

## Press Release

### Home Credit B.V. reaches record profit levels for second year running

*Home Credit B.V. announces IFRS consolidated results for the year ended 31 December 2010:*

**Amsterdam, 6 April 2011: Home Credit B.V. ('HCBV'), the Netherlands-based holding company for consumer finance providers operating under the Home Credit brand, and one of the market leaders in CEE and CIS countries (Czech Republic, Slovakia, Russia, Belarus, and Kazakhstan\*), announces its consolidated financial results for the year ended 31 December 2010 in accordance with International Financial Reporting Standards (IFRS).**

*"We are delighted to announce the second consecutive record annual result for HCBV achieving our highest net profit on record during 2010 despite the negative impact of the global downturn on the consumer finance market. Thanks to timely actions taken by management to reduce costs and mitigate risk, HCBV is in a strong position to benefit from recovery in our target emerging markets. Our Group loan portfolio is now returning to pre-crisis levels, growing 29.4% year-on-year, while our risk costs have decreased. The transformation of Home Credit into a fully-fledged retail banking business continues apace in our chosen markets, with retail deposits now comprising over a quarter of total liabilities. Our focus for 2011 will continue its organic growth plans in growing the retail banking franchise, particularly in Russia and Belarus."*

**Alexander Labak,  
HCBV Chief Executive Officer**

#### HIGHLIGHTS

- **Record net profit achieved** of EUR 234.2 million as of 31 December 2010 which produced an excellent 330.8% increase on the previous year (2009: EUR 54.4 million).
- **Loan portfolio optimised** as the net loan book increased by 29.4% to EUR 2,176.9 million from EUR 1,682.1 million for YE 2009.
- **Net interest income from continuing operations increased** for 2010 by 4.0% to EUR 590.1 million ( 2009: EUR 567.5 million).
- **Deposit growth continued** as customer deposits increased by 56.3% to EUR 590.0 million increasing the share of current accounts and term deposits as a proportion of total liabilities to 27.5% at the end of 2010 up from 19.3% at the end of 2009.
- **Quality of the HCBV loan portfolio improved** in the course of 2010 due to timely credit risk mitigation measures and resulted in drop of NPLs to 5.8% of the gross loan book. At the same time the NPLs were sufficiently covered by provisions at a level of 67.7%.
- **HCBV remains strongly capitalized** and continues to maintain a strong funding base and liquidity position thanks to the commitment from its parent PPF Group as part of its on-going support of HCBV. The consolidated ratio of total equity to total assets grew to 30.3% as of 31 December 2010 (28.6% as of 31 December 2009).

*\*Minority stake.*

## RESULTS

During 2010 HCBV continued to demonstrate strong operational and financial performance due to its successful business model. Based on prime-class risk management and supported by market-leading collections, it has proven its success throughout the economic cycle.

HCBV achieved its profitability objectives by posting the highest net profit in its history of EUR 234.2 million, after the previous peak in 2009.

Net interest income from continuing operations for the year ended 31 December 2010 increased by 4.0% from EUR 567.5 million to EUR 590.1 million.

After a continuous decrease during the course of 2009 due to the global downturn, HCBV's loan portfolio started to grow again and reached EUR 2,176.9 million as of 31 December 2010, a 29.4 % increase on YE 2009. HCBV has also been successful in further diversifying its loan portfolio by increasing share of alternative low-risk products in its POS portfolio and increasing share of cash loans.

As a result of credit risk mitigation measures in response to the economic downturn, the risk costs from continuing operations significantly decreased from EUR 280.5 million for 2009 to EUR 108.9 million for 2010. The effective ALM performance led to a reduction in cost of funds. These factors combined resulted in such a significant increase of net profit.

The higher quality of HCBV's loan portfolio was supported by a descending level of NPLs (non-performing loans over 90 days past due and less than 360 days past due as a percentage of the gross loan book) from 12.8% as of 31 December 2009 to 5.8% as of 31 December 2010. At the same time the NPLs were sufficiently covered by provisions at a level of 67.7%.

The transformation of Home Credit companies into a strong retail banking franchise continued apace in HCBV's selected markets, with the customer deposits comprising over a quarter of total liabilities. Russia was spearheading this drive and has yet again contributed strongly to the Group's overall result. Banking operations in Russia and Belarus continued to build up a unique distribution network of new format offices and an agents' network, which enables them to continue expanding their regional penetration in order to increase further sales whilst maintaining cost levels.

Owing to market turmoil and lack of growth prospects, in 2010 Home Credit B.V. made the decision to sell its 100% stake in PJSC "Home Credit Bank" (Ukraine) to Platinum Bank, which was finalized on 31 January 2011. As a result, PJSC "Home Credit Bank" (Ukraine) is now fully controlled by Platinum Bank and Home Credit B.V. withdrew its Ukrainian banking franchise.

The structure of HCBV's funding sources improved as Home Credit companies with a banking license successfully continued gathering deposits from individual and corporate customers; current accounts and term deposits grew by 56.3% to EUR 590.0 million as of 31 December 2010. This increase in gathered deposits enabled the Group to reduce funding from banks and HCBV was able to keep and extend funding from the financial markets.

Favourable development of foreign currency revaluation reserve and record net profit contributed to a substantial 19.5% increase of HCBV's equity to EUR 935.8 million as of 31 December 2010.

Active presence of Home Credit companies in the CEE/CIS markets was enabled by continued strong support from its parent company, PPF Group, which was prepared to provide necessary funding liquidity as an alternative to unavailable market resources. In order to optimize the Group's capital structure, in October 2010 the shareholder of the Group made a decision to reduce the share capital of HCBV by EUR 196.5 million of which EUR 124.0 million was distributed to the shareholder and the remaining part was transferred to share premium and other reserves.

## FINANCIAL SUMMARY

<i>(EUR millions)</i>	<b>2010</b>	<b>2009</b>	<b>Y-o-Y change</b>
<b>Total Assets</b>	3,084	2,736	12.7%
<b>Operating Income</b>	782	737	6.1%
<b>Net Loan Book</b>	2,177	1,682	29.4%
<b>Net Profit</b>	234	54	330.8%
<b>Total Equity</b>	936	783	19.5%



## Contacts for investors

### **Alena Tomanova**

Head of Loans and Securitisations

Home Credit Group

Tel.: +420 2241 74319

E-mail: [alena.tomanova@homecredit.eu](mailto:alena.tomanova@homecredit.eu)

## Contacts for journalists

### **David Sahula**

Group Communications Manager

Home Credit Group

Tel.: +420 2241 74485

E-mail: [david.sahula@homecredit.eu](mailto:david.sahula@homecredit.eu)

## Notes to editors

**Home Credit B.V.** ("HCBV") is a holding company of the Home Credit Group CEE and CIS companies and subsidiaries that are leading providers of consumer finance in these key regions. In selected countries, HCBV, through subsidiaries, has been also successfully developing retail banking services. Home Credit B.V. was incorporated under Dutch law on 28 December 1999 as a private limited liability company. Its main activity is to manage, finance and invest in other companies.

Financial services are provided under the Home Credit brand ("Home Credit Group") in 7 countries\*:

- **Czech Republic** (Home Credit a.s., since 1997), **Slovakia** (Home Credit Slovakia a.s., since 1999), **Russia** (Home Credit and Finance Bank LLC, since 2002) and **Belarus** (OJSC Home Credit Bank, since 2007). The Home Credit brand has been also present in **Kazakhstan** since 2005, where Home Credit B.V. is a minority shareholder in AO Home Credit Bank (JSC).
- **China** (Home Credit China operations, since 2007); subsidiary of PPF Group N.V.
- **Vietnam** (PPF Vietnam Finance Co., Ltd., since 2009); subsidiary of PPF Group N.V.

\* Home Credit B.V. sold a 100% stake in PJSC "Home Credit Bank" (Ukraine) to Platinum Bank on 31 January 2011. From that moment, PJSC "Home Credit Bank" (Ukraine) is fully controlled by Platinum Bank and Home Credit B.V. withdrew its Ukrainian banking franchise.

More information available at [www.homecredit.net](http://www.homecredit.net).

Home Credit B.V. is fully owned by **PPF Group N.V.** ("PPF"), one of the largest investment and financial groups in Central and Eastern Europe. PPF manages assets worth approximately EUR 12 billion (as of 30 June 2010), which include various activities from banking and insurance to real property, energy and mining to Russia's largest consumer electronics retail chain. PPF's activities spread from Central and Eastern Europe through Russia to Asia.

More information available at [www.ppf.eu](http://www.ppf.eu).