

Home Credit and Finance Bank

**Condensed Consolidated Interim Financial Statements
for the three month period ended 31 March 2013**

(unaudited)

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*Home Credit and Finance Bank
Condensed Consolidated Interim Statement of Profit or Loss
for the three month period ended 31 March 2013*

	Note	3 months ended 31 Mar 2013 MRUB	3 months ended 31 Mar 2012 MRUB
Interest income	4	20,062	9,530
Interest expense	4	<u>(6,210)</u>	<u>(2,741)</u>
Net interest income		13,852	6,789
Fee and commission income	5	6,306	3,620
Fee and commission expense	6	<u>(627)</u>	<u>(190)</u>
Net fee and commission income		5,679	3,430
Other operating income/(expense), net	7	<u>510</u>	<u>(177)</u>
Operating income		20,041	10,042
Impairment losses	8	(9,539)	(3,183)
General administrative expenses	9	<u>(6,079)</u>	<u>(3,855)</u>
Operating expenses		<u>(15,618)</u>	<u>(7,038)</u>
Profit before tax		4,423	3,004
Income tax expense	10	<u>(970)</u>	<u>(626)</u>
Profit for the period		<u>3,453</u>	<u>2,378</u>
Profit for the period attributable to equity holders of the		<u>3,453</u>	<u>2,378</u>

The consolidated financial statements as set out on pages 3 to 25 were approved by the Board of Management on 6 June 2013.

Chief Executive Officer

I.Svitek



Chief Financial Officer

I. Kolikova

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

Home Credit and Finance Bank
Condensed Consolidated Interim Statement of Other Comprehensive Income
for the three month period ended 31 March 2013

	3 months ended 31 Mar 2013 MRUB	3 months ended 31 Mar 2012 MRUB
Profit for the period, recognised in consolidated statement of profit or loss	3,453	2,378
Other comprehensive income/(expense), which will be reclassified subsequently to profit or loss		
Revaluation reserve for financial assets available for sale:		
- net change in fair value of financial assets available for sale, net of tax	(87)	(23)
- net change in fair value of financial assets available for sale transferred to profit or loss, net of tax	23	(5)
Cash flow hedge reserve, net of tax - effective portion of changes in fair value	38	-
Effect of currency translation	95	-
Other comprehensive income/(expense) for the period, net of tax	69	(28)
Total comprehensive income for the period	3,522	2,350
Total comprehensive income for the period attributable to equity holders of the Group	3,522	2,350

Chief Executive Officer

I.Svitek



Chief Financial Officer

I. Kolikova

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

Home Credit and Finance Bank
Condensed Consolidated Interim Statement of Financial Position
as at 31 March 2013

ASSETS	Note	31 Mar 2013 MRUB	31 Dec 2012 MRUB
Cash and cash equivalents	11	35,086	51,998
Placements with banks and other financial institutions	12	8,716	4,016
Loans to customers	13	252,781	237,316
Financial assets at fair value through profit or loss	14	284	267
Financial assets available for sale	15	31,170	28,291
Property, equipment and intangible assets	16	10,881	10,743
Assets held for sale		288	-
Investment in associate		54	102
Deferred tax asset		242	346
Current income tax receivable		806	-
Other assets	17	3,439	4,737
Total assets		343,747	337,816
 LIABILITIES AND EQUITY			
Liabilities			
Debt securities issued	18	36,877	36,743
Subordinated debt	19	16,178	15,444
Due to banks and other financial institutions	20	27,226	51,815
Current accounts and deposits from customers	21	205,820	174,289
Financial liabilities at fair value through profit or loss	22	235	439
Current income tax liability		-	660
Deferred tax liability		19	17
Other liabilities	23	6,738	7,075
Total liabilities		293,093	286,482
Equity			
Charter capital		4,406	4,406
Other capital contributions		10,631	10,631
Revaluation reserve for financial assets available for sale		(43)	21
Cash flow hedge reserve		(1)	(39)
Translation reserve		95	-
Retained earnings		35,566	31,804
Total equity attributable to equity holders of the Group		50,654	46,823
Non-controlling interest		-	4,511
Total equity		50,654	51,334
Total liabilities and equity		343,747	337,816

Chief Executive Officer

I.Svitek



Chief Financial Officer

I. Kolikova

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.

Home Credit and Finance Bank
Condensed Consolidated Interim Statement of Changes in Equity
for the three month period ended 31 March 2013

MRUB	Attributable to equity holders of the Group								
	Charter capital	Other capital contributions	Revaluation reserve for financial assets available for sale	Cash flow hedge reserve	Retained earnings	Translation Reserve	Total	Non-controlling interest	Total equity
Balance at 1 January 2012	4,406	10,631	(38)	-	15,548	-	30,547	-	30,547
Profit for the period	-	-	-	-	2,378	-	2,378	-	2,378
Net change in fair value of financial assets available for sale, net of tax	-	-	(23)	-	-	-	(23)	-	(23)
Net change in fair value of financial assets available for sale transferred to profit or loss, net of tax	-	-	(5)	-	-	-	(5)	-	(5)
Total comprehensive income for the period	-	-	(28)	-	2,378	-	2,350	-	2,350
Dividends declared	-	-	-	-	(2,800)	-	(2,800)	-	(2,800)
Balance at 31 March 2012	4,406	10,631	(66)	-	15,126	-	30,097	-	30,097
Balance at 1 January 2013	4,406	10,631	21	(39)	31,804	-	46,823	4,511	51,334
Profit for the period	-	-	-	-	3,453	-	3,453	-	3,453
Net change in fair value of financial assets available for sale, net of tax	-	-	(87)	-	-	-	(87)	-	(87)
Net change in fair value of financial assets available for sale transferred to profit or loss, net of tax	-	-	23	-	-	-	23	-	23
Change in cash flow hedge reserve, net of tax	-	-	-	38	-	-	38	-	38
Effect of foreign currency translation	-	-	-	-	-	95	95	-	95
Total comprehensive income for the period	-	-	(64)	38	3,453	95	3,522	-	3,522
Dividends paid	-	-	-	-	(2,421)	-	(2,421)	-	(2,421)
Loss on acquisition of NCI share	-	-	-	-	(234)	-	(234)	(451)	(685)
Gain on acquisition of NCI share	-	-	-	-	2,964	-	2,964	(4,060)	(1,096)
Balance at 31 March 2013	4,406	10,631	(43)	(1)	35,566	95	50,654	-	50,654

Chief Executive Officer

I.Svitek

Chief Financial Officer

I. Kolikova

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.



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 banking licence in 1990. In 2002 the bank was acquired by Home Credit Group. 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 to as the Group.

Registered office

8/1 Pravda str
 Moscow 125040
 Russian Federation

Participants	Country of incorporation	Ownership interest (%)	
		31 Mar 2013	31 Dec 2012
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 (%)	
		31 Mar 2013	31 Dec 2012
Financial Innovations (LLC)	Russian Federation	100.00	100.00
Bonus Center Operations (LLC)	Russian Federation	100.00	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
Bank Home Credit (SB JSC)	Kazakhstan	100.00	0.00

Bonus Center Operations (LLC) was established on 25 June 2012 to run loyalty programme 'Polza' as an operator and 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).

In August 2011 the Group entered into a call option agreement enabling it to purchase a 90.01% stake in Home Credit Bank (JSC, Kazakhstan). The option was exercisable until 31 December 2014, and its exercise was subject to obtaining approvals from regulatory agencies in both Kazakhstan and Russia. On 26 December 2012 the call option became exercisable and the Group obtained control over Home Credit Bank (JSC).

In January 2013 the Bank exercised the call option and became the owner of a 90.01% stake in Home Credit Bank (JSC). In addition, in January 2013 the Bank purchased a 9.99% stake in Home Credit Bank (JSC) from Home Credit B.V. As a result of these transactions the Bank became a 100% owner of Home Credit Bank (JSC). Home Credit Bank (JSC) was renamed to Subsidiary Bank Joint-Stock Company "Home Credit and Finance Bank" (Bank Home Credit (SB JSC)) on 4 April 2013. Bank Home Credit (SB JSC) holds banking licence #1.1.188 received from the Committee for the Control and Supervision of the Financial Markets and Organisations of the National Bank of the Republic of Kazakhstan ("the Committee of the Control and Supervision") on 28 November 2008.

** As at 31 March 2013 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 (%)	
		31 Mar 2013	31 Dec 2012
Equifax Credit Services (LLC)	Russian Federation	25.00	30.72

1. Description of the Group (continued)

Council		Board of Management	
Jiri Smejč	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
Yuly Tai	Member	Martin Schaffer	Deputy Chairman
		Yuriy Andresov	Deputy Chairman
		Olga Egorova	Member

Principal activities

The activities of the Group are regulated by the Central Bank of the Russian Federation (the "CBR") and the activities of Bank Home Credit (SB JSC) are regulated by the National Bank of the Republic of Kazakhstan (the "NBRK"). 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 and the Republic of Kazakhstan such as 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 and the Republic of Kazakhstan via a national wide distribution network comprising variable channels: own banking offices, points-of-sale at retailers, Russian Post branches, Kazakh Post branches and other third parties.

As at 31 March 2013, the Bank's distribution network comprised the head office in Moscow and 6 branches in Ufa, Rostov-on-Don, Saint-Petersburg, Yekaterinburg, Novosibirsk, Khabarovsk, 919 standard banking offices, 5,222 loan offices, 103 regional centres, 2 representative offices and over 72 thousand points of sale which cover over 2,000 residential areas in the Russian Federation. As at 31 March 2013 the ATM network comprised 1,238 ATMs and payment terminals across the Russian Federation.

As at 31 March 2013 the distribution network in Kazakhstan comprised 41 standard banking offices, 1698 loan offices, 1059 points of sale and over 200 Kazakhstan post offices. As at 31 March 2013 the ATM network of Bank Home Credit (SB JSC) comprised 38 ATMs and payment terminals across Kazakhstan.

2. Basis of preparation

The condensed consolidated interim financial statements follow, in the context of measurement, all requirements of International Financial Reporting Standards (IFRS). The disclosures in these condensed consolidated interim financial statements have been 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 period ended 31 December 2012, as these condensed consolidated interim financial statements provide an update of previously reported financial information.

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 2012.

(a) New standards and interpretations

A number of new standards, amendments to standards and interpretations are not yet effective as at 31 March 2013, and are not applied in preparing these consolidated 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 has not yet analysed the likely impact of these pronouncements on its financial statements.

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 2013. 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.

Amendments to IAS 32 *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* do not introduce new rules for offsetting financial assets and liabilities; rather they clarify the offsetting criteria to address inconsistencies in their application. The Amendments specify that an entity currently has a legally enforceable right to set-off if that right is not contingent on a future event and is enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The amendments are effective for annual periods beginning on or after 1 January 2014, and are to be applied retrospectively.

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 2014. The Group has not yet analysed the likely impact of the improvements on its financial position or performance.

(b) Changes in accounting policies

The Group started applying IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* to the premises acquired through court decisions on defaulted mortgages from 1 January 2013. Respectively, the Group started reporting separately assets held for sale which previously were part of other assets.

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Generally, non-current assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell.

As a result of reclassification of assets no changes in the carrying amount were made as the carrying amount was below the fair values of the assets less cost to sell.

4. Interest income and interest expense

	3 months ended 31 Mar 2013 MRUB	3 months ended 31 Mar 2012 MRUB
Interest income		
Loans to individuals	19,340	9,096
Financial assets available for sale	533	312
Placements with banks and other financial institutions	120	52
Amounts receivable under reverse repurchase agreements	60	7
Financial assets at fair value through profit or loss	8	62
Loans to corporations	1	1
	<u>20,062</u>	<u>9,530</u>
Interest expense		
Current accounts and deposits from customers	4,467	1,792
Debt securities issued	749	715
Due to banks and other financial institutions	447	177
Subordinated liabilities	367	-
Hedging	168	-
Financial liabilities at fair value through profit or loss	12	57
	<u>6,210</u>	<u>2,741</u>

5. Fee and commission income

	3 months ended 31 Mar 2013 MRUB	3 months ended 31 Mar 2012 MRUB
Insurance agent commissions	5,176	2,635
Cash operations	514	388
Contractual penalties from customers	311	362
Customer payments processing and account maintenance	162	176
Fees from retailers	105	55
Other	38	4
	<u>6,306</u>	<u>3,620</u>

6. Fee and commission expense

	3 months ended 31 Mar 2013 MRUB	3 months ended 31 Mar 2012 MRUB
Payments to the Deposit Insurance Agency	298	43
Cash transactions	266	108
Payments processing and account maintenance	50	30
Other	13	9
	<u>627</u>	<u>190</u>

7. Other operating income/(expense), net

	3 months ended 31 Mar 2013	3 months ended 31 Mar 2012
Note	MRUB	MRUB
Gain from foreign exchange revaluation of financial assets and liabilities	194	385
Gain from sale of loans	185	-
Net gain from sale of interest in associate	116	-
Net realised gain of financial assets available for sale	31	4
Net loss on spot transactions and derivatives	(151)	(536)
Loss on early redemption of amounts due to banks and other financial institutions	-	(45)
Net loss on early redemption of debt securities issued	-	(4)
Other	135	19
	<u>510</u>	<u>(177)</u>

8. Impairment losses

	3 months ended 31 Mar 2013	3 months ended 31 Mar 2012
	MRUB	MRUB
Cash loans	6,912	2,246
POS loans	1,733	797
Credit card loans	908	220
Car loans	(5)	(3)
Mortgage loans	(9)	(77)
	<u>9,539</u>	<u>3,183</u>

9. General administrative expenses

	3 months ended 31 Mar 2013	3 months ended 31 Mar 2012
Note	MRUB	MRUB
Personnel related expenses	2,655	1,599
Payroll related taxes	606	413
Occupancy	698	458
Depreciation and amortisation	499	260
Telecommunication and postage	410	283
Repairs and maintenance	221	101
Professional services	208	139
Advertising and marketing	203	234
Information technology	111	90
Travel expenses	84	72
Taxes other than income tax	61	33
Other	323	173
	<u>6,079</u>	<u>3,855</u>

10. Income tax expense

	3 months ended 31 Mar 2013 MRUB	3 months ended 31 Mar 2012 MRUB
Current tax expense	858	637
Deferred tax (benefit)/expense	112	(11)
	970	626

Reconciliation of effective tax rate

	3 months ended 31 Mar 2013 MRUB	3 months ended 31 Mar 2012 MRUB
Profit before tax	4,423	3,004
Income tax using the applicable tax rate 20%	885	601
Net non-deductible costs	96	32
Income taxed at lower tax rates	(11)	(7)
	970	626

The tax effects relating to components of other comprehensive income/(expense) comprise:

MRUB	3 months ended 31 Mar 2013			3 months ended 31 Mar 2012		
	Amount before tax	Tax benefit/ (expense)	Amount net of tax	Amount before tax	Tax benefit	Amount net of tax
Net change in fair value of financial assets available for sale	(80)	16	(64)	(34)	6	(28)
Cash flow hedge reserve	48	(10)	38	-	-	-
	(32)	6	(26)	(34)	6	(28)

11. Cash and cash equivalents

	31 Mar 2013 MRUB	31 Dec 2012 MRUB
Placements with banks and other financial institutions due within one month	20,513	26,347
Cash	5,532	9,763
Amounts receivable under reverse repurchase agreements	4,309	6,754
Nostro accounts with the CBR	3,568	6,270
Nostro accounts with the NBRK	1,164	1,264
Placements with the CBR	-	1,600
	35,086	51,998

Placements with banks and other financial institutions shown above comprise nostro accounts and loans and deposits.

12. Placements with banks and other financial institutions

	31 Mar 2013	31 Dec 2012
	MRUB	MRUB
Term deposits with banks and other financial institutions due after one month	5,981	1,712
Minimum reserve deposit with the CBR	2,408	1,969
Minimum reserve deposit with the NBRK	327	335
	<u>8,716</u>	<u>4,016</u>

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

None of the items described above are impaired or past due.

13. Loans to customers

	31 Mar 2013	31 Dec 2012
	MRUB	MRUB
Cash loans	182,414	164,140
POS loans	64,656	65,321
Credit card loans	28,119	23,738
Mortgage loans	3,809	3,860
Car loans	218	279
Loans to corporations	24	24
Impairment allowance	(26,459)	(20,046)
	<u>252,781</u>	<u>237,316</u>

The Group provides point-of-sale loans ("POS loans") for any purpose including household goods, services and other purposes. Credit cards are generally issued for 3 years and have an average credit limit of TRUB 125 and require a minimum monthly payment of 5% of the outstanding credit balance on the respective credit card (31 December 2012: 3 years and TRUB 125 respectively and a minimum monthly payment of 5% of the outstanding credit balance on the respective credit card). As at 31 March 2013 the average loan-to-value ratio for mortgage loans is 60% (as at 31 December 2012: 60%).

The following table provides the average size of loans granted and the average term by type of loans as at 31 March 2013:

	31 March 2013		31 December 2012	
	Size	Term	Size	Term
	TRUB	Months	TRUB	Months
POS loans	35.5	19	29.6	18
Cash loans	124.8	35	119.2	34

13. Loans to customers (continued)

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

	31 March 2013		31 December 2012	
	NPLs MRUB	Provision coverage %	NPLs MRUB	Provision coverage %
Cash loans	14,273	130	10,574	129
POS loans	4,700	116	4,161	111
Credit card loans	2,301	95	1,724	93
Mortgage loans	160	116	189	112
Car loans	28	114	31	110
Total	21,462	123	16,679	120

Loans and receivables, except for mortgage and car loans, overdue 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 three month period ended 31 March 2013 the Group did not sell any non-performing loans (during the three month period ended 31 March 2012: the Group sold non-performing loans with a gross value including penalties of MRUB 353 for MRUB 28).

During the three month period ended 31 March 2013 the Group sold performing Cash loans to a related party with the gross value of MRUB 2,031 for MRUB 2,216. The premium of MRUB 185 is recognised in other operating income, net (during the three month period ended 31 March 2012: none) (Note 7).

The Group has estimated the impairment on loans to customers in accordance with the accounting policy as described in the consolidated financial statements as of 31 December 2012.

Analysis of movements in impairment allowance

Movements in the loan impairment allowance by classes of loans to customers for the period ended 31 March 2013 are as follows:

MRUB	Cash loans	POS loans	Credit card loans	Mortgage loans	Car loans	Total
Balance at 1 January	13,588	4,618	1,595	211	34	20,046
Net charge/ (recovery)	6,912	1,733	908	(9)	(5)	9,539
Loans recovered and sold which previously were written off	143	148	119	29	6	445
Write offs	(2,058)	(1,056)	(432)	(45)	(3)	(3,594)
Effect of foreign currency translation	14	8	1	-	-	23
Balance at 31 March	18,599	5,451	2,191	186	32	26,459

13. Loans to customers (continued)

Movements in the loan impairment allowance by classes of loans to customers for the period ended 31 March 2012 are as follows:

MRUB	Cash loans	POS loans	Credit card loans	Mortgage loans	Car loans	Loans to corporations	Total
Balance at 1 January	3,488	3,313	893	392	90	11	8,187
Net charge/ (recovery)	2,246	797	220	(77)	(3)	-	3,183
Loans recovered and sold which previously were written off	107	122	158	83	4	-	474
Write offs	(453)	(1,000)	(240)	(50)	(23)	(11)	(1,777)
Balance at 31 March	5,388	3,232	1,031	348	68	-	10,067

14. Financial assets at fair value through profit or loss

	31 Mar 2013 MRUB	31 Dec 2012 MRUB
Positive fair value of trading derivative instruments	10	182
Positive fair value of hedging derivative instruments	274	85
	<u>284</u>	<u>267</u>

15. Financial assets available for sale

	31 Mar 2013 MRUB	31 Dec 2012 MRUB
Quoted debt securities	29,860	27,442
Non-quoted debt securities	1,310	849
	<u>31,170</u>	<u>28,291</u>

16. Property, equipment and intangible assets

(a) Intangible assets

	31 Mar 2013 MRUB	31 Dec 2012 MRUB
Cost	2,983	2,545
Accumulated amortisation	(1,254)	(969)
Net book value	<u>1,729</u>	<u>1,576</u>

(b) Property and equipment

	31 Mar 2013 MRUB	31 Dec 2012 MRUB
Cost	13,384	13,056
Accumulated depreciation	(4,232)	(3,889)
Net book value	<u>9,152</u>	<u>9,167</u>

17. Other assets

	31 Mar 2013	31 Dec 2012
	MRUB	MRUB
Accrued income	2,021	3,103
Settlements with suppliers	945	729
Prepaid expenses	213	330
Taxes other than income tax	145	174
Other	115	401
	<u>3,439</u>	<u>4,737</u>

18. Debt securities issued

	Maturity	Coupon rate	31 Mar 2013	31 Dec 2012
			MRUB	MRUB
Unsecured RUB bond issue 5 of MRUB 4,000	April 2013	8.50%	4,070	4,070
Stock exchange RUB bond issue 03 of MRUB 4,000	April 2014/ October 2013*	7.90%	1,089	4,056
Loan participation notes issue 6 of MUSD 500	March 2014	Fixed, 7.00%	15,554	15,459
Stock exchange RUB bond issue 01 of MRUB 3,000	April 2014	Floating, 9.27%	3,050	3,049
Unsecured RUB bond issue 6 of MRUB 5,000	June 2014	9.35%	5,024	5,026
Unsecured RUB bond issue 7 of MRUB 5,000	April 2015	9.75%	5,082	5,083
Stock exchange RUB bond issue 02 of MRUB 3,000	February 2016	Fixed, 9.40%	3,008	-
			<u>36,877</u>	<u>36,743</u>

* Early redemption option date

The RUB denominated bond issue 5 was issued in April 2008 with a fixed coupon rate, resettable at specified option dates. In October 2011 the Group reset a new coupon rate which is valid until the final maturity date. In April 2013 the Group fully repaid the bond issue at par.

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. Part of the bond issue in the amount of MRUB 2,924 were repurchased on 26 February 2013 at par.

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 2011 the Group issued the RUB denominated Stock exchange bond issue 01 with a floating coupon rate at 3M MosPrime + 200 b.p., resettable at specified coupon dates.

The RUB denominated bond issue 6 was issued in June 2009 with a fixed coupon rate, resettable at specified option dates. In December 2012 the Group reset a new coupon rate which is valid until the final maturity date.

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.

In February 2013 the Group issued the RUB denominated Stock exchange bond issue 02 with a fixed coupon rate which is valid until the final maturity.

18. Debt securities issued (continued)

Eurasia Capital S.A. is SPE established by the Group with the primary objective of raising finance through the issuance of debt securities. This SPE is controlled by the Group through the predetermination of the activities of SPE, having rights to obtain the majority of benefits of the SPE, and retaining the majority of the residual risks related to the SPE.

19. Subordinated debt

	Maturity	Coupon rate	31 Mar 2013 MRUB	31 Dec 2012 MRUB
Loan participation notes issue of MUSD 500	April 2020/ April 2018*	Fixed, 9.375%	16,046	15,315
Subordinated borrowings from parent	December 2016	Variable, 9.64%	<u>132</u>	<u>129</u>
			<u>16,178</u>	<u>15,444</u>

* Early redemption option date

In October 2012 the Group issued the MUSD 500 of subordinated seven and a half year loan participation notes at the fixed rate of 9.375% through Eurasia Capital S.A. The terms of the loan agreement include the call option executable on 24 April 2018 ("the reset date"). After the reset date the interest rate is determined as two year US treasuries rate + 862.4 b.p. The proceeds from the issue were used to grant a subordinated loan to the Bank. In November 2012 the issue was registered with the CBR.

20. Due to banks and other financial institutions

	31 Mar 2013 MRUB	31 Dec 2012 MRUB
Unsecured loans	12,365	35,154
Secured loans	14,535	16,553
Other balances	<u>326</u>	<u>108</u>
	<u>27,226</u>	<u>51,815</u>

As at 31 March 2013 the Group pledged and transferred financial assets available for sale with carrying amount of MRUB 17,255 as collateral for secured loans that have recourse only to the transferred assets. The fair value of the transferred assets available for sale and related secured loans equal their carrying amount and net position is MRUB 2,720.

As at 31 December 2012 the Group pledged and transferred financial assets available for sale with carrying amount of MRUB 19,562 as collateral for secured loans that have recourse only to the transferred assets. The fair value of the transferred assets available for sale and related secured loans equal their carrying amount and net position is MRUB 3,009.

21. Current accounts and deposits from customers

	31 Mar 2013	31 Dec 2012
	MRUB	MRUB
Retail		
Term deposits	176,965	146,205
Current accounts and demand deposits	<u>15,350</u>	<u>18,128</u>
	<u>192,315</u>	<u>164,333</u>
Corporate		
Term deposits	12,386	9,005
Current accounts and demand deposits	<u>1,119</u>	<u>951</u>
	<u>13,505</u>	<u>9,956</u>
	<u>205,820</u>	<u>174,289</u>

22. Financial liabilities at fair value through profit or loss

	31 Mar 2013	31 Dec 2012
	MRUB	MRUB
Negative fair value of trading derivative instruments	43	118
Negative fair value of hedging derivative instruments	<u>192</u>	<u>321</u>
	<u>235</u>	<u>439</u>

23. Other liabilities

	31 Mar 2013	31 Dec 2012
	MRUB	MRUB
Accrued employee compensation	3,446	3,625
Settlements with suppliers	1,386	1,241
Other taxes payable	1,327	1,668
Other	<u>579</u>	<u>541</u>
	<u>6,738</u>	<u>7,075</u>

24. 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.

MRUB	31 March 2013							31 December 2012							
	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	35,086	-	-	-	-	-	35,086	51,998	-	-	-	-	-	51,998	
Placements with banks and other financial institutions	2,469	1,510	1,425	-	-	3,383	8,787	-	-	1,133	-	-	2,953	4,086	
Loans to customers	24,000	55,350	153,541	113,424	1,632	-	347,947	24,044	47,405	144,746	108,461	1,681	-	326,337	
Financial assets at fair value through profit or loss	6	134	1	143	-	-	284	33	106	127	1	-	-	267	
Financial assets available for sale	4,734	6,349	21,154	-	-	-	32,237	470	11,070	17,876	-	-	-	29,416	
Property, equipment and intangible assets	-	-	-	-	-	10,881	10,881	-	-	-	-	-	10,743	10,743	
Assets held for sale	-	-	288	-	-	-	288	-	-	-	-	-	-	-	
Investment in associate	-	-	-	-	-	54	54	-	-	-	-	-	102	102	
Deferred tax asset	-	-	-	-	-	242	242	-	-	-	-	-	346	346	
Current income tax receivable	-	789	-	17	-	-	806	-	-	-	-	-	-	-	
Other assets	2,104	19	1,099	-	-	217	3,439	3,045	185	1,043	142	-	322	4,737	
Total assets	68,399	64,151	177,508	113,584	1,632	14,777	440,051	79,590	58,766	164,925	108,604	1,681	14,466	428,032	
Liabilities															
Debt securities issued	5,025	142	18,757	16,994	-	-	40,918	354	648	9,774	29,841	-	-	40,617	
Subordinated debt	730	2	739	5,996	16,270	-	23,737	-	-	1,424	5,696	18,746	-	25,866	
Due to banks and other financial institutions	15,307	986	7,476	4,178	-	-	27,947	32,336	7,083	10,233	3,256	-	-	52,908	
Current accounts and deposits from customers	36,079	43,440	111,808	25,071	-	-	216,398	29,906	22,505	103,453	28,509	-	-	184,373	
Financial liabilities at fair value through profit or loss	12	67	244	(88)	-	-	235	11	151	117	160	-	-	439	
Current income tax liability	-	-	-	-	-	-	-	656	-	4	-	-	-	660	
Deferred tax liability	-	-	-	-	-	19	19	-	-	-	17	-	-	17	
Other liabilities	4,094	1,382	1,106	-	-	156	6,738	2,997	4,070	8	-	-	-	7,075	
Total liabilities	61,247	46,019	140,130	52,151	16,270	175	315,992	66,260	34,457	125,013	67,479	18,746	-	311,955	
Irrevocable credit related commitments	2,240	-	2,228	-	-	-	4,468	2,508	-	357	1	-	-	2,866	
Financial guarantees	2,001	2,500	1,000	-	-	-	5,501	-	2,500	3,000	-	-	-	5,500	
Net position	2,911	15,632	34,150	61,433	(14,638)	14,602	114,090	10,822	21,809	36,555	41,124	(17,065)	14,466	107,711	
Cumulative net position	2,911	18,543	52,693	114,126	99,488	114,090	-	10,822	32,631	69,186	110,310	93,245	107,711	-	

25. Commitments

Credit related commitments

The Group has outstanding commitments to extend credit. These commitments take the form of approved credit limits related to customer's credit card accounts, approved overdraft facilities, guarantees and approved consumer loans.

	31 Mar 2013	31 Dec 2012
	MRUB	MRUB
Credit card commitments	48,603	42,542
Guarantee provided	5,501	5,500
POS and cash loan	2,240	2,508
Undrawn overdraft facilities to corporations	2,228	358
	<u>58,572</u>	<u>50,908</u>

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

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:

	31 Mar 2013	31 Dec 2012
	MRUB	MRUB
Less than one year	2,273	1,833
Between one and five	4,941	4,106
More than five years	882	523
	<u>8,096</u>	<u>6,462</u>

During the three month period ended 31 March 2013 MRUB 698 (three month period ended 31 March 2012: MRUB 458) was recognised as an expense in the consolidated statement of profit or loss in respect of operating leases (Note 9).

27. 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.

27. Contingencies (continued)

These circumstances may create tax risks in the Russian Federation that are 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.

28. Capital management

The Group's lead regulator, the CBR, sets and monitors capital requirements for both the Bank and the Group as a whole. Bank Home Credit (SB JSC) is regulated and monitored in Kazakhstan by the Committee of the Control and Supervision.

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 31 March 2013, this minimum level was 10%.

Bank Home Credit (SB JSC) defines as capital those items defined by statutory regulation as capital for credit institutions. Under the current capital requirements set by the Committee of the Control and Supervision, Kazakh banks have to maintain a ratio of tier 1 capital to total assets and a ratio of total capital to risk weighted assets, contingent liabilities, operational and market risk above the prescribed minimum levels. As at 31 March 2013, this minimum level of tier 1 capital to total assets was 6% and the minimum level of total capital to risk weighted assets, contingent liabilities, operational and market risk was 12%.

The Group also calculates its capital adequacy in compliance with the methodology set out by the Bank of International Settlements. Tier I capital is represented by equity. Tier II capital is represented by subordinated loans, up to a limit of 50% of Tier I capital. In connection with the USD denominated loan participation notes described in Note 18 and 19 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.

	31 Mar 2013	31 Dec 2012
	MRUB	MRUB
Risk weighted assets	<u>331,381</u>	<u>311,535</u>
Tier I capital	50,654	51,334
Tier II capital	<u>15,641</u>	<u>15,290</u>
Total capital	<u>66,295</u>	<u>66,624</u>
Tier I ratio	15.3%	16.5%
Capital Adequacy Ratio	20.0%	21.4%

29. Segment analysis

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

The Committee monitors performance mainly from a product perspective and geographical perspective.

29. Segment analysis (continued)

Operational information is represented by 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 to management.

The Group operates in the Russian Federation and the Republic of Kazakhstan. In presenting geographical information the allocation of revenue is based on the geographical location of customers and assets.

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 Committee based on segment profit or loss.

Total segment assets mainly consist of the loan portfolio and interest earning financial assets accumulated as a result of treasury operations. A presentation of segment revenues, segment profit and assets is provided below.

(a) Operational segments

MRUB	POS loans	Credit card loans	Cash loans	Other segments	Total
Three months ended					
31 March 2013					
External interest income	3,030	2,040	14,155	837	20,062
Fee and commission income	1,367	753	4,080	37	6,237
Inter segment revenue	-	-	-	5,316	5,316
Total revenues	4,397	2,793	18,235	6,190	31,615
External interest expense	-	-	-	(6,210)	(6,210)
Inter segment interest expense	(854)	(332)	(4,187)	-	(5,373)
Inter segment other operating income, net	9	4	44	-	57
Fee and commission expense	(19)	(149)	(26)	(32)	(226)
Other operating income, net	2	-	1	96	99
Impairment losses	(1,733)	(908)	(6,912)	14	(9,539)
Total expenses	(2,595)	(1,385)	(11,080)	(6,132)	(21,192)
Segment profit	1,802	1,408	7,155	58	10,423
Three months ended					
31 March 2012					
External interest income	2,286	1,263	5,397	584	9,530
Fee and commission	1,086	420	1,871	33	3,410
Inter segment revenue	-	-	-	2,004	2,004
Total revenues	3,372	1,683	7,268	2,621	14,944
External interest expense	-	-	-	(2,741)	(2,741)
Inter segment interest expense	(418)	(166)	(1,297)	-	(1,881)
Inter segment other operating expense, net	(45)	(16)	(62)	-	(123)
Fee and commission expense	-	(88)	-	(8)	(96)
Other operating expense, net	-	-	-	(148)	(148)
Impairment losses	(797)	(220)	(2,246)	80	(3,183)
Total expenses	(1,260)	(490)	(3,605)	(2,817)	(8,172)
Segment profit	2,112	1,193	3,663	(196)	6,772

29. Segment analysis (continued)

Segment assets

MRUB	POS loans	Credit card loans	Cash loans	Other segments	Total
Carrying amount at 31 March 2013	59,205	25,928	163,815	58,131	307,079
Carrying amount at 31 December 2012	60,703	22,143	150,552	49,264	282,662

A reconciliation of segment revenues to total revenues is provided as follows:

	3 months ended 31 Mar 2013 MRUB	3 months ended 31 Mar 2012 MRUB
Segment revenues	31,615	14,944
Inter segment revenue	(5,316)	(2,004)
Unallocated fee and commission income	69	210
Total revenues	26,368	13,150

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

	3 months ended 31 Mar 2013 MRUB	3 months ended 31 Mar 2012 MRUB
Segment profit for reportable segments	10,423	6,772
Unallocated fee and commission income	69	210
Unallocated fee and commission expense	(401)	(94)
Unallocated other operating income/(expense)	411	(29)
General administrative expenses	(6,079)	(3,855)
Profit before tax	4,423	3,004

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

	31 Mar 2013 MRUB	31 Dec 2012 MRUB
Total segment assets	307,079	282,662
Cash and cash equivalents (excluded from other segments)	18,223	36,922
Placements with banks and other financial institutions (excluded from other segments)	2,735	2,304
Property, equipment and intangible assets	10,881	10,743
Assets held for sale	288	-
Investment in subsidiaries and associates	54	102
Income tax asset	1,048	346
Other assets	3,439	4,737
Total assets	343,747	337,816

