Home Credit and Finance Bank

Condensed Consolidated Interim Financial Statements
for the six month period ended 30 June 2012

Contents

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Independent Auditors' Report on review of Condensed Consolidated Interim Financial Information

To the Council of OOO Home Credit and Finance Bank

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of OOO Home Credit and Finance Bank and its subsidiaries (the Group) as at 30 June 2012, and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the interim financial information (the condensed consolidated interim financial information). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information as at 30 June 2012 and for the six month period then ended is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

Other matter

The figures in the condensed consolidated interim statement of comprehensive income for the three month period ended 30 June 2012 and the corresponding figures for the three month period ended 30 June 2011 are not reviewed.

ZAO KPMG

ZAO KPMG
20 August 2012

	Note	6 month period ended 30 Jun 2012 MRUB (Unaudited)	6 month period ended 30 Jun 2011 MRUB	3 month period ended 30 Jun 2012 MRUB (Unaudited)	3 month period ended 30 Jun 2011 MRUB (Unaudited)
Interest income	4	21,001	13,832	11,471	6,981
Interest expense	4	(6,091)	(2,894)	(3,350)	(1,679)
Net interest income		**14,910**	**10,938**	**8,121**	**5,302**
Fee and commission income	5	9,355	4,391	5,735	2,278
Fee and commission expense	6	(436)	(203)	(246)	(106)
Net fee and commission income		**8,919**	**4,188**	**5,489**	**2,172**
Other operating (expense)/income, net	7	(106)	(237)	71	(127)
Operating income		**23,723**	**14,889**	**13,681**	**7,347**
Impairment losses	8	(7,563)	(2,628)	(4,380)	(1,438)
General administrative expenses	9	(8,159)	(4,926)	(4,304)	(2,578)
Operating expenses		**(15,722)**	**(7,554)**	**(8,684)**	**(4,016)**
Profit before tax		**8,001**	**7,335**	**4,997**	**3,331**
Income tax expense	10	(1,652)	(1,562)	(1,025)	(701)
Net profit for the period		**6,349**	**5,773**	**3,972**	**2,630**
Other comprehensive income					
Revaluation reserve for financial assets available for sale:					
- net change in fair value of financial assets available for sale, net of tax		(122)	(11)	(99)	(23)
- net change in fair value of financial assets available for sale transferred to profit or loss, net of tax		64	27	69	24
Other comprehensive (loss)/income for the period, net of tax		**(58)**	**16**	**(30)**	**1**
Total comprehensive income for the period		**6,291**	**5,789**	**3,942**	**2,631**

The condensed consolidated interim financial statements as set out on pages 4 to 28 were approved by the Board of Management on 20 August 2012.

Chief Executive Officer

I. Svitek

Chief Financial Officer

I. Kolikova

The condensed consolidated interim statement of comprehensive income is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements.

	Note	30 Jun 2012 MRUB (Unaudited)	31 Dec 2011 MRUB
ASSETS			
Cash and cash equivalents	11	9,847	15,972
Placements with banks and other financial institutions	12	7,231	2,865
Loans to customers	13	146,797	112,833
Financial assets at fair value through profit or loss	14	577	608
Financial assets available for sale	15	18,942	11,861
Property, equipment and intangible assets	16	9,110	7,805
Investment in associate		51	86
Deferred tax asset		25	-
Current income tax receivable		-	401
Other assets	17	4,751	3,258
Total assets		**197,331**	**155,689**
LIABILITIES AND EQUITY			
Liabilities			
Debt securities issued	18	35,612	37,450
Due to banks and other financial institutions	19	7,161	14,128
Current accounts and deposits from customers	20	115,856	70,298
Financial liabilities at fair value through profit or loss	21	108	80
Current income tax payable		181	-
Deferred tax liability		-	14
Other liabilities	22	4,375	3,172
Total liabilities		**163,293**	**125,142**
Equity			
Charter capital		4,406	4,406
Other capital contributions		10,631	10,631
Revaluation reserve for financial assets available for sale		(96)	(38)
Retained earnings		19,097	15,548
Total equity		**34,038**	**30,547**
Total liabilities and equity		**197,331**	**155,689**

The condensed consolidated interim statement of financial position is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements.

	Charter capital MRUB	**Other capital contributions MRUB**	**Revaluation reserve for financial assets available for sale MRUB**	**Retained earnings MRUB**	**Total MRUB**
Balance at 1 January 2011	**4,406**	**10,631**	**(12)**	**17,994**	**33,019**
Net profit for the period	-	-	-	5,773	5,773
Net change in fair value of financial assets available for sale, net of tax	-	-	(11)	-	(11)
Net change in fair value of financial assets available for sale transferred to profit or loss, net of tax	-	-	27	-	27
Total comprehensive income for the period	-	-	16	5,773	5,789
Dividends paid	-	-	-	(13,200)	(13,200)
Balance at 30 June 2011	**4,406**	**10,631**	**4**	**10,567**	**25,608**
Balance at 1 January 2012	**4,406**	**10,631**	**(38)**	**15,548**	**30,547**
Net profit for the period (Unaudited)	-	-	-	6,349	6,349
Net change in fair value of financial assets available for sale, net of tax (Unaudited)	-	-	(122)	-	(122)
Net change in fair value of financial assets available for sale transferred to profit or loss, net of tax (Unaudited)	-	-	64	-	64
Total comprehensive income for the period (Unaudited)	-	-	(58)	6,349	6,291
Dividends paid (Unaudited)	-	-	-	(2,800)	(2,800)
Balance at 30 June 2012 (Unaudited)	**4,406**	**10,631**	**(96)**	**19,097**	**34,038**

The condensed consolidated interim statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements.

	Note	6 month period ended 30 Jun 2012 MRUB (Unaudited)	6 month period ended 30 Jun 2011 MRUB
Operating activities			
Profit before tax		8,001	7,335
Adjustments for:			
Impairment losses	8	7,563	2,628
Net unrealised foreign exchange gain		(123)	(1,205)
Gain on disposal of investments in associate	7	(69)	(29)
Net accrued interest expense		315	491
Deferred loan origination costs		2,006	1,261
Net accrued fee and commission expense		1,031	14
Depreciation and amortisation	9	558	350
Net loss on disposal of property, equipment and intangible assets		23	58
Net realised loss on disposal of financial assets available for sale	7	18	26
Net accrued/(reversed) general administrative expenses		103	(650)
Net loss on early redemption of debt securities issued	7	9	38
Loss on early redemption of amounts due to banks and other financial institutions	7	45	-
Increase in loans to customers		(41,478)	(11,519)
(Increase)/decrease in placements with banks and other financial institutions		(4,144)	3,315
(Increase)/decrease in financial assets available for sale		(7,055)	503
Increase in other assets		(1,736)	(253)
Increase in current accounts and deposits from customers		43,541	4,475
(Decrease)/increase in due to banks and other financial institutions		(1,679)	122
Increase in other liabilities		247	23
Cash flows from operations		**7,176**	**6,983**
Income taxes paid		(1,094)	(1,193)
Cash flows from operating activities		**6,082**	**5,790**
Investing activities			
Proceeds from sale of investments in associate		81	32
Proceeds from sale of property and equipment		-	2
Acquisition of property, equipment and intangible assets		(1,886)	(648)
Cash flows used in investing activities		**(1,805)**	**(614)**
Financing activities			
Repayments of amounts due to banks and other financial institutions		(5,807)	(1,800)
Proceeds from debt securities issued		4,043	21,371
Repayments of debt securities issued		(6,237)	(6,563)
Dividends paid		(2,800)	(13,200)
Cash flows used in financing activities		**(10,801)**	**(192)**
Net (decrease)/increase in cash and cash equivalents		(6,524)	4,984
Cash and cash equivalents at 1 January		15,972	7,416
Foreign exchange effect on cash and cash equivalents		399	(314)
Cash and cash equivalents at 30 June	11	**9,847**	**12,086**

The condensed consolidated interim statement of cash flows is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements.

1. Description of the Group

OOO "Home Credit and Finance Bank" (the "Bank") was established in the Russian Federation as a Limited Liability Company and was granted its general banking license in 1990. On 13th October 2011 the Bank received General Banking Licence #316 from the Central Bank of Russia. The Bank together with its subsidiaries is further referred as the Group.

Registered office

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Participants	**Country of incorporation**	**Ownership interest (%)**	
		30 Jun 2012	**31 Dec 2011**
Home Credit B.V.	The Netherlands	99.99	99.99
Home Credit International a.s.	Czech Republic	0.01	0.01

The ultimate controlling owner is Petr Kellner, who exercises control over the Group through PPF Group N.V. registered in the Netherlands.

Consolidated subsidiaries	**Country of incorporation**	**Ownership interest (%)**	
		30 Jun 2012	**31 Dec 2011**
Financial Innovations (LLC)	Russian Federation	100.00	100.00
Bonus Center Operations (LLC)	Russian Federation	100.00	-
Eurasia Capital S.A.	Luxemburg	see below	see below
Eurasia Structured Finance No.1 S.A.*	Luxemburg	see below	see below
Eurasia Credit Card Company S.A.*	Luxemburg	see below	see below

Bonus Center Operations (LLC) was established on 25 June 2012 to support banking operations.

Eurasia Capital S.A., Eurasia Structured Finance No.1 S.A. and Eurasia Credit Card Company S.A. are special purpose entities established to facilitate the Group’s issues of debt securities (refer to Note 18).

** As at 30 June 2012 Eurasia Structured Finance No.1 S.A. and Eurasia Credit Card Company S.A. were in the process of liquidation.*

Associate	**Country of incorporation**	**Ownership interest (%)**	
		30 Jun 2012	**31 Dec 2011**
Equifax Credit Services (LLC)	Russian Federation	30.72	38.14

Council		**Board of Management**	
Jiri Smejc	Chairman	Ivan Svitek	Chairman/Chief Executive Officer
Irina Kolikova	Deputy Chairman	Dmitri Mosolov	First Deputy Chairman/ Deputy Chief Executive Officer
Galina Vaisband	Member		
		Vladimir Gasyak	Deputy Chairman
		Martin Schaffer	Deputy Chairman
		Yuriy Andresov	Deputy Chairman
		Olga Egorova	Member

1. Description of the Group (continued)

Principal activities

The principal activity of the Group is the provision of the full range of banking products and services to individual customers across the Russian Federation. The activities of the Group are regulated by the Central Bank of the Russian Federation (the "CBR").

The Bank was acquired by the Home Credit Group in 2002. The primary activities of the Group are lending, deposit taking, saving and current accounts service and maintenance, payments, debit cards issuance and maintenance, Internet-banking, payroll and other banking services. The loans are offered to existing and new customers across the Russian Federation via a distribution network comprising a variety of channels: own banking offices, points-of-sale at retailers, Russian Post branches and other third parties. As at 30 June 2012 the Bank's well-developed distribution network comprised the head office in Moscow and 6 branches in Ufa, Rostov-on-Don, Saint-Petersburg, Yekaterinburg, Novosibirsk, Khabarovsk, 764 standard banking offices, 4,624 loan offices, 101 regional centres, 1 representative office and over 59 thousands active points of sale which cover over 2,000 residential areas in 80 regions in the Russian Federation. As at 30 June 2012 the ATM network comprised 925 ATMs and payment terminals across the Russian Federation.

2. Basis of preparation

The condensed consolidated interim financial statements follow, in the context of recognition and measurement, all requirements of International Financial Reporting Standards ("IFRS"). The disclosures in these condensed consolidated interim financial statements are presented in accordance with IAS 34 *Interim Financial Reporting*, and therefore should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2011, as these condensed consolidated interim financial statements provide an update of previously reported financial information.

a) Business environment

The Russian Federation is experiencing political and economic change that has affected, and may continue to affect, the activities of enterprises operating in this environment. Consequently, operations in the Russian Federation involve risks that typically do not exist in other markets. In addition, the contraction in the capital and credit markets and its impact on the Russian economy have further increased the level of economic uncertainty in the environment. These consolidated financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

3. Significant accounting policies

The significant accounting policies applied in the preparation of the condensed consolidated interim financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2011.

a) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective as at 30 June 2012, and have not been applied in preparing these condensed consolidated interim financial statements. Of these pronouncements, potentially the following will have an impact on the Group's operations. The Group plans to adopt these pronouncements when they become effective. The Group is in the process of analysing the likely impact on its financial statements.

3. Significant accounting policies (continued)

IAS 28 (2011) *Investments in Associates and Joint Ventures* combines the requirements in IAS 28 (2008) and IAS 31 that were carried forward but not incorporated into IFRS 11 and IFRS 12. The amended standard will become effective for annual periods beginning on or after 1 January 2013 with retrospective application required. Early adoption of IAS 28 (2011) is permitted provided the entity also early-adopts IFRS 10, IFRS 11, IFRS 12 and IAS 27 (2011).

IFRS 9 *Financial Instruments* will be effective for annual periods beginning on or after 1 January 2015. The new standard is to be issued in phases and is intended ultimately to replace International Financial Reporting Standard IAS 39 *Financial Instruments: Recognition and Measurement*. The first phase of IFRS 9 was issued in November 2009 and relates to the classification and measurement of financial assets. The second phase regarding classification and measurement of financial liabilities was published in October 2010. The remaining parts of the standard are expected to be issued during 2012. The Group recognises that the new standard introduces many changes to the accounting for financial instruments and is likely to have a significant impact on the consolidated financial statements. The impact of these changes will be analysed during the course of the project as further phases of the standard are issued. The Group does not intend to adopt this standard early.

IFRS 10 *Consolidated Financial Statements* will be effective for annual periods beginning on or after 1 January 2013. The new standard supersedes IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 introduces a single control model which includes entities that are currently within the scope of SIC-12. Under the new three-step control model, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with that investee, has the ability to affect those returns through its power over that investee and there is a link between power and returns. Consolidation procedures are carried forward from IAS 27 (2008). When the adoption of IFRS 10 does not result in a change in the previous consolidation or non-consolidation of an investee, no adjustments to accounting are required on initial application. When the adoption results in a change in the consolidation or non-consolidation of an investee, the new standard may be adopted with either full retrospective application from date that control was obtained or lost or, if not practicable, with limited retrospective application from the beginning of the earliest period for which the application is practicable, which may be the current period. Early adoption of IFRS 10 is permitted provided an entity also early-adopts IFRS 11, IFRS 12, IAS 27 (2011) and IAS 28 (2011).

IFRS 12 *Disclosure of Interests in Other Entities* will be effective for annual periods beginning on or after 1 January 2013. The new standard contains disclosure requirements for entities that have interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. Interests are widely defined as contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity. The expanded and new disclosure requirements aim to provide information to enable the users to evaluate the nature of risks associated with an entity's interests in other entities and the effects of those interests on the entity's financial position, financial performance and cash flows. Entities may early present some of the IFRS 12 disclosures without a need to early-adopt the other new and amended standards. However, if IFRS 12 is early-adopted in full, then IFRS 10, IFRS 11, IAS 27 (2011) and IAS 28 (2011) must also be early-adopted.

IFRS 13 *Fair Value Measurement* will be effective for annual periods beginning on or after 1 January 2013. The new standard replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It provides a revised definition of fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurement that currently exist in certain standards. The standard is applied prospectively with early adoption permitted. Comparative disclosure information is not required for periods before the date of initial application.

Various *Improvements to IFRSs* have been dealt with on a standard-by-standard basis. All amendments, which result in accounting changes for presentation, recognition or measurement purposes, will come into effect not earlier than 1 January 2013. The Group has not yet analysed the likely impact of the improvements on its financial position or performance.

4. Interest income and interest expense

	6 month period ended 30 Jun 2012 MRUB (Unaudited)	6 month period ended 30 Jun 2011 MRUB	3 month period ended 30 Jun 2012 MRUB (Unaudited)	3 month period ended 30 Jun 2011 MRUB (Unaudited)
Interest income				
Loans to individuals	20,068	13,413	10,972	6,724
Financial assets available for sale	713	268	401	154
Placements with banks and other financial institutions	129	57	77	21
Financial assets at fair value through profit or loss	79	81	17	81
Amounts receivable under reverse repurchase agreements	10	12	3	-
Loans to corporations	2	1	1	1
	21,001	**13,832**	**11,471**	**6,981**
Interest expense				
Current accounts and deposits from customers	4,286	838	2,494	440
Debt securities issued	1,407	1,827	692	1,051
Due to banks and other financial institutions	340	127	163	86
Financial liabilities at fair value through profit or loss	58	102	1	102
	6,091	**2,894**	**3,350**	**1,679**

5. Fee and commission income

	6 month period ended 30 Jun 2012 MRUB (Unaudited)	6 month period ended 30 Jun 2011 MRUB	3 month period ended 30 Jun 2012 MRUB (Unaudited)	3 month period ended 30 Jun 2011 MRUB (Unaudited)
Insurance agent commissions	7,145	2,399	4,510	1,141
Cash operations	889	548	501	328
Contractual penalties from customers	858	942	496	564
Customer payments processing and account maintenance	343	373	167	184
Fees from retailers	113	126	58	59
Other	7	3	3	2
	9,355	**4,391**	**5,735**	**2,278**

6. Fee and commission expense

	6 month period ended 30 Jun 2012 MRUB (Unaudited)	6 month period ended 30 Jun 2011 MRUB	3 month period ended 30 Jun 2012 MRUB (Unaudited)	3 month period ended 30 Jun 2011 MRUB (Unaudited)
Cash transactions	241	105	133	60
Payments to the Deposits Insurance Agency	116	40	73	21
Payments processing and account maintenance	57	36	27	19
Other	22	22	13	6
	436	**203**	**246**	**106**

7. Other operating (expense)/income, net

	6 month period ended 30 Jun 2012 MRUB (Unaudited)	6 month period ended 30 Jun 2011 MRUB	3 month period ended 30 Jun 2012 MRUB (Unaudited)	3 month period ended 30 Jun 2011 MRUB (Unaudited)
Gain on disposal of investment in associate	69	29	69	29
Net (loss)/gain on spot transactions and derivatives	(3)	(794)	533	(375)
Net loss on early redemption of debt securities issued	(9)	(38)	(5)	(44)
Net realised loss on disposal of financial assets available for sale	(18)	(26)	(22)	(24)
Loss on early redemption of amounts due to banks and other financial institutions	(45)	-	-	-
(Loss)/gain from foreign exchange revaluation of financial assets and liabilities	(137)	545	(522)	213
Other	37	47	18	74
	(106)	**(237)**	**71**	**(127)**

8. Impairment losses

	6 month period ended 30 Jun 2012 MRUB (Unaudited)	6 month period ended 30 Jun 2011 MRUB	3 month period ended 30 Jun 2012 MRUB (Unaudited)	3 month period ended 30 Jun 2011 MRUB (Unaudited)
Cash loans	5,554	870	3,308	559
POS loans	1,614	1,608	817	828
Credit card loans	466	234	246	138
Car loans	(8)	7	(5)	(2)
Mortgage loans	(63)	(7)	14	(11)
Loans to corporations	-	(84)	-	(74)
	7,563	**2,628**	**4,380**	**1,438**

9. General administrative expenses

	Note	6 month period ended 30 Jun 2012 MRUB (Unaudited)	6 month period ended 30 Jun 2011 MRUB	3 month period ended 30 Jun 2012 MRUB (Unaudited)	3 month period ended 30 Jun 2011 MRUB (Unaudited)
Personnel related expenses		3,400	2,032	1,801	1,031
Occupancy	26	995	368	537	185
Payroll related taxes		789	491	376	208
Telecommunication and postage		613	462	330	260
Depreciation and amortisation		558	350	298	172
Advertising and marketing		477	174	243	126
Repairs and maintenance		268	149	167	73
Professional services		239	326	100	194
Information technology		200	240	110	123
Travel expenses		148	38	76	13
Taxes other than income tax		67	64	34	29
Other		405	232	232	164
		8,159	**4,926**	**4,304**	**2,578**

10. Income tax expense

	6 month period ended 30 Jun 2012 MRUB (Unaudited)	6 month period ended 30 Jun 2011 MRUB	3 month period ended 30 Jun 2012 MRUB (Unaudited)	3 month period ended 30 Jun 2011 MRUB (Unaudited)
Current tax expense	1,676	1,719	1,039	1,157
Deferred tax benefit	(24)	(157)	(14)	(456)
	1,652	**1,562**	**1,025**	**701**

Reconciliation of effective tax rate	6 month period ended 30 Jun 2012 MRUB (Unaudited)	6 month period ended 30 Jun 2011 MRUB	3 month period ended 30 Jun 2012 MRUB (Unaudited)	3 month period ended 30 Jun 2011 MRUB (Unaudited)
Profit before tax	**8,001**	**7,335**	**4,997**	**3,331**
Income tax using the applicable tax rate (20%)	1,600	1,467	999	666
Net non-deductible costs	59	100	26	40
Income taxed at lower tax rates	(7)	(5)	-	(5)
	1,652	**1,562**	**1,025**	**701**

10. Income tax expense (continued)

Income tax recognised in other comprehensive income

The tax effects relating to components of other comprehensive income comprise:

	6 month period ended 30 Jun 2012 (Unaudited)			6 month period ended 30 Jun 2011			3 month period ended 30 Jun 2012 (Unaudited)			3 month period ended 30 Jun 2011 (Unaudited)		
	Amount before tax MRUB	Tax benefit MRUB	Amount net of tax MRUB	Amount before tax MRUB	Tax expense MRUB	Amount net of tax MRUB	Amount before tax MRUB	Tax benefit MRUB	Amount net of tax MRUB	Amount before tax MRUB	Tax expense MRUB	Amount net of tax MRUB
Net change in fair value of financial assets available for sale	(73)	15	(58)	20	(4)	16	(38)	8	(30)	1	-	1
	(73)	**15**	**(58)**	**20**	**(4)**	**16**	**(38)**	**8**	**(30)**	**1**	**-**	**1**

11. Cash and cash equivalents

	30 Jun 2012 MRUB (Unaudited)	31 Dec 2011 MRUB
Cash	5,316	6,167
Placements with banks and other financial institutions due within one month	3,090	4,388
Nostro accounts with the CBR	971	5,417
Amounts receivable under reverse repurchase agreements	470	-
	9,847	**15,972**

In July 2012 the Group prolonged the loan to Home Credit Bank Almaty in the amount of MRUB 1,472 until 26 July 2013. This loan is presented as a part of cash and cash equivalents according to its original contractual maturity and is presented according to the amended maturity in Note 23.

12. Placements with banks and other financial institutions

	30 Jun 2012 MRUB (Unaudited)	31 Dec 2011 MRUB
Term deposits with banks and other financial institutions due after one month	5,790	2,092
Minimum reserve deposit with the CBR	1,441	773
	7,231	**2,865**

The minimum reserve deposit is a mandatory non-interest bearing deposit calculated in accordance with regulations issued by the CBR and which withdrawability is restricted.

Included in term deposits with banks and other financial institutions due after one month above are the term deposits with a related party in the amount of MUSD 145 at the effective interest rate of 4.8% with the maturity of three to six months and in the amount of MEUR 8 at the effective interest rate of 5.0% with the maturity of one to three months (31 December 2011: nil).

13. Loans to customers

	30 Jun 2012 MRUB (Unaudited)	31 Dec 2011 MRUB
Cash loans	97,523	55,367
POS loans	39,181	44,575
Credit card loans	18,057	15,429
Mortgage loans	4,459	5,045
Car loans	390	569
Loans to corporations	27	35
Impairment allowance	(12,840)	(8,187)
	146,797	**112,833**

13. Loans to customers (continued)

The Group provides point-of-sale loans ("POS loans") for the purchase of household goods. Credit cards are generally issued for 3 years, have an average credit limit of TRUB 106.0 and require a minimum monthly payment of 5% of the outstanding credit balance on the respective credit card (31 December 2011: 3 years, TRUB 84.7 and 5%, respectively). As at 30 June 2012 the average loan-to-value ratio for mortgage loans was 61% (as at 31 December 2011: 62%).

The following table provides the average size of loans granted and the average contractual term by type of loans:

	30 June 2012		**31 December 2011**	
	Size TRUB	**Term Months**	**Size TRUB**	**Term Months**
POS loans	22.5	15	21.0	15
Cash loans	96.1	34	78.1	33
Car loans	266.2	62	256.0	60
Mortgage loans	2,260.7	150	2,212.5	151

The Group considers loans which are contractually overdue for more than 90 days to be non-performing ("NPL"). As of 30 June 2012 total non-performing loans amounted to MRUB 9,503 (31 December 2011: MRUB 6,975). The Group created provisions for non-performing loans of 70.9% (31 December 2011: 70.3%). Performing loans are provided for at a rate of 4.1% (31 December 2011: 2.9%).

Total allowances for impairment by product classes to NPLs by product classes

	30 June 2012		**31 December 2011**	
	NPLs MRUB	**Provision coverage %**	**NPLs MRUB**	**Provision coverage %**
POS loans	2,881	111	3,117	106
Cash loans	4,934	165	2,298	152
Credit card loans	1,328	89	975	92
Mortgage loans	312	94	486	81
Car loans	48	110	88	102
Loans to corporations	-	-	11	100
Total	**9,503**	**135**	**6,975**	**117**

Loan and receivables, except for mortgage and car loans, overdue over 360 days are written off. Mortgage and car loans and receivables overdue over 720 days are written off. Some of the loans written-off can be subsequently sold. During the six month period ended 30 June 2012 the Group sold non-performing loans with a gross value including penalties of MRUB 5,132 for MRUB 259 (during the six month period ended 30 June 2011: non-performing loans with a gross value including penalties of MRUB 2,778 were sold for MRUB 266).

During the six month period ended 30 June 2012 the Group sold performing mortgage loans with a gross value of MRUB 123 (during the six month period ended 30 June 2011: none).

The Group has estimated the impairment on loans to customers in accordance with the accounting policy as described in the consolidated financials statements as at 31 December 2011.

No loans were pledged as collateral for balances due to banks and other financial institutions as at 30 June 2012.

As at 31 December 2011 mortgage loans with the total carrying amount of MRUB 730 were pledged as collateral for balances due to banks and other financial institutions (Note 19).

13. Loans to customers (continued)

Movements in the loan impairment allowance by classes of loans to customers for the six month period ended 30 June 2012 are as follows:

MRUB	POS loans	Credit card loans	Cash loans	Mortgage loans	Car loans	Loans to corporations	Total
Balance at 1 January	3,313	893	3,488	392	90	11	8,187
Net charge/ (recovery)	1,614	466	5,554	(63)	(8)	-	7,563
Loans recovered and sold which previously were written off	263	325	218	137	9	-	952
Write offs	(2,002)	(499)	(1,139)	(173)	(38)	(11)	(3,862)
Balance at 30 June (Unaudited)	**3,188**	**1,185**	**8,121**	**293**	**53**	**-**	**12,840**

Movements in the loan impairment allowance by classes of loans to customers for the six month period ended 30 June 2011 are as follows:

MRUB	POS loans	Credit card loans	Cash loans	Mortgage loans	Car loans	Loans to corporations	Total
Balance at 1 January	2,795	1,102	1,131	542	222	165	5,957
Net charge/ (recovery)	1,608	234	870	(7)	7	(84)	2,628
Loans recovered and sold which previously were written off	272	325	208	95	1	68	969
Write offs	(1,368)	(779)	(437)	(218)	(80)	(138)	(3,020)
Balance at 30 June	**3,307**	**882**	**1,772**	**412**	**150**	**11**	**6,534**

14. Financial assets at fair value through profit or loss

	30 Jun 2012 MRUB (Unaudited)	31 Dec 2011 MRUB
Positive fair value of derivative instruments	577	608
	577	**608**

15. Financial assets available for sale

	30 Jun 2012 MRUB (Unaudited)	31 Dec 2011 MRUB
Debt securities	18,942	11,861
	18,942	**11,861**

16. Property, equipment and intangible assets

(a) Intangible assets

	30 Jun 2012 MRUB (Unaudited)	31 Dec 2011 MRUB
Cost	1,661	1,401
Accumulated amortisation	(693)	(568)
Net book value	**968**	**833**

(b) Property and equipment

	30 Jun 2012 MRUB (Unaudited)	31 Dec 2011 MRUB
Cost	11,375	9,804
Accumulated depreciation	(3,233)	(2,832)
Net book value	**8,142**	**6,972**

17. Other assets

	30 Jun 2012 MRUB (Unaudited)	31 Dec 2011 MRUB
Accrued income	2,958	1,371
Settlements with suppliers	887	1,061
Prepaid expenses	305	376
Taxes other than income tax	179	124
Other	422	326
	4,751	**3,258**

18. Debt securities issued

	Maturity	Interest rate	30 Jun 2012 MRUB (Unaudited)	31 Dec 2011 MRUB
Stock exchange RUB bond issue 01 of MRUB 3,000	April 2014/ October 2012*	Floating, 7.24%	794	3,051
Unsecured RUB bond issue 6 of MRUB 5,000	June 2014/ December 2012*	7.75%	5,010	5,001
Unsecured RUB bond issue 5 of MRUB 4,000	April 2013	8.50%	4,035	3,943
Stock exchange RUB bond issue 03 of MRUB 4,000	April 2014/ October 2013*	7.90%	4,052	4,050
Loan participation notes issue 6 of MUSD 500	March 2014	7.00%	16,644	16,327
Unsecured RUB bond issue 7 of MRUB 5,000	April 2015	9.75%	5,077	5,078
			35,612	**37,450**

* *Early redemption option date*

In April 2011 the Group issued the RUB denominated Stock exchange bond issue 01 with a floating coupon rate at 3M MosPrime + 290 basis points, resetable at specified coupon dates. In April 2012 the Group reset the coupon at 7.24% which is valid for the next six months. Bond holders are entitled to demand early redemption of the bond at par in October 2012.

The RUB denominated bond issue 6 was issued in June 2009 with a fixed coupon rate, resetable at specified option dates. In December 2010 the Group reset a new coupon rate for the next two years. Bondholders are entitled to demand early redemption of the bond at par in December 2012.

The RUB denominated bond issue 5 was issued in April 2008 with a fixed coupon rate, resetable at specified option dates. In October 2011 the Group reset a new coupon rate which is valid until the final maturity date.

In April 2011 the Group issued the RUB denominated Stock exchange bond issue 03 with a fixed coupon rate set for the subsequent thirty months. The bondholders are entitled to demand early redemption of the bond at par in October 2013.

The USD denominated loan participation notes issue 6 was issued in March 2011 through Eurasia Capital S.A. in the amount of MUSD 500. The proceeds from the issue were used to grant an unsecured loan to the Bank.

In April 2010 the Group issued the RUB denominated bond issue 7 with a fixed coupon rate set for two years. In April 2012 the Group reset a new coupon rate which is valid until the final maturity date.

Eurasia Capital S.A., Eurasia Structured Finance No.1 S.A. and Eurasia Credit Card Company S.A. are SPEs established by the Group with the primary objective of raising finance through the issuance of debt securities and securitising part of the Group's POS loan and credit card portfolios. These SPEs are controlled by the Group through the predetermination of the activities of SPEs, having rights to obtain the majority of benefits of the SPEs, and retaining the majority of the residual risks related to the SPEs.

As at 30 June 2012 debt securities issued included debt securities held by related parties in the amount of MRUB 1,583 at the effective interest rate of 7.3% with maturity of three months to two years (as at 31 December 2011: debt securities in the amount of MRUB 1,719 at the effective interest rate of 7.3% with the maturity of one month to five years).

19. Due to banks and other financial institutions

	30 Jun 2012 MRUB (Unaudited)	31 Dec 2011 MRUB
Unsecured loans	6,791	13,366
Secured loans	-	636
Other balances	370	126
	7,161	**14,128**

Included in unsecured loans due to banks and financial institutions above is a term deposit with a related party in the amount of MRUB 669 at the effective interest rate of 6.7% with the maturity of two to five years (31 December 2011: term deposit in the amount of MRUB 326 at the effective interest rate of 6.7% with the maturity of two to five years).

As at 31 December 2011 the Group pledged mortgage loans in the amount of MRUB 730 (Note 13) as collateral for secured loans.

20. Current accounts and deposits from customers

	30 Jun 2012 MRUB (Unaudited)	31 Dec 2011 MRUB
Retail		
Term deposits	99,668	51,719
Current accounts and demand deposits	9,890	10,057
	109,558	61,776
Corporate		
Term deposits	6,126	8,404
Current accounts and demand deposits	172	118
	6,298	8,522
	115,856	**70,298**

As at 30 June 2012 there were no current accounts and deposits from related parties (as at 31 December 2011: deposit in the amount of MRUB 1,000 at an effective interest rate of 6.5% with the maturity of less than one month).

21. Financial liabilities at fair value through profit or loss

	30 Jun 2012 MRUB (Unaudited)	31 Dec 2011 MRUB
Negative fair value of derivative instruments	108	80
	108	**80**

22. Other liabilities

	30 Jun 2012 MRUB (Unaudited)	31 Dec 2011 MRUB
Accrued employee compensation	2,127	1,538
Other taxes payable	1,017	511
Settlements with suppliers	870	861
Other	361	262
	4,375	**3,172**

23. Financial instruments

Liquidity risk

The following table shows assets and liabilities by remaining contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the consolidated statement of financial position because the statement of financial position amount is based on discounted cash flows.

	30 June 2012 (Unaudited)							31 December 2011						
MRUB	**Less than 1 month**	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**No maturity**	**Total**	**Less than 1 month**	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**No maturity**	**Total**
Assets														
Cash and cash equivalents	8,375	-	-	1,575	-	-	9,950	15,972	-	-	-	-	-	15,972
Placements with banks and other financial institutions	-	337	4,861	-	-	2,125	7,323	-	-	1,465	-	-	1,445	2,910
Loans to customers	15,413	32,350	89,089	64,593	3,008	-	204,453	10,618	23,892	68,317	48,298	3,508	-	154,633
Financial assets at fair value through profit or loss	5	58	480	34	-	-	577	103	40	43	422	-	-	608
Financial assets available for sale	1,835	3,309	14,693	-	-	-	19,837	45	1,430	11,214	-	-	-	12,689
Property, equipment and intangible assets	-	-	-	-	-	9,110	9,110	-	-	-	-	-	7,805	7,805
Investment in associate	-	-	-	-	-	51	51	-	-	-	-	-	86	86
Deferred tax asset	-	-	-	-	-	25	25	-	-	-	-	-	-	-
Current income tax receivable	-	-	-	-	-	-	-	-	-	401	-	-	-	401
Other assets	2,958	-	1,503	-	-	290	4,751	1,371	-	1,674	-	-	213	3,258
Total assets	**28,586**	**36,054**	**110,626**	**66,202**	**3,008**	**11,601**	**256,077**	**28,109**	**25,362**	**83,114**	**48,720**	**3,508**	**9,549**	**198,362**
Liabilities														
Debt securities issued	299	671	11,289	27,687	-	-	39,946	346	660	14,523	26,146	-	-	41,675
Due to banks and other financial institutions	1,684	447	2,941	2,629	-	-	7,701	3,394	7,815	2,511	764	-	-	14,484
Current accounts and deposits from customers	15,859	12,269	61,821	33,955	-	-	123,904	13,185	3,846	37,943	20,447	-	-	75,421
Financial liabilities at fair value through profit or loss	4	19	53	32	-	-	108	3	13	39	25	-	-	80
Current income tax liability	181	-	-	-	-	-	181	-	-	-	-	-	-	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	14	14
Other liabilities	2,248	2,127	-	-	-	-	4,375	1,634	1,538	-	-	-	-	3,172
Total liabilities	**20,275**	**15,533**	**76,104**	**64,303**	**-**	**-**	**176,215**	**18,562**	**13,872**	**55,016**	**47,382**	**0**	**14**	**134,846**
Irrevocable credit related commitments	774	-	-	-	-	-	774	849	-	-	-	-	-	849
Net position	**7,537**	**20,521**	**34,522**	**1,899**	**3,008**	**11,601**	**79,088**	**8,698**	**11,490**	**28,098**	**1,338**	**3,508**	**9,535**	**62,667**
Cumulative net position	**7,537**	**28,058**	**62,580**	**64,479**	**67,487**	**79,088**	**79,088**	**8,698**	**20,188**	**48,286**	**49,624**	**53,132**	**62,667**	**62,667**

24. Commitments

The Group has outstanding commitments to extend credit. These commitments take the form of approved credit limits related to customers' credit card accounts and approved POS loans.

	30 Jun 2012 MRUB (Unaudited)	31 Dec 2011 MRUB
Credit card commitments	29,102	22,878
POS loan commitments	774	849
	29,876	**23,727**

The total outstanding contractual commitments to extend credit indicated above represents future cash requirements, though some of these commitments may expire or terminate without being funded.

25. Contingencies

Taxation contingencies

The taxation system in the Russian Federation is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open longer. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

These circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

26. Operating leases

The Group leases a number of premises and equipment under operating leases. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals.

Non-cancellable operating lease rentals are payable as follows:

	30 Jun 2012 MRUB (Unaudited)	31 Dec 2011 MRUB
Less than one year	1,548	1,329
Between one and five years	3,445	2,953
More than five years	456	496
	5,449	**4,778**

During the six month period ended 30 June 2012 MRUB 995 (six month period ended 30 June 2011: MRUB 368) was recognised as an expense in the consolidated statement of comprehensive income in respect of operating leases (Note 9).

27. Capital management

The Group's lead regulator, the Central Bank of Russia, sets and monitors capital requirements for both the Bank and the Group as a whole.

The Bank defines as capital those items defined by statutory regulation as capital for credit institutions. Under the current capital requirements set by the CBR, banks have to maintain a ratio of capital to risk-weighted assets (statutory capital ratio) above the prescribed minimum level. As at 30 June 2012 this minimum level is 10%.

The Group also operates its capital adequacy in compliance with the methodology set out by the Bank of International Settlements. Tier I capital is represented by equity. In connection with the USD denominated loan participation notes described in Note 18, the Group is committed to maintain its capital adequacy ratio at or above the minimum level of 13%.

During the reporting period the Group was fully in compliance with the capital regulations described above.

Capital ratios calculated in accordance with the requirements of the Bank of International Settlements are as follows:

	30 Jun 2012 MRUB (Unaudited)	31 Dec 2011 MRUB
Risk weighted assets	**199,584**	**149,358**
Tier I capital	34,038	30,547
Total capital	**34,038**	**30,547**
Tier I ratio	17.1%	20.5%
Capital Adequacy Ratio	17.1%	20.5%

28. Segment analysis

The Executive Committee (the "Committee") is the chief operating decision maker. The Committee reviews internal reporting on a regular basis to assess performance of individual segments and to allocate resources accordingly.

The Committee monitors performance mainly from a product perspective with major reportable segments being POS loans, cash loans and credit card loans. Other segments comprising mortgage loans, car loans, loans to corporations and treasury operations are less significant and thus are not reported separately in these financial statements.

Revenues of reportable segments consist of interest and fee income including inter-segment revenues resulting from allocation of financing raised by the treasury function to major segments. Performance of individual segments is assessed by the Commitee based on segment operating income after impairment losses. A reconciliation of the total of the segment's operating income after impairment losses is provided below.

Total segment assets mainly consist of the loan portfolio and interest earning financial assets accumulated as a result of treasury operations. A reconciliation of the total of the segment's assets to total assets is provided below.

28. Segment analysis (continued)

	POS loans MRUB	Credit card loans MRUB	Cash loans MRUB	Other segments MRUB	Total MRUB
Six months ended 30 June 2012 (Unaudited)					
External interest income	4,120	2,573	13,081	1,227	**21,001**
Fee and commission income	2,295	899	5,675	51	**8,920**
Inter segment revenue	-	-	-	4,484	**4,484**
Total revenues	**6,415**	**3,472**	**18,756**	**5,762**	**34,405**
External interest expense	-	-	-	(6,091)	**(6,091)**
Inter segment interest expense	(829)	(362)	(3,192)	-	**(4,383)**
Inter segment other operating expense, net	(19)	(8)	(74)	-	**(101)**
Fee and commission expense	-	(195)	-	(18)	**(213)**
Other operating expense, net	-	-	-	(158)	**(158)**
Impairment (losses)/recoveries	(1,614)	(466)	(5,554)	71	**(7,563)**
Total expenses	**(2,462)**	**(1,031)**	**(8,820)**	**(6,196)**	**(18,509)**
Segment operating income after impairment losses	**3,953**	**2,441**	**9,936**	**(434)**	**15,896**
Six months ended 30 June 2011					
External interest income	6,500	1,916	4,562	854	**13,832**
Fee and commission income	2,309	812	869	76	**4,066**
Inter segment revenue	-	-	-	2,486	**2,486**
Total revenues	**8,809**	**2,728**	**5,431**	**3,416**	**20,384**
External interest expense	-	-	-	(2,894)	**(2,894)**
Inter segment interest expense	(1,256)	(331)	(696)	-	**(2,283)**
Inter segment other operating expense, net	(112)	(29)	(62)	-	**(203)**
Fee and commission expense	-	(103)	-	(7)	**(110)**
Other operating expense, net	-	-	-	(275)	**(275)**
Impairment losses	(1,608)	(234)	(870)	84	**(2,628)**
Total expenses	**(2,976)**	**(697)**	**(1,628)**	**(3,092)**	**(8,393)**
Segment operating income after impairment losses	**5,833**	**2,031**	**3,803**	**324**	**11,991**

Segment assets

MRUB	**POS loans**	**Credit card loans**	**Cash loans**	**Other segments**	**Total**
Carrying amount at 30 June 2012 (Unaudited)	35,993	16,872	89,402	31,918	**174,185**
Carrying amount at 31 December 2011	41,262	14,536	51,879	19,922	**127,599**

28. Segment analysis (continued)

A reconciliation of segment profit to total profit before tax is provided as follows:

	6 month period ended 30 Jun 2012 MRUB (Unaudited)	6 month period ended 30 Jun 2011 MRUB
Segment operating income after impairment losses	**15,896**	**11,991**
Unallocated fee income	435	325
Unallocated fee expense	(223)	(93)
Unallocated other operating income	52	38
General administrative expenses	(8,159)	(4,926)
Profit before tax	**8,001**	**7,335**

Reportable segments' assets are reconciled to total assets as follows:

	30 Jun 2012 MRUB (Unaudited)	31 Dec 2011 MRUB
Total segment assets	**174,185**	**127,599**
Cash and cash equivalents (excluded from other segments)	7,768	15,767
Placements with banks and other financial institutions (excluded from other segments)	1,441	773
Property, equipment and intangible assets	9,110	7,805
Income tax asset	25	401
Investment in associate	51	86
Other assets	4,751	3,258
Total assets	**197,331**	**155,689**

29 Other matters

In August 2011 the Group entered into a call option agreement enabling it to purchase a 90.01% stake in Home Credit Bank (JSC), a bank incorporated in the Republic of Kazakhstan, from its current shareholder. The option is exercisable until 31 December 2014, and its exercise is subject to obtaining regulatory approvals. However, due to regulatory uncertainties which arose in connection with recent changes to the banking legislation of the Republic of Kazakhstan, the ability of the Group to meet the conditions required to exercise the option is remote and not within the control of the Group. Therefore, the Group has assessed that the fair value of the option is not significant.