <i>Number of bank branches</i> | 853 | 1,328 | (36%) |
| - <i>Number of post offices</i> | 2,727 | 2,825 | (3%) |
| Number of employees (thousands) | 58.3 | 51.4 | 13% |

| Profit and Loss (EUR millions) | 2014 | 2013 | Change,% |
|---------------------------------------|-------------|-------------|-----------------|
| Net interest income | 1,377 | 1,762 | (22%) |
| Operating income | 1,943 | 2,542 | (24%) |
| Credit risk costs¹ | (1,116) | (1,186) | (6%) |
| Operating expenses² | (866) | (924) | (6%) |
| Net profit for the year | (60) | 324 | (119%) |

1) Credit risk costs represent impairment losses on the loan portfolio

2) Operating expenses comprise general administrative and other operating expenses

| Financial Position (EUR millions) | As at Dec 31, 2014 | As at Dec 31, 2013 | Change,% |
|---|---------------------------|---------------------------|-----------------|
| Total assets | 7,037 | 9,313 | (24%) |
| Net loan portfolio | 5,060 | 7,171 | (29%) |
| Equity | 1,239 | 1,532 | (19%) |
| Wholesale funding | 2,552 | 2,237 | 14% |
| Customer deposits and current accounts | 2,890 | 5,105 | (43%) |

Source: Home Credit B.V., consolidated.

KEY RATIOS

| Profit and Loss Ratios | 2014 | 2013 |
|--|-------------|-------------|
| Net interest margin¹ | 18.0% | 19.9% |
| Net interest income to operating income | 70.9% | 69.3% |
| Cost to average net loans² | 13.8% | 13.0% |
| Cost income ratio³ | 44.6% | 36.4% |
| Cost of risk ratio⁴ | 17.8% | 16.7% |
| ROAA⁵ | (0.7%) | 3.3% |

| Financial Position Ratios | As at Dec 31, 2014 | As at Dec 31, 2013 |
|---|---------------------------|---------------------------|
| Net loans to total assets | 71.9% | 77.0% |
| NPL ratio⁶ | 15.3% | 12.2% |
| NPL coverage ratio⁷ | 106.4% | 116.9% |
| Deposits to total liabilities | 49.8% | 65.6% |
| Equity to assets | 17.6% | 16.5% |
| Equity and deposits to net loans ratio | 81.6% | 92.6% |

Source: Home Credit B.V., consolidated.

Notes:

1) Net interest margin is calculated as net interest income divided by the average balance of net interest earning assets.

2) Cost to average net loans is calculated as general administrative and other operating expenses divided by average net loans.

3) Cost to income ratio is calculated as general administrative and other operating expenses divided by operating income.

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

5) RoAA is calculated as net profit divided by average balance of total assets.

6) NPL ratio is calculated as gross non-performing loans divided by total gross loans. The Group defines non-performing loans as collectively impaired loans that are overdue by more than 90 days as well as loans considered individually impaired.

7) NPL coverage ratio is calculated as loan loss provisions divided by gross non-performing loans.

NOTES TO EDITORS

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

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The company is incorporated in the trade register of the Chamber of Commerce for Amsterdam under the file number 34126597.

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 58.3 thousand employees have so far served 44.4 million customers through the vast distribution network comprising 166,272 points of sale, loan offices, branches and post offices. HCBV's total consolidated assets reached EUR 7.0 as at 31 December 2014. *More information on HCBV is available at www.homecredit.net.*

The majority shareholder (86.62% stake) of Home Credit B.V. is **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 Group owns assets of EUR 24.2 billion (as at 30 June 2014). *More information on PPF Group N.V. is available at www.ppf.eu.*

A minority stake (13.38%) of Home Credit B.V. is held by **EMMA OMEGA LTD**, an investment holding company ultimately owned by Mr. Jiří Šmejč.

** In the third quarter of 2014 HCBV acquired businesses in China and Vietnam ("Home Credit Consumer Finance China Ltd." and "PPF Vietnam Finance Company LLC" respectively) from PPF and both companies' financial results were consolidated into HCBV's results from the acquisition dates.*