

SB JSC “Bank Home Credit”

Condensed Interim
Financial Statements
for the six-month period
ended 30 June 2014

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Independent Auditors' Report on Review of Condensed Interim Financial Information

To the Board of Directors of SB JSC "Bank Home Credit"

Introduction

We have reviewed the accompanying condensed interim statement of financial position of SB JSC "Bank Home Credit" (the "Bank") as at 30 June 2014, and the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the condensed interim financial information. Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial information as at 30 June 2014 and for the six-month period then ended is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

KPMG Audit LLC



KPMG Audit LLC

19 August 2014

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SB JSC "Bank Home Credit"
Condensed Interim Statement of Profit or Loss and Other Comprehensive Income
for the six-month period ended 30 June 2014

	Note	Unaudited six-month period ended 30 June 2014 KZT'000	Unaudited six-month period ended 30 June 2013 KZT'000
Interest income	4	16,555,922	11,354,338
Interest expense	4	(4,225,464)	(2,212,571)
Net interest income		12,330,458	9,141,767
Fee and commission income	5	6,758,033	7,128,643
Fee and commission expense	6	(482,862)	(515,523)
Net fee and commission income		6,275,171	6,613,120
Net gain/(loss) on financial instruments at fair value through profit or loss		462,620	(52,154)
Foreign exchange loss		(17,491)	(78,804)
Other operating (loss)/income, net		(9,388)	49,737
Operating income		19,041,370	15,673,666
Impairment losses	7	(7,471,785)	(4,408,503)
General administrative expenses	8	(7,884,606)	(4,541,863)
Profit before income tax		3,684,979	6,723,300
Income tax expense	9	(805,240)	(1,546,356)
Profit and total comprehensive income for the period		2,879,739	5,176,944
Earnings per share, in KZT (basic and diluted)	26	82,538	148,379

The condensed interim financial statements as set out on pages 4 to 23 were approved by the Management on 19 August 2014 and were signed on its behalf by:


 Vladimir Gasyak
 Chairman of the Board




 Zhanat Sulcimenova
 Chief Accountant

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

SB JSC "Bank Home Credit"
Condensed Interim Statement of Financial Position as at 30 June 2014

		Unaudited	
	Note	30 June 2014	31 December 2013
		KZT'000	KZT'000
ASSETS			
Cash and cash equivalents	10	10,284,783	8,643,115
Loans and advances to banks		2,681	2,111
Loans to customers	11	92,636,886	101,626,929
Current tax assets		1,059,205	32,011
Property, equipment and intangible assets	12	5,087,980	4,382,902
Deferred tax assets		-	75,156
Other assets		1,319,741	1,291,827
Total assets		110,391,276	116,054,051
LIABILITIES			
Deposits and balances from banks	13	6,483,324	8,053,708
Current accounts and deposits from customers	14	44,115,130	46,562,674
Debt securities issued	15	13,715,238	6,847,999
Subordinated borrowings	16	640,284	640,171
Other borrowed funds	16	18,853,041	22,901,048
Deferred tax liabilities		145,091	-
Other liabilities		2,414,511	3,103,533
Total liabilities		86,366,619	88,109,133
EQUITY			
Share capital	19	5,199,503	5,199,503
Retained earnings	17	18,825,154	22,745,415
Total equity		24,024,657	27,944,918
Total liabilities and equity		110,391,276	116,054,051
Book value per share, in KZT	25	635,949	759,024

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

	Unaudited six-month period ended 30 June 2014 KZT'000	Unaudited six-month period ended 30 June 2013 KZT'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest receipts	16,238,660	10,717,371
Interest payments	(3,033,460)	(1,829,764)
Fee and commission receipts	6,571,090	7,585,331
Fee and commission payments	(412,888)	(513,914)
Net receipts/(payments) from financial instruments at fair value through profit or loss	462,620	(39,364)
Net payments from foreign exchange transactions	(137,284)	(41,104)
Other income (payments)/receipts, net	(9,388)	49,737
General administrative expenses	(7,295,280)	(4,573,915)
(Increase)/decrease in operating assets		
Financial instruments at fair value through profit or loss	-	178,930
Loans and advances to banks	(570)	(745)
Loans to customers	1,174,798	(16,432,159)
Other assets	9,207	27,139
Increase/(decrease) in operating liabilities		
Financial instruments at fair value through profit or loss	-	(18,416)
Deposits and balances from banks	(1,845,500)	(1,743,712)
Current accounts and deposits from customers	(2,842,189)	10,234,421
Other liabilities	(64,424)	(968,327)
Net cash flow from operating activities before income tax paid	8,815,392	2,631,509
Income tax paid	(1,612,187)	(1,409,115)
Cash flows from operations	7,203,205	1,222,394
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, equipment and intangible assets	(1,178,768)	(581,837)
Proceeds from sale of property and equipment	336	15,114
Cash flows used in investing activities	(1,178,432)	(566,723)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts of other borrowed funds	-	6,576,807
Repayments of other borrowed funds	(4,621,480)	(6,826,448)
Receipts from the issue of debt securities	6,570,811	-
Dividend payments	(6,800,000)	-
Cash flows used in financing activities	(4,850,669)	(249,641)
Net increase in cash and cash equivalents	1,174,104	406,030
Effect of changes in exchange rates on cash and cash equivalents	467,564	22,391
Cash and cash equivalents as at the beginning of the period	8,643,115	8,599,544
Cash and cash equivalents as at the end of the period (note 10)	10,284,783	9,027,965

SB JSC "Bank Home Credit"
Condensed Interim Statement of Changes in Equity for the six- month period ended 30 June 2014

KZT'000	Share capital	Statutory reserve capital	Retained earnings	Total equity
Balance as at 1 January 2014	5,199,503	-	22,745,415	27,944,918
Profit and total comprehensive income for the six-month period (unaudited)	-	-	2,879,739	2,879,739
Transactions with owners, recorded directly in equity				
Dividend payments (unaudited)	-	-	(6,800,000)	(6,800,000)
Balance as at 30 June 2014 (unaudited)	5,199,503	-	18,825,154	24,024,657
Balance as at 1 January 2013	5,199,503	7,347,876	9,753,791	22,301,170
Profit and total comprehensive income for the six-month period (unaudited)	-	-	5,176,944	5,176,944
Transactions with owners, recorded directly in equity				
Transfer to statutory reserve capital (unaudited)	-	9,668,333	(9,668,333)	-
Balance as at 30 June 2013 (unaudited)	5,199,503	17,016,209	5,262,402	27,478,114

1 Background

(a) Organisation and operations

Private Bank FTD was established in 1993 and subsequently renamed to Bank Alma-Ata in December 1994. In December 1995, the Bank was re-registered as Open Joint Stock Company International Bank Alma-Ata. Due to a change in legislation, the Bank was re-registered as a joint stock company in November 2004. In November 2008, International Bank Alma-Ata JSC was renamed to Home Credit Bank JSC. In January 2013 the Bank was acquired by Home Credit and Finance Bank incorporated in the Russian Federation, in this connection the Bank was renamed to Subsidiary Bank Joint Stock Company Home Credit and Finance Bank (short name SB JSC "Bank Home Credit") in April 2013.

The principal activities of the Bank are retail lending, deposit taking and customer accounts maintenance, issuing guarantees, cash and settlement operations and foreign exchange. The activities of the Bank are regulated by the National Bank of the Republic of Kazakhstan ("the NBRK"). The Bank has a primary listing on the Kazakh Stock Exchange (the "KASE"). The Bank holds banking licence #1.1.188 dated 14 May 2013.

The registered address of the Bank's head office is 248, Furmanov Street, Almaty, Republic of Kazakhstan, 050059. As at 30 June 2014, the Bank had 17 branches in Kazakhstan and 136 bank offices (31 December 2013: 16 branches in Kazakhstan and 128 bank offices).

As at 30 June 2014 the Bank was 100% owned by Home Credit and Finance Bank incorporated in the Russian Federation. The ultimate controlling owner of the Bank is Petr Kellner, who exercises control over Home Credit and Finance Bank through PPF Group N.V. registered in the Netherlands.

(b) Kazakhstan business environment

The Bank's operations are primarily located in Kazakhstan. Consequently, the Bank is exposed to the economic and financial markets of Kazakhstan which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Kazakhstan. The condensed interim financial statements reflect management's assessment of the impact of the Kazakhstan business environment on the operations and the financial position of the Bank. The future business environment may differ from management's assessment.

2 Basis of preparation

(a) Statement of compliance

These condensed interim financial statements are prepared in accordance with International Accounting Standard IAS 34 *Interim Financial Reporting* ("IAS 34"). They do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Bank as at and for the year ended 31 December 2013, as these condensed interim financial statements provide an update of previously reported financial information.

(b) Basis of measurement

The condensed interim financial statements are prepared on the historical cost basis, except that financial instruments at fair value through profit or loss are stated at fair value.

2 Basis of preparation, continued

(c) Functional and presentation currency

The functional currency of the Bank is the Kazakhstan Tenge (KZT) as, being the national currency of the Republic of Kazakhstan, it reflects the economic substance of the majority of underlying events and circumstances relevant to them.

The KZT is also the presentation currency for the purposes of these financial statements. Financial information presented in KZT is rounded to the nearest thousand.

(d) Use of estimates and judgments

The preparation of condensed interim financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In preparing these condensed interim financial statements significant judgements made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2013.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies in respect of loan impairment is further described in Note 11.

3 Significant accounting policies

Except for the adoption of the new amendments to IFRS effective as of 1 January 2014, the accounting policies applied by the Bank in these condensed interim financial statements were consistent with those applied by the Bank in its financial statements for the year ended 31 December 2013.

New amendments to IFRS became effective from 1 January 2014 and have been adopted by the Bank since that date. These changes did not have a significant effect on the condensed interim financial statements.

4 Net interest income

	Unaudited six-month period ended 30 June 2014 KZT'000	Unaudited six-month period ended 30 June 2013 KZT'000
Interest income		
Loans to customers	16,545,677	11,354,144
Cash and cash equivalents	10,245	194
	16,555,922	11,354,338
Interest expense		
Other borrowed funds	1,665,151	794,876
Current accounts and deposits from customers	1,520,852	1,009,255
Debt securities issued	579,049	-
Deposits and balances from banks	415,598	377,421
Subordinated borrowings	44,814	31,019
	4,225,464	2,212,571
	12,330,458	9,141,767

5 Fee and commission income

	Unaudited six-month period ended 30 June 2014 KZT'000	Unaudited six-month period ended 30 June 2013 KZT'000
Insurance commissions	4,906,554	5,835,525
Contractual penalties from customers	1,146,805	596,208
Fees from retailers	403,024	517,610
Transfer operations	7,800	12,084
Cash withdrawal	1,666	3,401
Other	292,184	163,815
	6,758,033	7,128,643

6 Fee and commission expense

	Unaudited six-month period ended 30 June 2014 KZT'000	Unaudited six-month period ended 30 June 2013 KZT'000
Commissions paid to partners	387,677	476,047
Card processing	25,384	11,582
Commissions paid for Internet services	24,928	-
Deposit insurance fund contributions	17,687	8,311
Settlements	10,840	10,765
Other	16,346	8,818
	482,862	515,523

7 Impairment losses

	Unaudited six-month period ended 30 June 2014 KZT'000	Unaudited six-month period ended 30 June 2013 KZT'000
Cash loans	6,307,271	3,149,338
POS loans*	1,068,487	1,249,625
Credit cards	81,871	2,538
Other assets	14,156	7,002
	7,471,785	4,408,503

*POS loans are loans granted for financing of goods and services at retailers' points-of-sale (POS)

8 General administrative expenses

	Unaudited six-month period ended 30 June 2014 KZT'000	Unaudited six-month period ended 30 June 2013 KZT'000
Employee compensation and payroll related taxes	3,719,204	2,145,141
Occupancy	612,702	303,011
Professional services	587,515	287,702
Depreciation and amortisation	574,964	191,528
Telecommunication and postage	506,594	317,809
Advertising and marketing	416,249	298,872
Taxes other than income tax	393,492	253,713
Information technology	341,793	339,374
Collectors' services	266,749	142,344
Travel expenses	162,667	137,901
Other	302,677	124,468
	7,884,606	4,541,863

9 Income tax expense

	Unaudited six-month period ended 30 June 2014 KZT'000	Unaudited six-month period ended 30 June 2013 KZT'000
Current tax expense		
Current tax expense	752,242	1,515,128
Current tax expense overprovided in prior years	(167,249)	-
	584,993	1,515,128
Deferred tax expense		
Deferred taxation movement due to origination and reversal of temporary differences	220,247	31,228
Total income tax expense	805,240	1,546,356

In 2014 the applicable tax rate for current and deferred tax is 20% (2013: 20%).

9 Income tax expense, continued

Reconciliation of effective tax rate:

	Unaudited six-month period ended 30 June 2014		Unaudited six-month period ended 30 June 2013	
	KZT'000	%	KZT'000	%
Profit before income tax	3,684,979	100.0	6,723,300	100.0
Income tax at the applicable tax rate	736,996	20.0	1,344,660	20.0
Non-deductible costs	235,493	6.4	201,696	3.0
Overprovided in prior periods	(167,249)	(4.5)	-	-
	805,240	21.9	1,546,356	23.0

10 Cash and cash equivalents

	Unaudited 30 June 2014 KZT'000	31 December 2013 KZT'000
Cash on hand	2,357,771	1,693,251
Nostro accounts with the NBRK	1,731,124	2,368,683
Deposits with original maturity less than other 3 months - rated from BBB to BBB+	3,701,458	-
Nostro accounts with other banks - rated A- to A+	2,358,517	4,538,478
- rated from BBB- to BBB	54,255	8,865
- rated from BB- to BB+	72,557	24,118
- rated below B+	9,101	9,720
	10,284,783	8,643,115

As at 30 June 2014 none of cash and cash equivalents were impaired or past due (31 December 2013: nil).

As at 30 June 2014 the Bank had exposure towards one banking counterparty exceeding 10% of the Bank's equity (31 December 2013: one banking counterparty). The gross value of this balance as at 30 June 2014 and 31 December 2013 was KZT 4,431,124 thousand and KZT 4,464,251 thousand, respectively.

11 Loans to customers

	Unaudited 30 June 2014 KZT'000	31 December 2013 KZT'000
Loans to individuals		
Cash loans	79,559,980	78,096,152
POS loans	25,256,800	32,830,465
Credit cards	1,084,094	870,112
Total loans to individuals	105,900,874	111,796,729
Impairment allowance	(13,263,988)	(10,169,800)
Net loans to individuals	92,636,886	101,626,929

11 Loans to customers, continued

Movements in the loan impairment allowance by classes of loans to customers for the six-month period ended 30 June 2014 were as follows:

	Cash loans KZT'000	POS loans KZT'000	Credit cards KZT'000	Total KZT'000
Balance at the beginning of the six-month period	7,748,626	2,380,116	41,058	10,169,800
Net charge	6,307,271	1,068,487	81,871	7,457,629
Loans recovered previously written-off	395,204	242,616	2,907	640,727
Write-offs	(3,583,261)	(1,417,291)	(3,616)	(5,004,168)
Balance at the end of the six-month period	10,867,840	2,273,928	122,220	13,263,988

Movements in the loan impairment allowance by classes of loans to customers for the six-month period ended 30 June 2013 were as follows:

	Cash loans KZT'000	POS loans KZT'000	Credit cards KZT'000	Total KZT'000
Balance at the beginning of the six-month period	2,326,405	1,756,175	2,275	4,084,855
Net charge	3,149,338	1,249,625	2,538	4,401,501
Loans recovered previously written-off	173,859	158,744	1,136	333,739
Write-offs	(846,460)	(937,104)	(1,775)	(1,785,339)
Balance at the end of the six-month period	4,803,142	2,227,440	4,174	7,034,756

(a) Credit quality of loans to customers

The following table provides information on the credit quality of loans to customers as at 30 June 2014:

	Gross loans KZT'000	Impairment allowance KZT'000	Net loans KZT'000	Impairment allowance to gross loans, %
Loans to individuals				
- not overdue	84,837,990	(1,016,500)	83,821,490	1.20
- overdue less than 90 days	8,147,184	(3,536,674)	4,610,510	43.41
- overdue 90-360 days	12,915,700	(8,710,814)	4,204,886	67.44
Total loans to individuals	105,900,874	(13,263,988)	92,636,886	12.52

The following table provides information on the credit quality of the loans to customers as at 31 December 2013:

	Gross loans KZT'000	Impairment allowance KZT'000	Net loans KZT'000	Impairment allowance to gross loans, %
Loans to individuals				
- not overdue	95,015,147	(939,850)	94,075,297	0.99
- overdue less than 90 days	7,475,484	(3,001,493)	4,473,991	40.15
- overdue 90-360 days	9,306,098	(6,228,457)	3,077,641	66.93
Total loans to individuals	111,796,729	(10,169,800)	101,626,929	9.10

11 Loans to customers, continued

(b) Key assumptions and judgments for estimating loan impairment

The Bank estimates loan impairment for loans to individuals based on its past historical loss experience on each type of loan. The significant assumptions used by management in determining the impairment losses for loans to individuals include loss migration rates which are consistent with recent experience and can be estimated based on the historical loss migration pattern for the past six months.

Changes in these estimates could affect the loan impairment provision. For example, to the extent that the net present value of the estimated cash flows differs by plus or minus one percent, the loan impairment allowance on loans to customers as at 30 June 2014 would be KZT 926,369 thousand lower/higher (31 December 2013: KZT 1,016,269 thousand).

(c) Loan collateral

The recoverability of loans is primarily dependent on the creditworthiness of the borrowers. Loans to customers are not secured.

(d) Significant credit exposures

As at 30 June 2014, the Bank had no borrowers whose loan balances exceeded 10% of the Bank's equity (31 December 2013: none).

12 Property, equipment and intangible assets

There were no capitalised borrowing costs related to the acquisition or construction of property and equipment during the six-month periods ended 30 June 2014 and for the year ended 31 December 2013.

	Unaudited	
	30 June 2014	31 December 2013
	KZT'000	KZT'000
Acquisition cost	6,480,810	5,531,731
Accumulated depreciation	(1,392,830)	(1,148,829)
Carrying amount	5,087,980	4,382,902

13 Deposits and balances from banks

	30 June 2014	31 December 2013
	KZT'000	KZT'000
Term deposits	6,364,288	8,033,898
Vostro accounts	119,036	19,810
	6,483,324	8,053,708

As at 30 June 2014 and 31 December 2013 the Bank had one counterparty, whose balances exceeded 10% of the Bank's equity and amounted to KZT 6,070,464 thousand and KZT 8,045,168 thousand, respectively.

14 Current accounts and deposits from customers

	30 June 2014 KZT'000	31 December 2013 KZT'000
Current accounts and demand deposits		
- Retail	10,193,948	11,135,150
- Corporate	1,845,995	1,790,237
	12,039,943	12,925,387
Term deposits		
- Retail	8,724,654	5,892,305
- Corporate	23,350,533	27,744,982
	32,075,187	33,637,287
	44,115,130	46,562,674

As at 30 June 2014 and 31 December 2013, the Bank had two customers, whose balances exceeded 10% of the Bank's equity and amounted to KZT 14,055,489 thousand and KZT 16,605,359 thousand, respectively.

15 Debt securities issued

	Issue date	Maturity	Coupon rate, %	30 June 2014 KZT'000	31 December 2013 KZT'000
Unsecured KZT denominated bonds of the 1 st issue program 1*	December 2013	November 2016	8.5	6,884,292	6,847,999
Unsecured KZT denominated bonds of the 1 st issue program 2*	February 2014	February 2019	9.5	6,830,946	-
				13,715,238	6,847,999

* Quoted on the Kazakhstan Stock Exchange

During the six-month period ended 30 June 2014, the Bank placed unsecured bonds under its 1st issue of the second program with the nominal value of KZT 6,768,502 thousand. The bonds bear a fixed coupon rate of 9.5% per annum paid semiannually and mature in February 2019.

In 2013, the Bank placed unsecured bonds under its 1st issue of the first program with the nominal value of KZT 7,000,000 thousand. The bonds bear a fixed coupon rate of 8.5% per annum paid semiannually and mature in November 2016.

16 Subordinated borrowings and other borrowed funds

(a) Subordinated borrowings

A summary of terms of subordinated borrowings and other borrowed funds as at 30 June 2014 and 31 December 2013 is presented below:

	<u>Issue date</u>	<u>Maturity date</u>	<u>Currency</u>	<u>Weighted-average effective interest rate, %</u>	<u>30 June 2014 KZT'000</u>	<u>31 December 2013 KZT'000</u>
Subordinated borrowings from related party	29/06/2009	30/12/2016	KZT	16.00	<u>640,284</u>	<u>640,171</u>

During the six-month period ended 30 June 2014, weighted-average interest rate increased from 9.64% to 16%.

In case of bankruptcy, the repayment of the subordinated borrowings will be made after repayment in full of all other liabilities of the Bank.

(b) Other borrowed funds

	<u>Issue date</u>	<u>Maturity date</u>	<u>Currency</u>	<u>Weighted-average effective interest rate, %</u>	<u>30 June 2014 KZT'000</u>	<u>31 December 2013 KZT'000</u>
Other borrowed funds						
	various tranches issued in the period of 27/09/2012-	various tranches maturing in the period of 31/07/2014-				
Unsecured loans	16/06/2014	11/06/2015	KZT	14.33	<u>18,853,041</u>	<u>22,901,048</u>

17 Equity

(a) Issued capital

As at 30 June 2014 and 31 December 2013 the authorised share capital comprised 160,240 ordinary shares and issued and outstanding share capital comprised 34,890 ordinary shares. All shares do not have nominal value.

(b) Dividends

In accordance with Kazakhstan legislation the distributable dividend amount is limited to the balance of retained earnings as recorded in the Bank's statutory financial statements prepared in accordance with IFRS. As at 30 June 2014 the Bank has retained earnings, including profit for the current year, of KZT 18,825,154 thousand (31 December 2013: KZT 22,745,415 thousand).

On 13 May 2014 KZT 6,800,000 thousand was declared and distributed as dividends (KZT 194,898.3 per share) in accordance with the decision of the sole shareholder of the Bank.

18 Risk management

Risk management is fundamental to the business of banking and is an essential element of the Bank's operations. The major risks faced by the Bank are those related to market risk, credit risk and liquidity risk.

The following tables show undiscounted cash flows on financial liabilities and credit-related commitments on the basis of their remaining contractual maturity. The total gross outflow disclosed in the tables is the contractual, undiscounted cash flow on the financial liability or commitment. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee can be called.

	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Total gross amount outflow	Carrying amount
As at 30 June 2014							
KZT'000							
Liabilities							
Deposits and balances from banks	2,739,656	2,638,982	1,254,448	-	-	6,633,086	6,483,324
Current accounts and deposits from customers	14,962,247	2,448,934	6,395,684	11,617,472	10,888,886	46,313,223	44,115,130
Debt securities issued	-	-	625,748	627,801	16,894,630	18,148,179	13,715,238
Subordinated borrowings	8,817	17,067	25,600	51,200	844,800	947,484	640,284
Other borrowed funds	-	214,546	7,679,436	12,739,673	-	20,633,655	18,853,041
Other financial liabilities	856,993	755,111	-	-	-	1,612,104	1,612,104
Total liabilities	18,567,713	6,074,640	15,980,916	25,036,146	28,628,316	94,287,731	85,419,121
Credit related commitments	650,537	-	-	-	-	650,537	650,537
As at 31 December 2013							
KZT'000							
Liabilities							
Deposits and balances from banks	19,810	2,485,217	-	6,108,895	-	8,613,922	8,053,708
Current accounts and deposits from customers	17,064,073	4,883,319	8,563,763	10,306,648	7,736,654	48,554,457	46,562,674
Debt securities issued	-	-	297,500	304,111	7,965,277	8,566,888	6,847,999
Subordinated borrowings	5,312	10,283	15,424	30,848	763,392	825,259	640,171
Other borrowed funds	3,441,506	-	10,819,547	4,440,715	6,602,600	25,304,368	22,901,048
Other financial liabilities	694,355	1,429,613	-	-	-	2,123,968	2,123,968
Total liabilities	21,225,056	8,808,432	19,696,234	21,191,217	23,067,923	93,988,862	87,129,568
Credit related commitments	301,063	-	-	-	-	301,063	301,063
Financial guarantees	5,728	-	-	-	-	5,728	5,728

18 Risk management, continued

In accordance with Kazakhstan legislation, depositors can withdraw their term deposits at any time, forfeiting in most of the cases the accrued interest. These deposits are classified in accordance with their stated maturity dates. The breakdown of the carrying amount of such deposits, by each time band, is as follows:

	30 June 2014	31 December 2013
	KZT'000	KZT'000
Demand and less than 1 month	2,602,290	4,135,485
From 1 to 3 months	2,429,923	4,823,392
From 3 to 6 months	6,210,632	8,357,774
From 6 to 12 months	11,322,709	9,696,382
More than 1 year	9,509,633	6,624,254
	32,075,187	33,637,287

19 Capital management

The NBRK sets and monitors capital requirements for the Bank.

The Bank defines as capital items defined by statutory regulation as capital for credit institutions. Under the current capital requirements set by the NBRK the Bank has to maintain: a ratio of tier 1 capital to risk weighted assets, contingent liabilities, operational and market risk and a ratio of total capital to risk weighted assets, contingent liabilities, operational and market risk above the prescribed minimum levels. As at 30 June 2014 and 31 December 2013, this minimum level of tier 1 capital to risk weighted assets, contingent liabilities, operational and market risk was 5% and the minimum level of total capital to risk weighted assets, contingent liabilities, operational and market risk was 10%. During the reporting period the Bank was fully in compliance with the capital regulations described above.

The following table shows the composition of the capital position calculated in accordance with the requirements of the NBRK:

	30 June 2014	31 December 2013
	KZT'000	KZT'000
Tier 1 capital		
Share capital	5,199,503	5,199,503
Retained earnings of prior years	15,945,415	10,435,000
Intangible assets	(362,087)	(256,072)
Total tier 1 capital	20,782,831	15,378,431
Tier 2 capital		
Profit for the period	2,879,739	12,310,415
Subordinated borrowings	384,000	384,000
Total tier 2 capital	3,263,739	12,694,415
Total capital	24,046,570	28,072,846
Total credit risk-weighted assets	101,133,886	85,067,668
Total credit risk-weighted assets and liabilities, including market and operational risk	118,872,829	94,908,228
Total capital expressed as a percentage of credit risk-weighted assets and liabilities, including market and operational risk (total capital ratio)	20.2%	29.6%
Total tier 1 capital expressed as a percentage of credit risk-weighted assets and liabilities, including market and operational risk (tier 1 capital ratio)	17.5%	16.2%

20 Commitments

The Bank has outstanding commitments to extend loans. These commitments take the form of approved loans and credit card limits and overdraft facilities.

	30 June 2014	31 December 2013
	KZT'000	KZT'000
Contracted amount		
Loan and credit line commitments	650,537	301,063
Guarantees and letters of credit	-	5,728
	650,537	306,791

The total outstanding contractual commitments above do not necessarily represent future cash requirements, as these commitments may expire or terminate without being funded.

Neither as at 30 June 2014 nor as at 31 December 2013 had the Bank counterparties whose commitment balances exceeded 10% of the Bank's equity.

21 Operating leases

The Bank leases a number of premises under operating leases. The leases typically run for an initial period of one to five years, with an option to renew the lease after that date. Usually lease agreements are concluded on the terms that allow the Bank to cancel the lease at any time during the lease term. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals.

During the six-month period ended 30 June 2014 KZT 572,957 thousand was recognized as an expense in the statement of profit or loss and other comprehensive income in respect of operating leases (six-month period ended 30 June 2013: KZT 248,804 thousand).

As at 30 June 2014 the Bank reported KZT 21,978 thousand of prepayments included in the balance of other assets serving as security deposits in case of an early termination of lease agreements (31 December 2013: KZT 18,027 thousand).

22 Related party transactions

(a) Control relationships

The Bank's parent company is Home Credit and Finance Bank (Russia). The Bank's ultimate controlling owner is Petr Kellner. Publicly available financial statements are produced by the Bank's parent company.

(b) Transactions with the members of the Board of Directors and the Management Board

Total remuneration included in personnel expenses for the six-month period ended 30 June 2014 and 2013 was as follows:

	Unaudited	Unaudited
	six-month	six-month
	period ended	period ended
	30 June 2014	30 June 2013
	KZT'000	KZT'000
Members of the Board of Directors	94,704	65,710
Members of the Management Board	106,565	113,620
	201,269	179,330

22 Related party transactions, continued

(b) Transactions with the members of the Board of Directors and the Management Board, continued

The outstanding balances and average interest rates as at 30 June 2014 and 31 December 2013 for transactions with the members of the Board of Directors and the Management Board were as follows:

	Unaudited 30 June 2014 KZT'000	Average interest rate, %	31 December 2013 KZT'000	Average interest rate, %
Statement of financial position				
LIABILITIES				
Current accounts and deposits from customers	3,908	2	3,539	2

Total amounts included in profit or loss in relation to transactions with the members of the Board of Directors and the Management Board for periods ended 30 June 2014 and 2013 were as follows:

	Unaudited six-month period ended 30 June 2014 KZT'000	Unaudited six-month period ended 30 June 2013 KZT'000
Statement of profit or loss and other comprehensive income		
Interest expense	10	-
	10	-

(c) Transactions with the parent

As at 30 June 2014 and 31 December 2013 transactions with the parent included in the statement of financial position were as follows:

	30 June 2014 KZT'000	Average interest rate, %	31 December 2013 KZT'000	Average interest rate, %
Statement of financial position				
ASSETS				
Cash and cash equivalents				
-In USD	66	-	55	-
-In EUR	98	-	83	-
-In RUB	43	-	37	-
LIABILITIES				
Deposits and balances from banks				
-In KZT	12,861	-	8,540	-
Other borrowed funds				
-In KZT	6,390,183	14.35	11,150,645	13.93

22 Related party transactions, continued

(c) Transactions with the parent, continued

During the six-month periods ended 30 June 2014 and 2013 transactions with the parent included in the statement of profit or loss and other comprehensive income were as follows:

	Unaudited six-month period ended 30 June 2014 KZT'000	Unaudited six-month period ended 30 June 2013 KZT'000
Statement of profit or loss and other comprehensive income		
Interest expense		
Other borrowed funds	699,429	272,007
	<u>699,429</u>	<u>272,007</u>
Net loss on financial instruments at fair value through profit or loss		
Foreign currency contracts	-	15,168
	<u>-</u>	<u>15,168</u>

(d) Transactions with entities controlled by the ultimate controlling owner

As at 30 June 2014 and 31 December 2013 transactions with entities controlled by the ultimate controlling owner included in the statement of financial position were as follows:

Statement of financial position	30 June 2014 KZT'000	Average interest rate, %	31 December 2013 KZT'000	Average interest rate, %
ASSETS				
Purchase of Property, equipment and intangible assets				
-In KZT	1,225,511	-	970,652	-
LIABILITIES				
Deposits and balances from banks				
-In KZT	6,070,463	13.67	8,045,168	12.88
Current accounts and deposits from customers				
-In KZT	596,493	8.00	578,190	8.00
Subordinated borrowings				
-In KZT	640,284	16.00	640,171	9.64
Other borrowed funds				
-In KZT	12,462,858	16.71	11,750,403	16.51
Other financial liabilities				
-In KZT	166,053	-	92,678	-

22 Related party transactions, continued

(d) Transactions with entities controlled by the ultimate controlling owner, continued

During the six-month period ended 30 June 2014 and 2013 transactions with entities controlled by the ultimate controlling owner included in the statement of profit or loss and other comprehensive income were as follows:

	Unaudited six-month period ended 30 June 2014 KZT'000	Unaudited six-month period ended 30 June 2013 KZT'000
Statement of profit or loss and other comprehensive income		
Interest expense		
Deposits and balances from banks	415,598	377,421
Current accounts and deposits from customers	23,195	21,845
Subordinated borrowings	44,814	31,019
Other borrowed funds	965,722	435,448
	1,449,329	865,733
Net loss on financial instruments at fair value through profit or loss		
Foreign currency contracts	-	25,546
	-	25,546
General administrative expenses		
General administrative expenses	692,923	412,148
	692,923	412,148

23 Financial assets and liabilities: fair values and accounting classifications

(a) Accounting classifications and fair values

The estimates of fair value are intended to approximate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. However given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realizable in an immediate sale of the assets or settlement of liabilities.

The estimated fair values of all financial assets and liabilities are calculated using discounted cash flow techniques based on estimated future cash flows and discount rates for similar instruments at the reporting date.

As at 30 June 2014 and 31 December 2013 estimated fair values of all financial instruments approximate their carrying values as majority of loans to customers, subordinated borrowings, other borrowed funds and debt securities are issued at market conditions.

(b) Fair value hierarchy

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: inputs other than quotes prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

23 Financial assets and liabilities: fair values and accounting classifications, continued

(b) Fair value hierarchy, continued

- Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

As at 30 June 2014 and 31 December 2013 the carrying value of the Bank's financial instruments approximated their fair value; accordingly, no disclosure of fair value hierarchy is presented.

24 Analysis by segment

The Bank's operations are highly integrated and constitute a single business segment for the purposes of IFRS 8 *Segment Reporting*. The Bank's assets are concentrated in the Republic of Kazakhstan, and the Bank's revenues are derived from operations in, and connected with, the Republic of Kazakhstan. The Chief Operating Decision Maker, in the case of the Bank, the Chairman, only receives and reviews the information on the Bank as a whole.

25 Book value per share

The calculation of book value per share as at 30 June 2014 is based on number of outstanding ordinary shares of 34,890 (31 December 2013: 34,890) and net assets calculated in accordance with the Listing rules of Kazakhstani Stock Exchange as follows:

	<u>30 June 2014</u> KZT'000	<u>31 December 2013</u> KZT'000
Total assets	110,391,276	116,054,051
Intangible assets	(1,836,385)	(1,462,581)
Total liabilities	<u>(86,366,619)</u>	<u>(88,109,133)</u>
Net assets	<u>22,188,272</u>	<u>26,482,337</u>

The following table shows the book value per share calculations as at 30 June 2014 and 31 December 2013:

	<u>30 June 2014</u>	<u>31 December 2013</u>
Net assets, KZT'000	22,188,272	26,482,337
Outstanding number of ordinary shares at the end of the period, share	<u>34,890</u>	<u>34,890</u>
Book value per share, in KZT	<u>635,949</u>	<u>759,024</u>

26 Earnings per share

The calculation of basic earnings per share as at 30 June 2014 is based on the net profit for the six-month period attributable to ordinary shareholders and weighted average number of ordinary shares outstanding calculated as follows:

	<u>Unaudited</u> <u>six-month</u> <u>period ended</u> <u>30 June 2014</u>	<u>Unaudited</u> <u>six-month</u> <u>period ended</u> <u>30 June 2013</u>
Net profit attributable to ordinary shareholders, KZT'000	2,879,739	5,176,944
Weighted average number of ordinary shares, share	<u>34,890</u>	<u>34,890</u>
Earnings per share, in KZT	<u>82,538</u>	<u>148,379</u>

There are no potentially dilutive shares for the six-month periods ended 30 June 2014 or 30 June 2013.