

# **Home Credit and Finance Bank**

**Condensed Consolidated Interim Financial Statements  
for the six month period ended 30 June 2011**

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## **Independent Auditors' Report on Condensed Consolidated Interim Financial Information**

To the Council of OOO Home Credit and Finance Bank

We have audited the accompanying condensed consolidated interim financial information of OOO "Home Credit and Finance Bank" and its subsidiaries (the "Group"), which comprise the condensed consolidated interim statement of financial position as at 30 June 2011, the condensed consolidated interim statements of comprehensive income for the three- and six-month periods ended 30 June 2011 and 2010, and the condensed consolidated interim statements of changes in equity and cash flows for the six-month periods ended 30 June 2011 and 2010 (the "condensed consolidated interim financial information").

### *Management's Responsibility for 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*, and for such internal control as management determines is necessary to enable the preparation of condensed consolidated interim financial information that is free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on this condensed consolidated interim financial information based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the condensed consolidated interim financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the condensed consolidated interim financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the condensed consolidated interim financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the condensed consolidated interim financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the condensed consolidated interim financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the condensed consolidated interim financial information as at 30 June 2011 and for the six-month periods ended 30 June 2011 and 2010 is prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

### *Other Matter*

The figures for the three-month period ended 30 June 2011 and the corresponding figures for the three-month period ended 30 June 2010 are unaudited.

ZAO KPMG  
26 August 2011

**Home Credit and Finance Bank**  
Condensed Consolidated Interim Statement of Comprehensive Income  
for the six month period ended 30 June 2011

		6 month period ended 30 Jun 2011 MRUB	6 month period ended 30 Jun 2010 MRUB	3 month period ended 30 Jun 2011 MRUB (Unaudited)	3 month period ended 30 Jun 2010 MRUB (Unaudited)
	Note				
Interest income	4	13,832	12,209	6,981	5,887
Interest expense	4	<u>(2,894)</u>	<u>(3,324)</u>	<u>(1,679)</u>	<u>(1,549)</u>
<b>Net interest income</b>		<b>10,938</b>	<b>8,885</b>	<b>5,302</b>	<b>4,338</b>
Fee and commission income	5	4,391	3,296	2,278	1,619
Fee and commission expense	6	<u>(203)</u>	<u>(174)</u>	<u>(106)</u>	<u>(91)</u>
<b>Net fee and commission income</b>		<b>4,188</b>	<b>3,122</b>	<b>2,172</b>	<b>1,528</b>
Other operating expense, net	7	<u>(237)</u>	<u>(166)</u>	<u>(127)</u>	<u>(352)</u>
<b>Operating income</b>		<b>14,889</b>	<b>11,841</b>	<b>7,347</b>	<b>5,514</b>
Impairment losses	8	(2,628)	(1,376)	(1,438)	(339)
General administrative expenses	9	<u>(4,926)</u>	<u>(4,280)</u>	<u>(2,578)</u>	<u>(2,123)</u>
<b>Operating expenses</b>		<b><u>(7,554)</u></b>	<b><u>(5,656)</u></b>	<b><u>(4,016)</u></b>	<b><u>(2,462)</u></b>
<b>Profit before tax</b>		<b>7,335</b>	<b>6,185</b>	<b>3,331</b>	<b>3,052</b>
Income tax expense	10	<u>(1,562)</u>	<u>(1,317)</u>	<u>(701)</u>	<u>(663)</u>
<b>Net profit for the period</b>		<b><u>5,773</u></b>	<b><u>4,868</u></b>	<b><u>2,630</u></b>	<b><u>2,389</u></b>
<b>Other comprehensive income</b>					
Revaluation reserve for financial assets available for sale:					
- net change in fair value of financial assets available for sale, net of tax					
		(11)	197	(23)	(47)
- net change in fair value of financial assets available for sale transferred to profit or loss, net of tax					
		<u>27</u>	<u>(201)</u>	<u>24</u>	<u>(52)</u>
<b>Other comprehensive income/(expense) for the period, net of tax</b>		<b><u>16</u></b>	<b><u>(4)</u></b>	<b><u>1</u></b>	<b><u>(99)</u></b>
<b>Total comprehensive income for the period</b>		<b><u>5,789</u></b>	<b><u>4,864</u></b>	<b><u>2,631</u></b>	<b><u>2,290</u></b>

The condensed consolidated interim financial statements as set out on pages 4 to 28 were approved by the Board of Management on 26 August 2011.

Acting Chairman

D. Mosolov



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.

**Home Credit and Finance Bank**  
*Condensed Consolidated Interim Statement of Financial Position*  
as at 30 June 2011

	Note	30 Jun 2011 MRUB	31 Dec 2010 MRUB
<b>ASSETS</b>			
Cash and cash equivalents	11	12,086	7,416
Placements with banks and other financial institutions	12	942	4,314
Loans to customers	13	82,855	75,275
Financial assets at fair value through profit or loss	14	122	14
Financial assets available for sale	15	5,327	5,841
Property, equipment and intangible assets	16	6,891	6,653
Investment in associate		48	63
Deferred tax asset		295	142
Current income tax receivable		-	205
Other assets	17	<u>1,631</u>	<u>1,176</u>
<b>Total assets</b>		<b><u>110,197</u></b>	<b><u>101,099</u></b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Debt securities issued	18	47,662	34,152
Due to banks and other financial institutions	19	5,812	7,467
Current accounts and deposits from customers	20	28,450	23,785
Financial liabilities at fair value through profit or loss	21	223	95
Current income tax payable		321	-
Other liabilities	22	<u>2,121</u>	<u>2,581</u>
<b>Total liabilities</b>		<b><u>84,589</u></b>	<b><u>68,080</u></b>
<b>Equity</b>			
Charter capital		4,406	4,406
Other capital contributions		10,631	10,631
Revaluation reserve		4	(12)
Retained earnings		<u>10,567</u>	<u>17,994</u>
<b>Total equity</b>		<b><u>25,608</u></b>	<b><u>33,019</u></b>
<b>Total liabilities and equity</b>		<b><u>110,197</u></b>	<b><u>101,099</u></b>

**Home Credit and Finance Bank**  
*Condensed Consolidated Interim Statement of Changes in Equity*  
*for the six month period ended 30 June 2011*

	<b>Charter capital MRUB</b>	<b>Other capital contributions MRUB</b>	<b>Revaluation reserve MRUB</b>	<b>Retained earnings MRUB</b>	<b>Total MRUB</b>
<b>Balance at 1 January 2010</b>	<b>4,406</b>	<b>10,631</b>	<b>55</b>	<b>11,741</b>	<b>26,833</b>
Net profit for the period	-	-	-	4,868	4,868
Net change in fair value of financial assets available for sale, net of tax	-	-	197	-	197
Net change in fair value of financial assets available for sale transferred to profit or loss, net of tax	-	-	(201)	-	(201)
Total comprehensive income for the period	-	-	(4)	4,868	4,864
Dividends paid	-	-	-	(3,158)	(3,158)
<b>Balance at 30 June 2010</b>	<b>4,406</b>	<b>10,631</b>	<b>51</b>	<b>13,451</b>	<b>28,539</b>
<b>Balance at 1 January 2011</b>	<b>4,406</b>	<b>10,631</b>	<b>(12)</b>	<b>17,994</b>	<b>33,019</b>
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)
<b>Balance at 30 June 2011</b>	<b>4,406</b>	<b>10,631</b>	<b>4</b>	<b>10,567</b>	<b>25,608</b>

**Home Credit and Finance Bank**  
*Condensed Consolidated Interim Statement of Cash Flows*  
*for the six month period ended 30 June 2011*

		<b>6 month period ended 30 Jun 2011 MRUB</b>	<b>6 month period ended 30 Jun 2010 MRUB</b>
<b>Operating activities</b>	<b>Note</b>		
Profit before tax		7,335	6,185
Adjustments for:			
Impairment losses	8	2,628	1,376
Net unrealised foreign exchange (gain)/loss		(1,205)	57
Net accrued interest expense		1,752	1,040
Net accrued fee and commission expense		14	38
Depreciation and amortisation	9	350	399
Net loss on disposal of property, equipment and intangible assets		58	17
Loss on origination of loans at non-market interest rates	7	-	342
Net realised loss/(gain) on disposal of financial assets available for sale	7	26	(247)
Net (reversed)/accrued general administrative expenses		(647)	213
Net loss on early redemption of debt securities issued	7	38	32
Loss on early redemption of amounts due to banks and other financial institutions	7	-	8
Increase in loans to customers		(11,519)	(2,032)
Decrease/(increase) in placements with banks and other financial institutions		3,315	(250)
Decrease in financial assets available for sale		503	6,632
Increase in other assets		(253)	(164)
Increase in due to banks and other financial institutions		122	1,803
Increase in current accounts and deposits from customers		4,475	3,591
Increase in other liabilities		23	90
<b>Cash flows from operations</b>		<b>7,015</b>	<b>19,130</b>
Income taxes paid		(1,193)	(1,666)
<b>Cash flows from operating activities</b>		<b>5,822</b>	<b>17,464</b>
<b>Investing activities</b>			
Proceeds from sale of property and equipment		2	1
Acquisition of property, equipment and intangible assets		(648)	(234)
<b>Cash flows used in investing activities</b>		<b>(646)</b>	<b>(233)</b>
<b>Financing activities</b>			
Proceeds from deposits from banks and other financial institutions		-	2,000
Repayments of deposits from banks and other financial institutions		(1,800)	(15,337)
Proceeds from the issue of debt securities		21,371	5,009
Repayments of debt securities issued		(6,563)	(8,590)
Dividends paid		(13,200)	(3,158)
<b>Cash flows used in financing activities</b>		<b>(192)</b>	<b>(20,076)</b>
Net increase/(decrease) in cash and cash equivalents		4,984	(2,845)
Cash and cash equivalents at 1 January		7,416	13,330
Foreign exchange effect on cash and cash equivalents		(314)	321
<b>Cash and cash equivalents at 30 June</b>	<b>11</b>	<b>12,086</b>	<b>10,806</b>

## 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. The Bank together with its subsidiaries is further referred as the Group.

### Registered office

8/1 Pravda street  
 Moscow 125040  
 Russian Federation

Participants	Country of incorporation	Ownership interest (%)	
		30 Jun 2011	31 Dec 2010
Home Credit B.V.	The Netherlands	99.99	99.99
Home Credit International a.s.	Czech Republic	0.01	-
Chvatal Ladislav	-	-	0.01

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

In March 2011 Chvatal Ladislav sold his stake to Home Credit International a.s.

Consolidated subsidiaries	Country of incorporation	Ownership interest (%)	
		30 Jun 2011	31 Dec 2010
Liko-Technopolis (LLC)*	Russian Federation	100.00	100.00
Financial Innovations (LLC)	Russian Federation	100.00	100.00
Infobos (LLC)	Russian Federation	see below	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
Eurasia Credit Card Funding I S.A.	Luxemburg	see below	see below

Infobos (LLC) was liquidated on 3 May 2011 and Eurasia Credit Card Funding I S.A. was liquidated on 30 December 2010.

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

*\* As at 30 June 2011 Liko-Technopolis (LLC) and Eurasia Credit Card Company S.A. were under the process of liquidation.*

Associates	Country of incorporation	Ownership interest (%)	
		30 Jun 2011	31 Dec 2010
Equifax Credit Services (LLC)	Russian Federation	38.14	42.00

### Council

Smejč Jiri  
 Kolikova Irina  
 Vaisband Galina

Chairman  
 Deputy Chairman  
 Member

### Board of Management

Svitek Ivan  
 Mosolov Dmitri  
  
 Gasyak Vladimir  
 Schaffer Martin  
 Andresov Yuriy  
 Egorova Olga

Chairman/Chief Executive Officer  
 First Deputy Chairman/  
 Deputy Chief Executive Officer  
 Deputy Chairman  
 Deputy Chairman  
 Deputy Chairman  
 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 maintenance, SMS and Internet-banking services, payroll and other banking services. The loans are offered to existing and new customers across the Russian Federation via a distribution network comprising of variable channels: own banking offices network, points-of-sale at retailers, Russian Post branches and other third parties. As at 30 June 2011, the Bank's well-developed distribution network comprised of the head office in Moscow and 5 branches in Ufa, Volgograd, Saint-Petersburg, Yekaterinburg, Novosibirsk, 488 banking offices, 79 regional centres, 10 representative offices and over 51,000 active points of sale which cover over 1,200 cities in 80 regions of the Russian Federation. As at 30 June 2011 the ATM network comprised of 435 ATMs across the Russian Federation.

## **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 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 2010, as these condensed consolidated interim financial statements provide an update of previously reported financial information.

## **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 2010.

### **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 2011, 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.

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 of 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).

### **3. Significant accounting policies (continued)**

IFRS 9 *Financial Instruments* will be effective for annual periods beginning on or after 1 January 2013. 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 2011. 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 Group's 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 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 early 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.

Amendment to IAS 1 *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income*. The amendment requires that an entity present separately items of other comprehensive income that may be reclassified to profit or loss in the future from those that will never be reclassified to profit or loss. Additionally, the amendment changes the title of the statement of comprehensive income to statement of profit or loss and other comprehensive income. However, the use of other titles is permitted. The amendment shall be applied retrospectively from 1 July 2012 and early adoption is permitted.

Amendment to IFRS 7 *Disclosures – Transfers of Financial Assets* introduces additional disclosure requirements for transfers of financial assets in situations where assets are not derecognised in their entirety or where the assets are derecognised in their entirety but a continuing involvement in the transferred assets is retained. The new disclosure requirements are designated to enable the users of financial statements to better understand the nature of the risks and rewards associated with these assets. The amendment is effective for annual periods beginning on or after 1 July 2011.

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 2012. The Group has not yet analysed the likely impact of the improvements on its financial position or performance.

#### **b) Comparative figures**

Value added tax expense in the amount of MRUB 149 was reclassified from taxes other than income tax to corresponding expenses in general administrative expenses.

#### 4. Interest income and interest expense

	6 month period ended 30 Jun 2011 MRUB	6 month period ended 30 Jun 2010 MRUB	3 month period ended 30 Jun 2011 MRUB (Unaudited)	3 month period ended 30 Jun 2010 MRUB (Unaudited)
<b>Interest income</b>				
Loans to individuals	13,413	11,341	6,724	5,499
Financial assets available for sale	268	706	154	295
Financial assets at fair value through profit or loss	81	-	81	-
Placements with banks and other financial institutions	57	24	21	12
Amounts receivable under reverse repurchase agreements	12	28	-	15
Loans to corporations	1	110	1	66
	<u>13,832</u>	<u>12,209</u>	<u>6,981</u>	<u>5,887</u>
<b>Interest expense</b>				
Debt securities issued	1,827	2,142	1,051	989
Current accounts and deposits from customers	838	753	440	411
Due to banks and other financial institutions	127	429	86	149
Financial liabilities at fair value through profit or loss	102	-	102	-
	<u>2,894</u>	<u>3,324</u>	<u>1,679</u>	<u>1,549</u>

## 5. Fee and commission income

	6 month period ended 30 Jun 2011 MRUB	6 month period ended 30 Jun 2010 MRUB	3 month period ended 30 Jun 2011 MRUB (Unaudited)	3 month period ended 30 Jun 2010 MRUB (Unaudited)
Insurance agent commissions	2,399	1,460	1,141	748
Contractual penalties from customers	942	919	564	405
Cash operations	548	485	328	246
Customer payments processing and account maintenance	373	335	184	171
Fees from retailers	126	84	59	43
Other	3	13	2	6
	<u>4,391</u>	<u>3,296</u>	<u>2,278</u>	<u>1,619</u>

## 6. Fee and commission expense

	6 month period ended 30 Jun 2011 MRUB	6 month period ended 30 Jun 2010 MRUB	3 month period ended 30 Jun 2011 MRUB (Unaudited)	3 month period ended 30 Jun 2010 MRUB (Unaudited)
Cash transactions	105	91	60	43
Payments processing and account maintenance	36	48	19	24
Payments to the Deposits Insurance Agency	40	21	21	12
Other	22	14	6	12
	<u>203</u>	<u>174</u>	<u>106</u>	<u>91</u>

## 7. Other operating expense, net

	6 month period ended 30 Jun 2011 MRUB	6 month period ended 30 Jun 2010 MRUB	3 month period ended 30 Jun 2011 MRUB (Unaudited)	3 month period ended 30 Jun 2010 MRUB (Unaudited)
Gain/(loss) from foreign exchange revaluation of financial assets and liabilities	545	(482)	213	(444)
Net gain from sale of interest in associate	29	-	29	-
Net realised (loss)/gain on disposal of financial assets available for sale	(26)	247	(24)	64
Net loss on early redemption of debt securities issued	(38)	(32)	(44)	(24)
Net (loss)/gain on spot transactions and derivatives	(794)	424	(375)	387
Loss on early redemption of amounts due to banks and other financial institutions	-	(8)	-	(8)
Loss on origination of loans at non-market interest rates	-	(342)	-	(342)
Other	47	27	74	15
	<b>(237)</b>	<b>(166)</b>	<b>(127)</b>	<b>(352)</b>

## 8. Impairment losses

	6 month period ended 30 Jun 2011 MRUB	6 month period ended 30 Jun 2010 MRUB	3 month period ended 30 Jun 2011 MRUB (Unaudited)	3 month period ended 30 Jun 2010 MRUB (Unaudited)
POS loans	1,608	708	828	318
Cash loans	870	51	559	(82)
Credit card loans	234	284	138	10
Car loans	7	26	(2)	(4)
Mortgage loans	(7)	141	(11)	88
Loans to corporations	(84)	158	(74)	9
Financial assets available for sale	-	8	-	-
	<b>2,628</b>	<b>1,376</b>	<b>1,438</b>	<b>339</b>

## 9. General administrative expenses

	6 month period ended 30 Jun 2011 MRUB	6 month period ended 30 Jun 2010 MRUB	3 month period ended 30 Jun 2011 MRUB (Unaudited)	3 month period ended 30 Jun 2010 MRUB (Unaudited)
Personnel related expenses	2,032	1,920	1,031	979
Payroll related taxes	491	315	208	134
Telecommunication and postage	462	364	260	184
Occupancy	368	311	185	155
Depreciation and amortisation	350	399	172	203
Professional services	326	277	194	150
Information technology	240	268	123	125
Advertising and marketing	174	65	126	23
Repairs and maintenance	149	173	73	85
Taxes other than income tax	64	66	29	29
Travel expenses	38	30	13	9
Other	232	92	164	47
	<u>4,926</u>	<u>4,280</u>	<u>2,578</u>	<u>2,123</u>

## 10. Income tax expense

	6 month period ended 30 Jun 2011 MRUB	6 month period ended 30 Jun 2010 MRUB	3 month period ended 30 Jun 2011 MRUB (Unaudited)	3 month period ended 30 Jun 2010 MRUB (Unaudited)
<b>Current tax expense</b>				
Current tax expense - current year	1,719	957	1,157	315
Current tax benefit - overprovided in previous periods	-	(87)	-	-
	<u>1,719</u>	<u>870</u>	<u>1,157</u>	<u>315</u>
Deferred tax (benefit)/expense	<u>(157)</u>	<u>447</u>	<u>(456)</u>	<u>348</u>
<b>Total income tax expense</b>	<u><b>1,562</b></u>	<u><b>1,317</b></u>	<u><b>701</b></u>	<u><b>663</b></u>
 <b>Reconciliation of effective tax rate</b>				
	6 month period ended 30 Jun 2011 MRUB	6 month period ended 30 Jun 2010 MRUB	3 month period ended 30 Jun 2011 MRUB (Unaudited)	3 month period ended 30 Jun 2010 MRUB (Unaudited)
<b>Profit before tax</b>	<u><b>7,335</b></u>	<u><b>6,185</b></u>	<u><b>3,331</b></u>	<u><b>3,052</b></u>
Income tax using the applicable tax rate (20%)	1,467	1,237	666	610
Net non-deductible costs	100	95	40	53
Income taxed at lower tax rates	(5)	-	(5)	-
Effect of change in tax rate on current tax overprovided in previous periods	-	(15)	-	-
	<u><b>1,562</b></u>	<u><b>1,317</b></u>	<u><b>701</b></u>	<u><b>663</b></u>

## 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 2011			6 month period ended 30 Jun 2010			3 month period ended 30 Jun 2011 (Unaudited)			3 month period ended 30 Jun 2010 (Unaudited)		
	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	Amount before tax MRUB	Tax benefit MRUB	Amount net of tax MRUB
Net change in fair value of financial assets available for sale	20	(4)	16	(5)	1	(4)	2	(1)	1	(124)	25	(99)
	<b>20</b>	<b>(4)</b>	<b>16</b>	<b>(5)</b>	<b>1</b>	<b>(4)</b>	<b>2</b>	<b>(1)</b>	<b>1</b>	<b>(124)</b>	<b>25</b>	<b>(99)</b>



## 11. Cash and cash equivalents

	<b>30 Jun 2011</b>	<b>31 Dec 2010</b>
	<b>MRUB</b>	<b>MRUB</b>
Placements with banks and other financial institutions due within one month	5,978	4,128
Nostro accounts with the CBR	4,166	1,805
Cash	1,704	1,400
Amounts receivable under reverse repurchase agreements	238	83
	<b><u>12,086</u></b>	<b><u>7,416</u></b>

## 12. Placements with banks and other financial institutions

	<b>30 Jun 2011</b>	<b>31 Dec 2010</b>
	<b>MRUB</b>	<b>MRUB</b>
Term deposits with banks and other financial institutions due after one month	514	2,599
Minimum reserve deposit with the CBR	428	188
Amounts receivable under reverse repurchase agreements	-	1,527
	<b><u>942</u></b>	<b><u>4,314</u></b>

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

## 13. Loans to customers

	<b>30 Jun 2011</b>	<b>31 Dec 2010</b>
	<b>MRUB</b>	<b>MRUB</b>
POS loans	39,783	43,150
Cash loans	31,116	18,424
Credit card loans	11,886	11,569
Mortgage loans	5,716	6,704
Car loans	861	1,215
Loans to corporations	27	170
Impairment allowance	(6,534)	(5,957)
	<b><u>82,855</u></b>	<b><u>75,275</u></b>

The Group provides point-of-sale loans ("POS loans") for the purchase of household goods, including, but not limited to: household appliances, consumer electronics, computer hardware, mobile phones, furniture, construction materials and gardening equipment. Credit cards are generally issued for 3 years, have an average credit limit of TRUB 56.2 and require a minimum monthly payment of 5% of the credit limit on the respective credit card (31 December 2010: 3 years, MRUB 45.6 and 5%, respectively). As at 30 June 2011 the average loan-to-value ratio for mortgage loans is 63% (as at 31 December 2010: 66%).

### 13. Loans to customers (continued)

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

	<b>30 June 2011</b>		<b>31 December 2010</b>	
	<b>Size</b>	<b>Term</b>	<b>Size</b>	<b>Term</b>
	<b>TRUB</b>	<b>Months</b>	<b>TRUB</b>	<b>Months</b>
POS loans	19.0	15	17.2	15
Cash loans	67.8	30	53.3	28
Car loans	251.8	57	247.9	56
Mortgage loans	2,067.8	153	2,771.0	172

The Group considers loans which are contractually overdue for more than 90 days to be non-performing ("NPL"). As of 30 June 2011 total non-performing loans amounted to MRUB 5,887 (31 December 2010: MRUB 5,570). The Group created provisions for non-performing loans of 68.6% (31 December 2010: 70.2%). Performing loans are provided for at a rate 3.0% (31 December 2010: 2.7%).

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

	<b>30 June 2011</b>		<b>31 December 2010</b>	
	<b>NPLs</b>	<b>Provision</b>	<b>NPLs</b>	<b>Provision</b>
	<b>MRUB</b>	<b>coverage</b>	<b>MRUB</b>	<b>coverage</b>
		<b>%</b>		<b>%</b>
POS loans	3,020	110	2,461	114
Cash loans	1,241	143	830	136
Credit card loans	975	90	1,274	86
Mortgage loans	495	83	616	88
Car loans	145	103	224	99
Loans to corporations	11	100	165	100
<b>Total</b>	<b>5,887</b>	<b>111</b>	<b>5,570</b>	<b>107</b>

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. During the six month period ended 30 June 2011 the Group sold non-performing loans with a gross value including penalties of MRUB 2,778 for MRUB 266 (during the six month period ended 30 June 2010: non-performing loans with a gross value including penalties of MRUB 1,771 were sold for MRUB 91).

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 2010.

As at 30 June 2011 mortgage loans with the total carrying amount of MRUB 835 were collateralised in relation to balances due to banks and other financial institutions (Note 19) (31 December 2010: MRUB 931).

In June 2010 the Group granted loans under the special terms of a marketing campaign with an average contractual interest rate of 7.8%, which was below the market rate. The volume of loans granted in the amount of MRUB 1,776 was adjusted to fair value at the market interest rate of 29.9%. The effect of this adjustment in the amount of MRUB 342 is shown within other operating expense in the statement of comprehensive income.

That marketing campaign evoked keen responses from the market and the same products were widely introduced by competitors in 2011. Management believes that the terms of this product became standard for the market, including its interest rate of 7.8%. Accordingly, no adjustment was made to fair value the loans granted under the marketing campaign in 2011.

### 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 2011 are as follows:

MRUB	POS loans	Credit card loans	Cash loans	Mortgage loans	Car loans	Loans to corporations	Total
<b>Balance at 1 January</b>	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)
<b>Balance at 30 June</b>	<b>3,307</b>	<b>882</b>	<b>1,772</b>	<b>412</b>	<b>150</b>	<b>11</b>	<b>6,534</b>

Movements in the loan impairment allowance by classes of loans to customers for the six month period ended 30 June 2010 are as follows:

MRUB	POS loans	Credit card loans	Cash loans	Mortgage loans	Car loans	Loans to corporations	Total
<b>Balance at 1 January</b>	2,739	2,926	2,259	675	263	11	8,873
Net charge	708	284	51	141	26	158	1,368
Loans recovered and sold which previously were written off	544	251	306	-	-	-	1,101
Write offs	(1,790)	(1,836)	(1,469)	(88)	(28)	-	(5,211)
<b>Balance at 30 June</b>	<b>2,201</b>	<b>1,625</b>	<b>1,147</b>	<b>728</b>	<b>261</b>	<b>169</b>	<b>6,131</b>

### 14. Financial assets at fair value through profit or loss

	30 Jun 2011 MRUB	31 Dec 2010 MRUB
Positive fair value of derivative instruments	122	14
	<b>122</b>	<b>14</b>

### 15. Financial assets available for sale

	30 Jun 2011 MRUB	31 Dec 2010 MRUB
Debt securities	5,327	5,841
	<b>5,327</b>	<b>5,841</b>

## 15. Financial assets available for sale (continued)

Movements in the impairment allowance are as follows:

	<b>2011</b>	<b>2010</b>
	<b>MRUB</b>	<b>MRUB</b>
<b>Balance at 1 January</b>	-	-
Impairment losses recognised in the consolidated statement of comprehensive income	-	(8)
<b>Balance at 30 June</b>	<b>-</b>	<b>(8)</b>

As at 31 December 2010 financial assets available for sale at the amount of MRUB 231 were pledged as collateral for secured loans from banks and other financial institutions (Note 19).

## 16. Property, equipment and intangible assets

### (a) Intangible assets

	<b>30 Jun 2011</b>	<b>31 Dec 2010</b>
	<b>MRUB</b>	<b>MRUB</b>
Cost	1,159	1,069
Accumulated amortisation	(485)	(410)
Net book value	<b>674</b>	<b>659</b>

### (b) Property and equipment

	<b>30 Jun 2011</b>	<b>31 Dec 2010</b>
	<b>MRUB</b>	<b>MRUB</b>
Cost	8,777	8,337
Accumulated depreciation	(2,560)	(2,343)
Net book value	<b>6,217</b>	<b>5,994</b>

## 17. Other assets

	<b>30 Jun 2011</b>	<b>31 Dec 2010</b>
	<b>MRUB</b>	<b>MRUB</b>
Accrued income	523	502
Settlements with suppliers	429	201
Prepaid expenses	304	258
Taxes other than income tax	134	106
Other	241	109
	<b>1,631</b>	<b>1,176</b>

## 18. Debt securities issued

	<b>Maturity</b>	<b>Interest rate</b>	<b>30 Jun 2011 MRUB</b>	<b>31 Dec 2010 MRUB</b>
Loan participation notes issue 4 of MUSD 500	June 2011	Fixed, 11.00%	-	6,847
Loan participation notes issue 5 of MUSD 301	August 2011	Fixed, 11.75%	4,840	5,387
Loan participation notes issue 3 of MUSD 200	August 2011	Fixed, 11.75%	4,372	4,750
Unsecured RUB bond issue 5 of MRUB 4,000	April 2013/ October 2011*	8.15%	4,066	4,072
Unsecured RUB bond issue 4 of MRUB 3,000	October 2011	7.10%	3,046	3,046
Stock exchange RUB bond issue 01 of MRUB 3,000	April 2014/ April 2012*	6.65%	3,031	-
Unsecured RUB bond issue 7 of MRUB 5,000	April 2015/ May 2012*	9.00%	5,071	5,068
Unsecured RUB bond issue 6 of MRUB 5,000	June 2014/ December 2012*	7.75%	4,989	4,982
Stock exchange RUB bond issue 03 of MRUB 4,000	April 2014/ October 2013*	7.90%	4,046	-
Loan participation notes issue 6 of MUSD 500	March 2014	Fixed, 7.00%	14,201	-
			<b>47,662</b>	<b>34,152</b>

\* Early redemption option date

The USD denominated loan participation notes issue 4 was issued in June 2008 through Eurasia Capital S.A. (refer to Note 1). The proceeds from the issue were used to grant an unsecured loan to the Bank. In June 2011 the Group repaid the bonds at par.

The USD denominated loan participation notes issue 5 was issued in August 2008 through Eurasia Capital S.A. in the amount of MUSD 450. The proceeds from the issue were used to grant an unsecured loan to the Bank. Part of the issue consisted of the exchange of USD denominated loan participation notes issue 3 in the amount of MUSD 149. By 30 June 2011 the Group bought back the USD denominated loan participation notes issue 5 with a cumulative principal amount of MUSD 136.

The USD denominated loan participation notes issue 3 was issued in April 2007 through Eurasia Capital S.A. The proceeds from the issue were used to grant an unsecured loan to the Bank. The non-exchanged part of USD denominated loan participation notes issue 3 were redeemed in April 2010. The exchanged part of MUSD 149 matures in August 2011.

The RUB denominated bonds issue 5 was issued in April 2008 with a fixed coupon rate, resettable at option dates. In April 2010 the Group reset a new coupon rate for the next eighteen months. The bondholders are entitled to demand early redemption of the bond at par in October 2011.

The RUB denominated bonds issue 4 was issued in October 2006 with a fixed coupon rate, resettable at option dates. In October 2010 the Group reset a new coupon rate which is valid till the final maturity date.

In April 2011 the Group issued the RUB denominated Stock exchange bond issue 01 with a fixed coupon rate, resettable at option dates. The bondholders are entitled to demand early redemption of the bond at par in April 2012.

## 18. Debt securities issued (continued)

In April 2010 the Group issued the RUB denominated bonds issue 7 with a fixed coupon rate set for two years. The bondholders are entitled to demand early redemption of the bond at par in May 2012.

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

In April 2011 the Group issued the RUB denominated Stock exchange bond issue 03 with a fixed coupon rate set for the next 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.

Included in debt securities above are debt securities held by an entity controlled by the ultimate controlling entity in the amount of MRUB 2,782 at the effective interest rate of 10.2% and the maturity from one month to three years (as at 31 December 2010: MRUB 1,038 at the effective interest rate of 8.8% and the maturity from six months to two years).

Eurasia Capital S.A., Eurasia Structured Finance No.1 S.A., Eurasia Credit Card Company S.A. and Eurasia Credit Card Funding I 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.

## 19. Due to banks and other financial institutions

	<b>30 Jun 2011</b>	<b>31 Dec 2010</b>
	<b>MRUB</b>	<b>MRUB</b>
Unsecured loans	4,332	6,073
Secured loans	742	1,023
Other balances	738	371
	<u><b>5,812</b></u>	<u><b>7,467</b></u>

As at 30 June 2011 the Group pledged mortgage loans at the amount of MRUB 835 (Note 13) as a collateral for secured loans (31 December 2010: mortgage loans at the amount of MRUB 931).

As at 31 December 2010 the Group pledged financial assets available for sale at the amount of MRUB 231 (Note 15).

## 20. Current accounts and deposits from customers

	30 Jun 2011 MRUB	31 Dec 2010 MRUB
<b>Retail</b>		
Term deposits	18,403	14,503
Current accounts and demand deposits	<u>6,785</u>	<u>7,138</u>
	<u>25,188</u>	<u>21,641</u>
<b>Corporate</b>		
Term deposits	3,201	2,091
Current accounts and demand deposits	<u>61</u>	<u>53</u>
	<u>3,262</u>	<u>2,144</u>
	<u><b>28,450</b></u>	<u><b>23,785</b></u>

## 21. Financial liabilities at fair value through profit or loss

	30 Jun 2011 MRUB	31 Dec 2010 MRUB
Negative fair value of derivative instruments	<u>223</u>	<u>95</u>
	<u><b>223</b></u>	<u><b>95</b></u>

## 22. Other liabilities

	30 Jun 2011 MRUB	31 Dec 2010 MRUB
Accrued employee compensation	798	1,293
Settlements with suppliers	782	882
Other taxes payable	335	390
Other	<u>206</u>	<u>16</u>
	<u><b>2,121</b></u>	<u><b>2,581</b></u>

## 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.

MRUB	30 June 2011							31 December 2010						
	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
<b>Assets</b>														
Cash and cash equivalents	12,088	-	-	-	-	-	12,088	7,418	-	-	-	-	-	7,418
Placements with banks and other financial institutions	-	-	-	-	-	942	942	-	1,591	2,625	-	-	188	4,404
Loans to customers	8,754	18,773	50,950	26,438	4,808	-	109,723	6,512	17,268	45,120	31,534	4,674	-	105,108
Financial assets at fair value through profit or loss	27	8	31	56	-	-	122	-	14	-	-	-	-	14
Financial assets available for sale	2	26	5,756	-	-	-	5,784	5	30	6,358	-	-	-	6,393
Property, equipment and intangible assets	-	-	-	-	-	6,891	6,891	-	-	-	-	-	6,653	6,653
Investment in associate	-	-	-	-	-	48	48	-	-	-	-	-	63	63
Deferred tax asset	-	-	295	-	-	-	295	-	-	-	-	-	142	142
Current income tax receivable	-	-	-	-	-	-	-	-	-	205	-	-	-	205
Other assets	523	-	1,007	-	-	101	1,631	502	-	650	-	-	24	1,176
<b>Total assets</b>	<b>21,394</b>	<b>18,807</b>	<b>58,039</b>	<b>26,494</b>	<b>4,808</b>	<b>7,982</b>	<b>137,524</b>	<b>14,437</b>	<b>18,903</b>	<b>54,958</b>	<b>31,534</b>	<b>4,674</b>	<b>7,070</b>	<b>131,576</b>
<b>Liabilities</b>														
Debt securities issued	375	9,926	16,538	25,590	-	-	52,429	247	666	25,496	10,611	-	-	37,020
Due to banks and other financial institutions	3,309	114	1,667	882	-	-	5,972	2,385	1,157	3,180	926	78	-	7,726
Current accounts and deposits from customers	8,317	4,950	12,615	3,706	-	-	29,588	8,532	4,756	11,658	348	-	-	25,294
Financial liabilities at fair value through profit or loss	26	108	39	50	-	-	223	76	19	-	-	-	-	95
Current income tax liability	321	-	-	-	-	-	321	-	-	-	-	-	-	-
Other liabilities	1,323	798	-	-	-	-	2,121	1,288	1,293	-	-	-	-	2,581
<b>Total liabilities</b>	<b>13,671</b>	<b>15,896</b>	<b>30,859</b>	<b>30,228</b>	<b>-</b>	<b>-</b>	<b>90,654</b>	<b>12,528</b>	<b>7,891</b>	<b>40,334</b>	<b>11,885</b>	<b>78</b>	<b>-</b>	<b>72,716</b>
Irrevocable credit related commitments	363	-	-	4	-	-	367	1,380	-	-	3	-	-	1,383
<b>Net position</b>	<b>7,360</b>	<b>2,911</b>	<b>27,180</b>	<b>(3,738)</b>	<b>4,808</b>	<b>7,982</b>	<b>46,503</b>	<b>529</b>	<b>11,012</b>	<b>14,624</b>	<b>19,646</b>	<b>4,596</b>	<b>7,070</b>	<b>57,477</b>
<b>Cumulative net position</b>	<b>7,360</b>	<b>10,271</b>	<b>37,451</b>	<b>33,713</b>	<b>38,521</b>	<b>46,503</b>	<b>46,503</b>	<b>529</b>	<b>11,541</b>	<b>26,165</b>	<b>45,811</b>	<b>50,407</b>	<b>57,477</b>	<b>57,477</b>



## 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, approved POS loans and approved overdraft facilities.

	<b>30 Jun 2011</b>	<b>31 Dec 2010</b>
	<b>MRUB</b>	<b>MRUB</b>
Credit card commitments	17,118	12,707
POS loan commitments	363	1,380
Undrawn overdraft facilities	4	3
	<u>17,485</u>	<u>14,090</u>

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:

	<b>30 Jun 2011</b>	<b>31 Dec 2010</b>
	<b>MRUB</b>	<b>MRUB</b>
Less than one year	750	592
Between one and five years	1,182	883
More than five years	132	19
	<u>2,064</u>	<u>1,494</u>

During the six month period ended 30 June 2011 MRUB 368 (six month period ended 30 June 2010: MRUB 311) 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 Central Bank of Russia sets and monitors capital requirements for both the Bank and the Group as a whole.

In implementing current capital requirements the CBR requires the Group to maintain the ratio of total capital to total risk-weighted assets at or above the minimum level of 10%. The ratio is calculated based on financial statements prepared in accordance with Russian Banking Accounting Standards (RBAS) and the risk weighting is determined in accordance with CBR's credit risk ratios specific for individual classes of assets.

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.

	<b>30 Jun 2011</b>	<b>31 Dec 2010</b>
	<b>MRUB</b>	<b>MRUB</b>
<b>Risk weighted assets</b>	<b>105,170</b>	<b>98,523</b>
Tier I capital	<u>25,608</u>	<u>33,019</u>
<b>Total capital</b>	<b><u>25,608</u></b>	<b><u>33,019</u></b>
Tier I ratio	24.3%	33.5%
Capital Adequacy Ratio	24.3%	33.5%

## 28. Segment analysis

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

The Committee monitors the performance mainly from 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 treasury function to major segments. Performance of individual segments is assessed by the Committee based on segment profit or loss. A reconciliation of the total of the segment's profit to the profit before tax is provided below.

Total segment assets mainly consist of 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
<b>Six months ended</b>					
<b>30 June 2011</b>					
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
<b>Total revenues</b>	<b>8,809</b>	<b>2,728</b>	<b>5,431</b>	<b>3,416</b>	<b>20,384</b>
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)/recoveries	(1,608)	(234)	(870)	84	(2,628)
<b>Total expenses</b>	<b>(2,976)</b>	<b>(697)</b>	<b>(1,628)</b>	<b>(3,092)</b>	<b>(8,393)</b>
<b>Segment profit</b>	<b>5,833</b>	<b>2,031</b>	<b>3,803</b>	<b>324</b>	<b>11,991</b>
<b>Six months ended</b>					
<b>30 June 2010</b>					
External interest income	5,792	2,717	2,234	1,466	12,209
Fee and commission income	1,591	775	546	52	2,964
Inter segment revenue	-	-	-	2,141	2,141
<b>Total revenues</b>	<b>7,383</b>	<b>3,492</b>	<b>2,780</b>	<b>3,659</b>	<b>17,314</b>
External interest expense	-	-	-	(3,324)	(3,324)
Inter segment interest expense	(1,073)	(635)	(396)	-	(2,104)
Inter segment other operating expense, net	(19)	(11)	(7)	-	(37)
Fee and commission expense	-	(89)	-	(19)	(108)
Other operating expense, net	(342)	-	-	157	(185)
Impairment losses	(708)	(284)	(51)	(333)	(1,376)
<b>Total expenses</b>	<b>(2,142)</b>	<b>(1,019)</b>	<b>(454)</b>	<b>(3,519)</b>	<b>(7,134)</b>
<b>Segment profit</b>	<b>5,241</b>	<b>2,473</b>	<b>2,326</b>	<b>140</b>	<b>10,180</b>
<b>Segment assets</b>					
<b>MRUB</b>	<b>POS loans</b>	<b>Credit card loans</b>	<b>Cash loans</b>	<b>Other segments</b>	<b>Total</b>
Carrying amount at 30 June 2011	36,476	11,004	29,344	17,849	94,673
Carrying amount at 31 December 2010	40,355	10,467	17,293	20,253	88,368

## 28. Segment analysis (continued)

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

	6 month period ended 30 Jun 2011 MRUB	6 month period ended 30 Jun 2010 MRUB
<b>Segment profit for reportable segments</b>	<b>11,991</b>	<b>10,180</b>
Unallocated fee income	325	332
Unallocated fee expense	(93)	(66)
Unallocated other operating income	38	19
General administrative expenses	(4,926)	(4,280)
<b>Profit before tax</b>	<b>7,335</b>	<b>6,185</b>

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

	30 Jun 2011 MRUB	31 Dec 2010 MRUB
<b>Total segment assets</b>	<b>94,673</b>	<b>88,368</b>
Cash and cash equivalents (excluded from Other segments)	6,659	4,492
Property, equipment and intangible assets	6,891	6,653
Investment in associate	48	63
Income tax asset	295	347
Other assets	1,631	1,176
<b>Total assets</b>	<b>110,197</b>	<b>101,099</b>