

SB JSC Bank Home Credit

Unaudited Interim Condensed
Financial Statements
for the six-month period
ended 30 June 2013

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Independent Auditors' Report on Review of Interim Condensed Financial Information

To the Board of Directors of SB JSC Bank Home Credit

Introduction

We have reviewed the accompanying interim condensed statement of financial position of SB JSC Bank Home Credit (the "Bank") as at 30 June 2013, and the related interim condensed 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 interim condensed financial information (the "interim condensed financial information"). Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed 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 interim condensed 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 interim condensed financial information as at 30 June 2013 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

KPMG Audit LLC


9 August 2013



SB JSC Bank Home Credit
Interim Condensed Statement of Profit or Loss and Other Comprehensive Income for the six-month
period ended 30 June 2013

	Note	Unaudited Six-month period ended 30 June 2013 KZT'000	Unaudited Six-month period ended 30 June 2012 KZT'000
Interest income	4	11,354,338	6,658,066
Interest expense	4	(2,212,571)	(999,240)
Net interest income		9,141,767	5,658,826
Fee and commission income	5	7,128,643	4,446,547
Fee and commission expense	6	(515,523)	(337,414)
Net fee and commission income		6,613,120	4,109,133
Net (loss)/gain on financial instruments at fair value through profit or loss		(52,154)	16,855
Foreign exchange loss	7	(78,804)	(42,390)
Other operating income		49,737	3,963
Operating income		15,673,666	9,746,387
Net impairment losses	8	(4,408,503)	(1,118,109)
General administrative expenses	9	(4,541,863)	(2,841,812)
Profit before income tax		6,723,300	5,786,466
Income tax expense	10	(1,546,356)	(1,381,982)
Profit and total comprehensive income for the period		5,176,944	4,404,484

The interim condensed financial statements as set out on pages 4 to 40 were approved by management on 9 August 2013 and were signed on its behalf by:


 Narine Nadirova
 Deputy Chairwoman of the Board




 Zhanat Suleimenova
 Chief Accountant

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

SB JSC Bank Home Credit
Interim Condensed Statement of Financial Position as at 30 June 2013

	Note	Unaudited 30 June 2013 KZT'000	31 December 2012 KZT'000
ASSETS			
Cash and cash equivalents	11	7,724,587	6,940,542
Mandatory reserve with the National Bank of the Republic of Kazakhstan	11	1,303,378	1,659,002
Loans and advances to banks		2,156	1,411
Financial instruments at fair value through profit or loss	12	-	177,450
Loans to customers	13	79,526,886	66,859,261
Property, equipment and intangible assets	14	1,386,702	1,052,822
Other assets	15	2,108,459	2,373,973
Total assets		92,052,168	79,064,461
LIABILITIES			
Financial instruments at fair value through profit or loss	12	40,714	44,860
Deposits and balances from banks	16	6,129,460	7,757,859
Current accounts and deposits from customers	17	39,059,525	28,557,550
Subordinated borrowings	18	640,514	640,686
Other borrowed funds	18	16,225,074	16,414,512
Current tax liability		126,703	20,690
Deferred tax liability	10	114,206	82,978
Other liabilities	19	2,237,858	3,244,156
Total liabilities		64,574,054	56,763,291
EQUITY			
Share capital	20	5,199,503	5,199,503
Statutory reserve capital	20	17,016,209	7,347,876
Retained earnings		5,262,402	9,753,791
Total equity		27,478,114	22,301,170
Total liabilities and equity		92,052,168	79,064,461

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

	Unaudited Six-month period ended 30 June 2013 KZT'000	Unaudited Six-month period ended 30 June 2012 KZT'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest receipts	10,717,371	6,355,137
Interest payments	(1,829,764)	(916,344)
Fee and commission receipts	7,585,331	4,441,130
Fee and commission payments	(513,914)	(334,224)
Net (payments)/receipts from financial instruments at fair value through profit or loss	(39,364)	248,746
Net (payments)/ receipts from foreign exchange transactions	(41,104)	2,490
Other income receipts	49,737	3,963
General administrative expenses	(4,573,915)	(2,955,813)
(Increase)/decrease in operating assets		
Financial instruments at fair value through profit or loss	178,930	(24,640)
Mandatory reserve with the National Bank of the Republic of Kazakhstan	355,624	(347,356)
Loans and advances to banks	(745)	-
Loans to customers	(16,432,159)	(12,183,960)
Other assets	27,139	(61,090)
Increase/(decrease) in operating liabilities		
Financial instruments at fair value through profit or loss	(18,416)	(75,975)
Deposits and balances from banks	(1,743,712)	47,654
Current accounts and deposits from customers	10,234,421	10,429,034
Other liabilities	(968,327)	4,967
Net cash flow from operating activities before income tax paid	2,987,133	4,633,719
Income tax paid	(1,409,115)	(945,598)
Cash flows from operations	1,578,018	3,688,121
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, equipment and intangible assets	(581,837)	(170,811)
Sales of property and equipment	15,114	2,685
Cash flows used in investing activities	(566,723)	(168,126)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of subordinated borrowings	-	(1,560,000)
Receipts of other borrowed funds	6,576,807	5,218,500
Repayment of other borrowed funds	(6,826,448)	-
Cash flows (used in)/from financing activities	(249,641)	3,658,500
Net increase in cash and cash equivalents	761,654	7,178,495
Effect of changes in exchange rates on cash and cash equivalents	22,391	(191,181)
Cash and cash equivalents as at the beginning of the period	6,940,542	4,016,543
Cash and cash equivalents as at the end of the period (Note 11)	7,724,587	11,003,857

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

SB JSC Bank Home Credit
Interim Condensed Statement of Changes in Equity for the six-month period ended 30 June 2013

KZT'000	Share capital	Statutory reserve capital	Retained earnings	Total equity
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 the interim six-month period (unaudited)	-	-	5,176,944	5,176,944
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
Balance as at 1 January 2012	5,199,503	1,301,976	6,131,358	12,632,837
Profit and total comprehensive income for the the interim six-month period (unaudited)	-	-	4,404,484	4,404,484
Transfer to statutory reserve capital (unaudited)	-	6,045,900	(6,045,900)	-
Balance as at 30 June 2012 (unaudited)	5,199,503	7,347,876	4,489,942	17,037,321

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

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. On 4 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) on 4 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 Committee for the Control and Supervision of the Financial Markets and Organisations of the National Bank of the Republic of Kazakhstan (“the Committee”). 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. The Bank has 10 branches.

As at 30 June 2013 the Bank was 100% owned by Home Credit and Finance Bank incorporated in the Russian Federation. As at 31 December 2012 the Bank was owned by Richard Benysek (90.01%) and Home Credit B.V. (9.99%). In January 2013 Home Credit and Finance Bank exercised a call option enabling it to purchase 90.01% ownership stake from Richard Benysek and purchased 9.99% ownership stake from Home Credit B.V. thus becoming a single shareholder of the Bank. 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 interim condensed 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 interim condensed financial statements are prepared in accordance with International Accounting Standard 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 2012, as these interim condensed financial statements provide an update of previously reported financial information.

(b) Basis of measurement

The interim condensed 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 interim condensed financial statements. Financial information presented in KZT is rounded to the nearest thousand.

(d) Use of estimates and judgments

The preparation of interim condensed 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 interim condensed 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 2012.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies in respect of financial instruments at fair value through profit or loss and loan impairment is further described in Note 12 and 13, respectively.

3 Significant accounting policies

Except as described below, in preparing these interim condensed financial statements the Bank applied the same accounting policies as those applied in the annual financial statements of the Bank for the year ended 31 December 2012.

(a) Comparative information

Prior period reclassification

During the preparation of the Bank's interim condensed financial statements for the six-month period ended 30 June 2013, management made certain reclassifications affecting the six-month period ended 30 June 2012 corresponding figures to conform to the presentation of the interim condensed financial statements for the six-month period ended 30 June 2013.

Management believes that this presentation is more appropriate presentation in accordance with IFRS. The effect of reclassifications on the corresponding figures can be summarised as follows:

KZT'000	Unaudited As reclassified	Unaudited Effect of reclassifications	Unaudited As previously reported
Interim statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2012			
Fee and commission expense	(337,414)	94,975	(432,389)
General administrative expenses	(2,841,812)	(94,975)	(2,746,837)

3 Significant accounting policies, continued

(a) Comparative information, continued

Prior period reclassification, continued

KZT'000	Unaudited As reclassified	Unaudited Effect of reclassifications	Unaudited As previously reported
Interim statement of cash flows for the six-month period ended 30 June 2012			
Fee and commission payments	(334,224)	94,975	(429,199)
General administrative expenses	(2,955,813)	(94,975)	(2,860,838)

In the interim statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2012, amounts of KZT 94,975 thousand reclassified from fee and commission expense to general administrative expenses represent commission paid to collectors. Management considers that the presentation of these amounts within fee and commission expense and general administrative expenses more appropriately reflects the substance of the underlying transactions.

The above reclassifications do not impact the net results for the six-month period or equity.

(b) Changes in accounting policies

New standards and improvements to IFRS which apply for the first time in 2013 do not have a significant impact on these interim condensed financial statements. The nature and impact of each new standard and improvement is described below.

- Amendments to IFRS 7 *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities* contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting arrangements or similar agreements. The amendments are effective for annual periods beginning on or after 1 January 2013, and are applied retrospectively.
- IFRS 13 *Fair Value Measurement* is 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 is effective for annual periods beginning on or after 1 July 2012.
- 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, came into effect on 1 January 2013.

4 Net interest income

	Unaudited Six-month period ended 30 June 2013 KZT'000	Unaudited Six-month period ended 30 June 2012 KZT'000
Interest income		
Loans to customers	11,354,144	6,658,030
Cash and cash equivalents	194	36
	11,354,338	6,658,066
Interest expense		
Current accounts and deposits from customers	1,009,255	576,008
Deposits and balances from banks	377,421	64,777
Subordinated borrowings	31,019	97,193
Other borrowed funds	794,876	261,262
	2,212,571	999,240
	9,141,767	5,658,826

Included within various line items under interest income for the six-month period ended 30 June 2013 is a total of KZT 975,465 thousand (six-month period ended 30 June 2012: KZT 189,703 thousand) accrued on impaired or overdue loans to customers.

5 Fee and commission income

	Unaudited Six-month period ended 30 June 2013 KZT'000	Unaudited Six-month period ended 30 June 2012 KZT'000
Insurance agent commissions	5,835,525	3,430,091
Contractual penalties from customers	596,208	283,866
Fees from retailers	517,610	599,562
Transfer operations	12,084	23,629
Cash withdrawal	3,401	22,160
Other	163,815	87,239
	7,128,643	4,446,547

6 Fee and commission expense

	Unaudited Six-month period ended 30 June 2013 KZT'000	Unaudited Six-month period ended 30 June 2012 KZT'000
Commissions paid to partners	476,047	308,314
Card processing	11,582	9,228
Settlement	10,765	8,217
Deposit insurance fund contributions	8,311	3,600
Other	8,818	8,055
	515,523	337,414

7 Foreign exchange loss

	Unaudited Six-month period ended 30 June 2013 KZT'000	Unaudited Six-month period ended 30 June 2012 KZT'000
Trading (loss)/gain	(1,576)	10,904
Foreign currency loss	(77,228)	(53,294)
	(78,804)	(42,390)

8 Impairment losses

	Unaudited Six-month period ended 30 June 2013 KZT'000	Unaudited Six-month period ended 30 June 2012 KZT'000
Loans to customers	4,401,501	1,117,870
Other assets	7,002	239
	4,408,503	1,118,109

9 General administrative expenses

	Unaudited Six-month period ended 30 June 2013 KZT'000	Unaudited Six-month period ended 30 June 2012 KZT'000
Employee compensation and payroll related taxes	2,145,141	1,450,169
Information technology	339,374	262,879
Telecommunication and postage	317,809	179,073
Occupancy	303,011	138,541
Advertising and marketing	298,872	149,580
Professional services	287,702	141,200
Tax other than on income	253,713	128,988
Depreciation and amortisation	191,528	138,382
Collector services	142,344	84,790
Travel expenses	137,901	96,907
Other	124,468	71,303
	4,541,863	2,841,812

10 Income tax expense

	Unaudited Six-month period ended 30 June 2013 KZT'000	Unaudited Six-month period ended 30 June 2012 KZT'000
Current tax expense		
Current six-month period tax expense	1,515,128	1,312,543
Current tax expense under provided in prior periods	-	50,111
	1,515,128	1,362,654
Deferred tax expense		
Deferred taxation movement due to origination and reversal of temporary differences	31,228	19,328
Total income tax expense	1,546,356	1,381,982

In 2013, the applicable tax rate for current and deferred tax is 20% (2012: 20%).

Reconciliation of effective tax rate:

	Unaudited Six-month period ended 30 June 2013 KZT'000	%	Unaudited Six-month period ended 30 June 2012 KZT'000	%
Profit before income tax	6,723,300	100	5,786,466	100
Income tax at the applicable tax rate	1,344,660	20	1,157,293	20
Non-deductible costs	201,696	3	174,578	3
Under provided in prior periods	-	-	50,111	1
	1,546,356	23	1,381,982	24

Deferred tax asset and liability

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to net deferred tax liabilities as at 30 June 2013 and 31 December 2012. These deferred tax liabilities are recognised in these interim condensed financial statements.

Movements in temporary differences during the six-month periods ended 30 June 2013 and 2012 are presented as follows:

KZT'000	Balance 1 January 2013	Unaudited Recognised in profit or loss	Unaudited Balance 30 June 2013
Property, equipment and intangible assets	(23,234)	12,909	(10,325)
Other assets	(102,296)	(52,998)	(155,294)
Other liabilities	42,552	8,861	51,413
	(82,978)	(31,228)	(114,206)

10 Income tax expense, continued

Deferred tax asset and liability

KZT'000	Balance 1 January 2012	Unaudited Recognised in profit or loss	Unaudited Balance 30 June 2012
Property, equipment and intangible assets	(24,097)	3,961	(20,136)
Other assets	(46,452)	(16,953)	(63,405)
Other liabilities	17,698	(6,336)	11,362
	(52,851)	(19,328)	(72,179)

11 Cash and cash equivalents

	Unaudited 30 June 2013 KZT'000	31 December 2012 KZT'000
Cash on hand	1,221,240	427,363
Nostro accounts with the National Bank of the Republic of Kazakhstan	7,514,173	7,910,651
Nostro accounts with other banks		
- rated A- to A+	182,439	216,769
- rated BBB	3,533	24,123
- rated BBB-	1,231	7,593
- rated from BB- to BB+	94,846	1,726
- rated below B+	10,503	9,359
- not rated	-	1,960
Mandatory reserve requirements with the National Bank of the Republic of Kazakhstan	(1,303,378)	(1,659,002)
	7,724,587	6,940,542

Under Kazakhstan legislation, the Bank is required to maintain certain obligatory reserves, which are computed as a percentage of certain liabilities of the Bank. The mandatory reserve requirement with the National Bank of the Republic of Kazakhstan is not considered to be a cash equivalent for the cash statement because its withdrawals are restricted.

As at 30 June 2013 none of cash and cash equivalents are impaired or past due (30 June 2012: nil).

As at 30 June 2013 and 31 December 2012 the Bank had exposure towards one banking counterparty exceeding 10% of Bank's equity. The gross value of this balance as at 30 June 2013 and 31 December 2012 was KZT 7,514,173 thousand and KZT 7,910,651 thousand, respectively.

12 Financial instruments at fair value through profit or loss

	Unaudited 30 June 2013 KZT'000	31 December 2012 KZT'000
Held by the Bank		
ASSETS		
Derivative financial instruments		
Foreign currency contracts	-	177,450
	-	177,450
LIABILITIES		
Derivative financial instruments		
Foreign currency contracts	40,714	44,860
	40,714	44,860

The table below summarises, by major currencies, the contractual amounts of swap contracts outstanding at 30 June 2013 and 31 December 2012 with details of the contractual exchange rates and remaining periods to maturity. Foreign currency amounts presented below are translated at rates ruling at the reporting date. The resultant unrealised gains and losses on these unmatured contracts, along with the amounts payable and receivable on the matured but unsettled contracts, are recognised in profit or loss and in financial instruments at fair value through profit or loss, as appropriate.

	Notional amount		Weighted average contractual exchange rates	
	Unaudited 30 June 2013 KZT'000	31 December 2012 KZT'000	Unaudited 30 June 2013 KZT'000	31 December 2012 KZT'000
Buy EUR sell KZT				
Less than 3 months	-	2,838,750	-	189.25
Buy USD sell KZT				
Less than 3 months	7,357,380	4,123,130	153.28	152.71

13 Loans to customers

	Unaudited 30 June 2013 KZT'000	31 December 2012 KZT'000
Loans to individuals		
Cash loans	57,022,848	38,776,612
POS loans*	29,435,802	32,132,030
Credit cards	102,992	35,474
Total loans to individuals	86,561,642	70,944,116
Impairment allowance	(7,034,756)	(4,084,855)
Net loans to individuals	79,526,886	66,859,261

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

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 2013 are as follows:

	Unaudited Cash loans KZT'000	Unaudited POS loans KZT'000	Unaudited Credit cards KZT'000	Unaudited 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

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

	Unaudited Cash loans KZT'000	Unaudited POS loans KZT'000	Unaudited Credit cards KZT'000	Unaudited Total KZT'000
Balance at the beginning of the six-month period	530,075	704,554	34,260	1,268,889
Net charge/(reversal)	550,245	601,885	(34,260)	1,117,870
Loans recovered previously written-off	142,848	119,909	-	262,757
Write-offs	(182,578)	(255,674)	-	(438,252)
Balance at the end of the six-month period	1,040,590	1,170,674	-	2,211,264

(a) Credit quality of loans to customers

The following table provides information on the credit quality of loans to customers as at 30 June 2013:

	Unaudited Gross loans KZT'000	Unaudited Impairment allowance KZT'000	Unaudited Net loans KZT'000	Unaudited Impairment allowance to gross loans, %
Loans to individuals				
- not overdue	74,303,437	(576,005)	73,727,432	0.78
- overdue less than 90 days	6,179,291	(2,419,197)	3,760,094	39.15
- overdue 90-360 days	6,077,214	(4,037,854)	2,039,360	66.44
- overdue more than 360 days	1,700	(1,700)	-	100.00
Total loans to individuals	86,561,642	(7,034,756)	79,526,886	8.13

13 Loans to customers, continued

(a) Credit quality of loans to customers, continued

The following table provides information on the credit quality of the loans to customers as at 31 December 2012:

	Gross loans	Impairment allowance	Net loans	Impairment allowance to gross loans,
	KZT'000	KZT'000	KZT'000	%
Loans to individuals				
- not overdue	63,112,729	(365,855)	62,746,874	0.58
- overdue less than 90 days	4,319,132	(1,435,742)	2,883,390	33.24
- overdue 90-360 days	3,507,788	(2,280,138)	1,227,650	65.00
- overdue more than 360 days	4,467	(3,120)	1,347	69.85
Total loans to individuals	70,944,116	(4,084,855)	66,859,261	5.76

(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 twelve 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 2013 would be KZT 795,269 thousand lower/higher (31 December 2012: KZT 668,593 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

Neither as at 30 June 2013 nor as at 31 December 2012 the Bank had borrowers whose loan balances exceeded 10% of Bank's equity.

(e) Loan maturities

The maturity of the loan portfolio is presented in Note 21(d), which shows the remaining period from the reporting date to the contractual maturity of the loans.

14 Property, equipment and intangible assets

KZT'000	Computers	Vehicles	Leasehold improvements	Other tangible assets	Intangible assets	Total
<i>Cost</i>						
Balance at 1 January 2013	610,700	107,890	120,381	423,049	495,478	1,757,498
Additions (unaudited)	174,141	29,593	142,885	173,812	8,866	529,297
Disposals (unaudited)	(16,664)	(6,657)	(3,189)	(1,910)	-	(28,420)
Balance at 30 June 2013 (unaudited)	768,177	130,826	260,077	594,951	504,344	2,258,375
<i>Depreciation and amortisation</i>						
Balance at 1 January 2013	(307,950)	(22,876)	(54,974)	(198,505)	(120,371)	(704,676)
Depreciation and amortisation for the six-month period (unaudited)	(89,246)	(8,440)	(9,906)	(46,296)	(37,640)	(191,528)
Disposals (unaudited)	16,661	6,164	-	1,706	-	24,531
Balance at 30 June 2013 (unaudited)	(380,535)	(25,152)	(64,880)	(243,095)	(158,011)	(871,673)
<i>Carrying amount</i>						
At 30 June 2013 (unaudited)	387,642	105,674	195,197	351,856	346,333	1,386,702
At 1 January 2013	302,750	85,014	65,407	224,544	375,107	1,052,822
<i>Cost</i>						
Balance at 1 January 2012	423,435	67,969	120,357	273,181	323,982	1,208,924
Additions (unaudited)	79,364	25,331	-	35,318	28,215	168,228
Disposals (unaudited)	(5,623)	(9,400)	-	(8,467)	-	(23,490)
Balance at 30 June 2012 (unaudited)	497,176	83,900	120,357	300,032	352,197	1,353,662
<i>Depreciation and amortisation</i>						
Balance at 1 January 2012	(189,769)	(14,426)	(43,069)	(144,167)	(66,197)	(457,628)
Depreciation and amortisation for the six-month period (unaudited)	(63,558)	(10,559)	(5,951)	(32,371)	(25,943)	(138,382)
Disposals (unaudited)	5,623	7,315	-	7,867	-	20,805
Balance at 30 June 2012 (unaudited)	(247,704)	(17,670)	(49,020)	(168,671)	(92,140)	(575,205)
<i>Carrying amounts</i>						
At 30 June 2012 (unaudited)	249,472	66,230	71,337	131,361	260,057	778,457
At 1 January 2012	233,666	53,543	77,288	129,014	257,785	751,296

15 Other assets

	Unaudited 30 June 2013 KZT'000	31 December 2012 KZT'000
Other receivables	610,228	1,014,372
Total other financial assets	610,228	1,014,372
Prepayments	1,067,442	1,054,037
Prepayment of taxes other than income tax	190,747	61,149
Materials	139,764	143,306
Receivables from employees	19,268	15,746
Other	88,161	85,512
Impairment allowance	(7,151)	(149)
Total other non-financial assets	1,498,231	1,359,601
Total other assets	2,108,459	2,373,973

As at 30 June 2013 and 31 December 2012 other receivables were represented by receivables from retailers fees. Prepayments were mainly represented by deferred IT expenses.

Analysis of movements in the impairment allowance

Movements in the impairment allowance for the six-month period ended 30 June are as follows:

	Unaudited 30 June 2013 KZT'000	Unaudited 30 June 2012 KZT'000
Balance at the beginning of the period	149	-
Net charge	7,002	239
Balance at the end of the period	7,151	239

As at 30 June 2013 the Bank had overdue receivables of KZT 25,505 thousand (31 December 2012: nil) included in other assets.

Neither as at 30 June 2013 nor as at 31 December 2012 the Bank had exposures towards debtors exceeding 10% of the Bank's equity.

16 Deposits and balances from banks

	Unaudited 30 June 2013 KZT'000	31 December 2012 KZT'000
Vostro accounts	156,327	107,083
Term deposits	5,973,133	7,650,776
	6,129,460	7,757,859

As at 30 June 2013 the Bank had one counterparty (31 December 2012: one counterparty), whose balances exceeded 10% of the Bank's equity. As at 30 June 2013 these balances totalled KZT 6,109,460 thousand (31 December 2012: KZT 7,757,859 thousand).

17 Current accounts and deposits from customers

	Unaudited 30 June 2013 KZT'000	31 December 2012 KZT'000
Current accounts and demand deposits		
- Retail	8,705,626	6,407,903
- Corporate	3,512,999	3,807,988
Term deposits		
- Retail	3,012,363	2,405,604
- Corporate	23,828,537	15,936,055
	39,059,525	28,557,550

As at 30 June 2013, the Bank had three customers (31 December 2012: one customer), whose balances exceeded 10% of the Bank's equity. As at 30 June 2013 these balances totalled KZT 18,783,437 thousand (31 December 2012: KZT 8,047,562 thousand).

18 Subordinated borrowings and other borrowed funds

A summary of terms of subordinated borrowings and other borrowed funds as at 30 June 2013 and 31 December 2012 is presented below:

	Issue date	Maturity date	Currency	Weighted- average effective interest rate	Unaudited 30 June 2013 KZT'000	31 December 2012 KZT'000
Subordinated borrowings from shareholders	29/06/2009	30/12/2016	KZT	9.64%	640,514	640,686
Other borrowed funds						
Unsecured loans	various tranches issued in the period of 16/04/2012-13/06/2013	various tranches matured in the period of 16/10/2013-31/10/2014	KZT	12.07%	13,147,592	8,051,010
Unsecured loans	27/07/2012	17/09/2013	USD	6.98%	3,077,482	5,287,208
Unsecured loans	12/06/2012	12/06/2013	EUR	5.10%	-	3,076,294
					16,225,074	16,414,512

Subordinated borrowings

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

19 Other liabilities

	Unaudited 30 June 2013 KZT'000	31 December 2012 KZT'000
Payables to partners	1,155,789	2,210,380
Payables for services	518,169	385,596
Total other financial liabilities	1,673,958	2,595,976
Payables to employees	304,819	443,021
Taxes payable other than income tax	231,573	145,682
Vacation reserve	26,747	58,720
Other non-financial liabilities	761	757
Total other non-financial liabilities	563,900	648,180
Total other liabilities	2,237,858	3,244,156

Payables to partners represent the Bank's liabilities to organisations which either sell the goods on bank credit or deliver financial means to the Bank's customers.

20 Share capital

(a) Issued capital

As at 30 June 2013 and 31 December 2013 the authorised share capital comprised 160,240 ordinary shares and issued and outstanding share capital comprised 34,890 ordinary shares.

(b) Dividends

In accordance with Kazakhstan legislation the distributable reserves are 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 2013 the Bank had retained earnings, including profit for the current six-month period, of KZT 5,262,402 thousand (31 December 2012: KZT 9,753,791 thousand).

No dividends were declared for the six-month period ended 30 June 2013 (2012: nil).

(c) Statutory reserve capital

In accordance with Resolution #196 On Establishment of Minimum Limit on Reserve Capital of Second-Tier Banks issued by the Committee on 28 August 2009, the Bank should establish reserve capital by transferring an amount from retained earnings to a non-distributable reserve. The amount to be transferred each year is calculated as the net profit for the preceding year before distribution of dividends attributable to ordinary shareholders, multiplied by the percentage increase in classified assets and contingent liabilities (as defined in the Resolution #296 On Approval of the Rules of Classification of Assets, Contingent Liabilities and Creation of Provisions (Reserves) against Assets and Contingent Liabilities issued by the Committee on 25 December 2006) during the preceding year. Such percentage increase should be not less than 10% and not more than 100%.

During the six-month period ended 30 June 2013, the shareholders approved to transfer KZT 9,668,333 thousand from retained earnings to this statutory reserve capital (six-month period ended 30 June 2012: KZT 6,045,900 thousand, unaudited).

The statutory reserve capital is non-distributable.

20 Share capital, continued

(c) Statutory reserve capital, continued

Recently, in line with amendments to the Law On Banks and Banking Activity in the Republic of Kazakhstan, the National Bank has circulated draft Resolution On Approval of the Rules of Formation of Dynamic Reserve by Second-tier Banks and Establishment of Minimum Size of Dynamic Reserve and Expected Losses which annuls Resolution #196 and establishes requirement to form minimum dynamic reserve. Resolution will become effective as at 1 January 2013 provided it is registered in the Ministry of Justice.

21 Risk management

Management of risk 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.

(a) Risk management policies and procedures

The Bank's risk management policies aim to identify, analyse and manage the risks faced by the Bank, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, products and services offered and emerging best practice.

The Board of Directors of the Bank has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies and procedures as well as approving significantly large exposures.

The Management Board of the Bank is responsible for monitoring and implementation of risk mitigation measures and making sure that the Bank operates within the established risk parameters. The Head of the Risk Department of the Bank is responsible for the overall risk management, ensuring together with the Head of Legal and Head of Compliance, the implementation of common principles and methods for identifying, measuring, managing and reporting both financial and non-financial risks. The Head of the Risk Department reports directly to the Chairman of the Management Board and indirectly to the Board of Directors.

Credit, market and liquidity risks both at the portfolio and transactional levels are managed and controlled through a system of Credit Committees and an Asset and Liability Management Committee (ALCO).

Both external and internal risk factors are identified and managed throughout the organisation. Particular attention is given to identifying the full range of risk factors and determination of the level of assurance over the current risk mitigation procedures. Apart from the standard credit and market risk analysis, the Risk Department monitors financial and non-financial risks by holding regular meetings with operational units in order to obtain expert judgments in their areas of expertise.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and other price risks. Market risk arises from open positions in interest rate, currency and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimizing the return on risk.

Overall authority for market risk is vested in the ALCO, which is chaired by the President. Market risk limits are approved by ALCO based on recommendations of the Risk Department.

21 Risk management, continued

(b) Market risk, continued

The Bank manages its market risk by setting open position limits in relation to financial instruments, interest rate maturity and currency positions and stop-loss limits. These are monitored on a regular basis and reviewed and approved by the Management Board.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Bank is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may also reduce or create losses in the event that unexpected movements occur.

Interest rate gap analysis

Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. ALCO is the monitoring body for compliance with these limits and is assisted by Treasury in its day-to-day monitoring activities. A summary of the interest gap position for major interest-bearing financial instruments is as follows:

KZT'000	Unaudited Less than 3 months	Unaudited 3-6 months	Unaudited 6-12 months	Unaudited 1-5 years	Unaudited Carrying amount
30 June 2013					
Interest-earning financial assets					
Loans to customers	9,332,134	8,624,113	20,218,650	41,351,989	79,526,886
	9,332,134	8,624,113	20,218,650	41,351,989	79,526,886
Interest-bearing financial liabilities					
Deposits and balances from banks	2,472,160	1,182,775	2,318,198	-	5,973,133
Term deposits from customers	5,546,834	1,788,850	12,049,418	7,455,798	26,840,900
Subordinated borrowings	640,514	-	-	-	640,514
Other borrowed funds	3,077,482	9,104,495	-	4,043,097	16,225,074
	11,736,990	12,076,120	14,367,616	11,498,895	49,679,621
Net position as at 30 June 2013	(2,404,856)	(3,452,007)	5,851,034	29,853,094	29,847,265

21 Risk management, continued

(b) Market risk, continued

(i) Interest rate risk, continued

Interest rate gap analysis, continued

KZT'000	Less than 3 months	3-6 months	6-12 months	1-5 years	Carrying amount
31 December 2012					
Interest-earning financial assets					
Loans to customers	7,096,846	6,858,310	21,200,428	31,703,677	66,859,261
	7,096,846	6,858,310	21,200,428	31,703,677	66,859,261
Interest-bearing financial liabilities					
Deposits and balances from banks	3,887,931	318,750	3,444,095	-	7,650,776
Term deposits from customers	4,897,711	7,591,929	4,284,673	1,567,346	18,341,659
Subordinated borrowings	640,686	-	-	-	640,686
Other borrowed funds	1,559,692	7,613,402	7,241,418	-	16,414,512
	10,986,020	15,524,081	14,970,186	1,567,346	43,047,633
Net position as at 31 December 2012	(3,889,174)	(8,665,771)	6,230,242	30,136,331	23,811,628

Interest rate sensitivity analysis

The management of interest rate risk based on interest rate gap analysis is supplemented by monitoring the sensitivity of financial assets and liabilities. An analysis of sensitivity of profit or loss and equity (net of taxes) to changes in interest rates (repricing risk) based on a simplified scenario of a 100 basis point (bp) symmetrical fall or rise in all yield curves and positions of interest-bearing assets and liabilities existing as at 30 June 2013 and 2012 is as follows:

	Unaudited Six-month period ended 30 June 2013 KZT'000	2012 KZT'000
100 bp parallel fall	22,392	58,093
100 bp parallel rise	(22,392)	(58,093)

(ii) Currency risk

The Bank has assets and liabilities denominated in several foreign currencies.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. Although the Bank hedges its exposure to currency risk, such activities do not qualify as hedging relationships in accordance with IFRS.

21 Risk management, continued

(b) Market risk, continued

(ii) Currency risk, continued

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 30 June 2013:

	Unaudited KZT KZT'000	Unaudited USD KZT'000	Unaudited Other currencies KZT'000	Unaudited Total KZT'000
ASSETS				
Cash and cash equivalents	3,976,110	3,645,660	102,817	7,724,587
Mandatory reserve with the National Bank of the Republic of Kazakhstan	1,303,378	-	-	1,303,378
Loans and advances to banks	2,156	-	-	2,156
Loans to customers	79,526,886	-	-	79,526,886
Other financial assets	542,579	39,385	28,264	610,228
Total assets	85,351,109	3,685,045	131,081	89,167,235
LIABILITIES				
Deposits and balances from banks	6,129,460	-	-	6,129,460
Current accounts and deposits from customers	32,460,433	6,565,533	33,559	39,059,525
Subordinated borrowings	640,514	-	-	640,514
Other borrowed funds	13,147,592	3,077,482	-	16,225,074
Other financial liabilities	1,577,733	8,426	87,799	1,673,958
Total liabilities	53,955,732	9,651,441	121,358	63,728,531
Net position	31,395,377	(5,966,396)	9,723	25,438,704
Effect of derivatives held for risk management	(7,357,380)	7,316,666	-	(40,714)
Net position after derivatives held for risk management purposes	24,037,997	1,350,270	9,723	25,397,990

21 Risk management, continued

(b) Market risk, continued

(ii) Currency risk, continued

The following table shows the currency structure of financial assets and liabilities as at 31 December 2012:

	KZT	USD	Other	Total
	KZT'000	KZT'000	currencies	KZT'000
	KZT'000	KZT'000	KZT'000	KZT'000
ASSETS				
Cash and cash equivalents	2,631,689	4,233,739	75,114	6,940,542
Mandatory reserve with the National Bank of the Republic of Kazakhstan	1,659,002	-	-	1,659,002
Loans and advances to banks	1,411	-	-	1,411
Loans to customers	66,859,261	-	-	66,859,261
Other financial assets	1,014,372	-	-	1,014,372
Total assets	72,165,735	4,233,739	75,114	76,474,588
LIABILITIES				
Deposits and balances from banks	7,757,859	-	-	7,757,859
Current accounts and deposits from customers	25,033,910	3,495,679	27,961	28,557,550
Subordinated borrowings	640,686	-	-	640,686
Other borrowed funds	8,051,010	5,287,208	3,076,294	16,414,512
Other financial liabilities	2,595,976	-	-	2,595,976
Total liabilities	44,079,441	8,782,887	3,104,255	55,966,583
Net position	28,086,294	(4,549,148)	(3,029,141)	20,508,005
Effect of derivatives held for risk management	(6,961,880)	4,078,270	3,016,200	132,590
Net position after derivatives held for risk management purposes	21,124,414	(470,878)	(12,941)	20,640,595

Other currencies are mainly represented by EUR.

A weakening of the KZT, as indicated below, against the following currencies at 30 June 2013 and 2012 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is on net of tax basis and is based on foreign currency exchange rate variances that the Bank considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Unaudited	2012
	Six-month	KZT'000
	period ended	KZT'000
	30 June 2013	KZT'000
	KZT'000	KZT'000
10% appreciation of USD against KZT	108,022	(37,670)
10% appreciation of other currencies against KZT	778	(1,035)

A strengthening of the KZT against the above currencies at 30 June 2013 and 2012 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

21 Risk management, continued

(c) Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Bank has policies and procedures for the management of credit exposures (both for recognised financial assets and unrecognised contractual commitments), including guidelines to limit portfolio concentration and the establishment of a Credit Committee, which actively monitors credit risk. The credit policy is reviewed and approved by the Board of Directors.

The credit policy establishes:

- procedures for review and approval of loan applications
- methodology for the credit assessment of borrowers (corporate and retail)
- methodology for the credit assessment of counterparties, issuers and insurance companies
- methodology for the evaluation of collateral
- credit documentation requirements
- procedures for the ongoing monitoring of loans and other credit exposures.

Retail loan applications are reviewed through the use of scoring models and application data verification procedures developed by the Risk Department. Apart from individual customer analysis, the credit portfolio is assessed by the Risk Department with regard to credit concentration and market risks.

The maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets in the statement of financial position and unrecognised contractual commitment amounts. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

The maximum exposure to credit risk from financial assets at the reporting date is as follows:

	Unaudited 30 June 2013 KZT'000	31 December 2012 KZT'000
ASSETS		
Cash equivalents	6,503,347	6,513,179
Mandatory reserve with the National Bank of the Republic of Kazakhstan	1,303,378	1,659,002
Loans and advances to banks	2,156	1,411
Loans to customers	79,526,886	66,859,261
Other financial assets	610,228	1,014,372
Total maximum exposure	87,945,995	76,047,225

For the analysis of the concentration of credit risk in respect of loans to customers refer to Note 13.

The maximum exposure to credit risk from unrecognised contractual commitments at the reporting date is presented in Note 23.

21 Risk management, continued

(d) Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk exists when the maturities of assets and liabilities do not match. The matching and or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to liquidity management. It is unusual for financial institutions ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The Bank maintains liquidity management with the objective of ensuring that funds will be available at all times to honor all cash flow obligations as they become due. The liquidity policy is reviewed and approved by the Management Board.

The Bank seeks to actively support a diversified and stable funding base comprising long-term and short-term loans from other banks, core corporate and retail customer deposits, accompanied by diversified portfolios of highly liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

The liquidity management policy requires:

- projecting cash flows by major currencies and considering the level of liquid assets necessary in relation thereto
- maintaining a diverse range of funding sources
- managing the concentration and profile of debts
- maintaining debt financing plans
- maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any interruption to cash flow
- maintaining liquidity and funding contingency plans
- monitoring liquidity ratios against regulatory requirements.

The Treasury Department receives information from business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. The Treasury Department then provides for an adequate portfolio of short-term liquid assets to be maintained, largely made up of short-term liquid trading securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Bank as a whole.

The daily liquidity position is monitored and regular liquidity stress testing under a variety of scenarios covering both normal and more severe market conditions is performed by the Treasury Department. Under the normal market conditions, liquidity reports covering the liquidity position are presented to senior management on a weekly basis. Decisions on liquidity management are made by ALCO and implemented by the Treasury Department.

21 Risk management, continued

(d) Liquidity risk, continued

The following tables show undiscounted cash flows on financial liabilities and credit-related commitments as at 30 June 2013 and 31 December 2012 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.

KZT'000	Unaudited Demand and less than 1 month	Unaudited From 1 to 3 months	Unaudited From 3 to 6 months	Unaudited From 6 to 12 months	Unaudited More than 1 year	Unaudited Total gross amount outflow (inflow)	Unaudited Carrying amount
Non-derivative liabilities							
Deposits and balances from banks	537,960	2,305,996	1,157,718	2,410,867	-	6,412,541	6,129,460
Current accounts and deposits from customers	15,503,993	2,479,944	1,853,215	12,764,135	8,350,785	40,952,072	39,059,525
Subordinated borrowings	5,655	10,283	15,424	30,848	794,240	856,450	640,514
Other borrowed funds	526,917	2,926,564	9,401,470	-	4,406,126	17,261,077	16,225,074
Other financial liabilities	518,169	1,155,789	-	-	-	1,673,958	1,673,958
Derivative liabilities							
- Inflow	(6,095,235)	(1,221,431)	-	-	-	(7,316,666)	(7,316,666)
- Outflow	6,132,180	1,225,200	-	-	-	7,357,380	7,357,380
Total liabilities	17,129,639	8,882,345	12,427,827	15,205,850	13,551,151	67,196,812	63,769,245
Credit related commitments	177,072					177,072	177,072

21 Risk management, continued

(d) Liquidity risk, continued

KZT'000	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 (inflow)	Carrying amount
Non-derivative liabilities							
Deposits and balances from banks	107,083	3,973,279	327,331	3,769,761	-	8,177,454	7,757,859
Current accounts and deposits from customers	12,353,375	2,794,929	7,771,654	4,545,745	1,758,283	29,223,986	28,557,550
Subordinated borrowings	5,141	10,283	15,424	30,848	825,088	886,784	640,686
Other borrowed funds	-	1,593,518	5,750,514	5,572,692	4,787,441	17,704,165	16,414,512
Other financial liabilities	385,596	2,210,380	-	-	-	2,595,976	2,595,976
Derivative liabilities							
- Inflow	-	(4,078,270)	(3,016,200)	-	-	(7,094,470)	(7,094,470)
- Outflow	-	4,123,130	2,838,750	-	-	6,961,880	6,961,880
Total liabilities	12,851,195	10,627,249	13,687,473	13,919,046	7,370,812	58,455,775	55,833,993
Credit related commitments	115,317	-	-	-	-	115,317	115,317

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 amount of such deposits, by each time band, is as follows:

	Unaudited 30 June 2013 KZT'000	31 December 2012 KZT'000
Demand and less than 1 month	3,456,662	2,134,400
From 1 to 3 months	2,464,514	2,763,311
From 3 to 6 months	1,788,850	7,591,929
From 6 to 12 months	11,675,076	4,284,673
More than 1 year	7,455,798	1,567,346
	26,840,900	18,341,659

21 Risk management, continued

(d) Liquidity risk, continued

The table below shows an analysis, by expected maturities, of the amounts recognised in the statement of financial position as at 30 June 2013:

KZT'000	Unaudited Demand and less than 1 month	Unaudited From 1 to 3 months	Unaudited From 3 to 12 months	Unaudited From 1 to 5 years	Unaudited No maturity	Unaudited Overdue	Unaudited Total
ASSETS							
Cash and cash equivalents	7,724,587	-	-	-	-	-	7,724,587
Mandatory reserve with the National Bank of the Republic of Kazakhstan	-	-	-	-	1,303,378	-	1,303,378
Loans and advances to banks	-	-	-	2,156	-	-	2,156
Loans to customers	646,170	2,886,513	28,842,764	41,351,985	-	5,799,454	79,526,886
Property, equipment and intangible assets	-	-	-	-	1,386,702	-	1,386,702
Other assets	354,084	500,096	438,902	789,872	-	25,505	2,108,459
Total assets	8,724,841	3,386,609	29,281,666	42,144,013	2,690,080	5,824,959	92,052,168
LIABILITIES							
Deposits and balances from banks	156,327	2,472,160	3,500,973	-	-	-	6,129,460
Current accounts and deposits from customers	12,503,837	2,464,514	16,635,376	7,455,798	-	-	39,059,525
Subordinated borrowings	514	-	-	640,000	-	-	640,514
Other borrowed funds	-	3,077,482	9,104,495	4,043,097	-	-	16,225,074
Current tax liability	-	-	126,703	-	-	-	126,703
Deferred tax liability	-	-	-	114,206	-	-	114,206
Other liabilities	822,988	1,387,362	27,508	-	-	-	2,237,858
Total liabilities	13,483,666	9,401,518	29,395,055	12,253,101	-	-	64,533,340
Net position	(4,758,825)	(6,014,909)	(113,389)	29,890,912	2,690,080	5,824,959	27,518,828

Clients' term deposits of KZT 3,171,450 thousand maturing within one month from 30 June 2013 were subsequently prolonged. They are not presented within the demand and less than 1 month category but under the respective maturity bucket (from 3 to 12 months) according to the date to which they were prolonged.

21 Risk management, continued

(d) Liquidity risk, continued

The table below shows an analysis, by expected maturities, of the amounts recognised in the statement of financial position as at 31 December 2012:

KZT'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	No maturity	Overdue	Total
Non-derivative assets							
Cash and cash equivalents	6,940,542	-	-	-	-	-	6,940,542
Mandatory reserve with the National Bank of the Republic of Kazakhstan	-	-	-	-	1,659,002	-	1,659,002
Loans and advances to banks	-	-	-	1,411	-	-	1,411
Loans to customers	824,136	2,076,167	28,058,738	31,703,677	-	4,196,543	66,859,261
Property, equipment and intangible assets	-	-	-	-	1,052,822	-	1,052,822
Other assets	270,899	916,458	485,832	700,635	-	149	2,373,973
Total non-derivative assets	8,035,577	2,992,625	28,544,570	32,405,723	2,711,824	4,196,692	78,887,011
Non-derivative liabilities							
Deposits and balances from banks	107,083	3,887,931	3,762,845	-	-	-	7,757,859
Current accounts and deposits from customers	12,350,291	2,763,311	11,876,602	1,567,346	-	-	28,557,550
Subordinated borrowings	686	-	-	640,000	-	-	640,686
Other borrowed funds	-	1,559,692	10,983,573	3,871,247	-	-	16,414,512
Current tax liability	-	-	20,690	-	-	-	20,690
Deferred tax liability	-	-	-	82,978	-	-	82,978
Other liabilities	449,805	2,755,564	38,787	-	-	-	3,244,156
Total non-derivative liabilities	12,907,865	10,966,498	26,682,497	6,161,571	-	-	56,718,431
Net position	(4,872,288)	(7,973,873)	1,862,073	26,244,152	2,711,824	4,196,692	22,168,580

22 Capital management

The Committee sets and monitors capital requirements for the Bank.

The Bank defines as capital those items defined by statutory regulation as capital for credit institutions. Under the current capital requirements set by the Committee 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 2013 and 31 December 2012, this minimum level of tier 1 capital to risk weighted assets, contingent liabilities, operational and market risk was 6% and the minimum level of total capital to risk weighted assets, contingent liabilities, operational and market risk was 12%. The Bank was in compliance with the statutory capital requirements as at 30 June 2013 and 31 December 2012.

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

	Unaudited 30 June 2013 KZT'000	31 December 2012 KZT'000
Tier 1 capital		
Share capital	5,199,503	5,199,503
Statutory reserve capital of prior periods	17,016,209	1,301,976
Retained earnings of prior periods	85,458	6,131,358
Intangible assets	(346,333)	(375,107)
Total tier 1 capital	21,954,837	12,257,730
Tier 2 capital		
Profit for the period/year	5,176,944	9,668,333
Subordinated borrowings	512,000	640,000
Total tier 2 capital	5,688,944	10,308,333
Total capital	27,643,781	22,566,063
Total credit risk-weighted assets, unaudited	82,480,904	68,991,760
Total credit risk-weighted assets and liabilities, including market and operational risk, unaudited	105,247,452	87,418,272
Total capital expressed as a percentage of credit risk-weighted assets and liabilities, including market and operational risk (total capital ratio), unaudited	26.3%	25.8%
Total tier 1 capital expressed as a percentage of credit risk-weighted assets and liabilities, including market and operational risk (tier 1 capital ratio), unaudited	20.9%	14.0%

23 Commitments

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

The Bank provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to one year. The contractual amounts of commitments are set out in the following table by category. The amounts reflected in the table for commitments assume that amounts are fully advanced. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the reporting date if the counterparties failed completely to perform as contracted.

	Unaudited 30 June 2013 KZT'000	31 December 2012 KZT'000
Contracted amount		
Loan and credit line commitments	171,344	105,403
Guarantees and letters of credit	5,728	9,914
	177,072	115,317

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 2013 nor as at 31 December 2012 the Bank had customers whose balances exceeded 10% of the Bank's equity.

24 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.

As at 30 June 2013 the Bank had KZT 16,988 thousand of operating lease fees on early termination of lease agreements (31 December 2012: nil) included in the balance of other assets. During the six-month period ended 30 June 2013 KZT 248,804 thousand was recognised as an expense in statement of profit or loss and other comprehensive income in respect of operating leases (six-month period ended 30 June 2012: KZT 108,694 thousand).

25 Contingencies

(a) Insurance

The insurance industry in the Republic of Kazakhstan is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Bank does not have full coverage for its premises and equipment, business interruption, or third party liability in respect of property or environmental damage arising from accidents on its property or relating to operations. Until the Bank obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on operations and financial position.

(b) Litigation

Management is unaware of any significant actual, pending or threatened claims against the Bank.

25 Contingencies, continued

(c) Taxation contingencies

The taxation system in the Republic of Kazakhstan continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities who have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the five subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

26 Related party transactions

(a) Control relationships

The Bank's parent company is Home Credit and Finance Bank. The Bank's ultimate controlling owner is Petr Kellner.

(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 2013 and 2012 was as follows:

	Unaudited Six-month period ended 30 June 2013 KZT'000	Unaudited Six-month period ended 30 June 2012 KZT'000
Members of the Board of Directors	65,710	75,964
Members of the Management Board	113,620	70,590
	179,330	146,554

The outstanding balances and average interest rates as at 30 June 2013 and 31 December 2012 for transactions with the members of the Board of Directors and the Management Board were as follows:

	Unaudited 30 June 2013 KZT'000	Average interest rate, %	31 December 2012 KZT'000	Average interest rate, %
Interim statement of financial position				
LIABILITIES				
Current accounts and deposits from customers	4,042	-	-	-

There were no amounts included in profit or loss in relation to transactions with the members of the Board of Directors and the Management Board for the six-month period ended 30 June 2013 (the six-month period ended 30 June 2012: KZT 6 thousand, unaudited), except for personnel expenses mentioned above.

26 Related party transactions, continued

(c) Transactions with the parent

As at 30 June 2013 and 31 December 2012 transactions with the parent included in the interim statement of financial position were as follows:

Interim statement of financial position	Unaudited 30 June 2013 KZT'000	Average interest rate, %	31 December 2012 KZT'000	Average interest rate, %
ASSETS				
Cash and cash equivalents				
-In USD	60	-	-	-
-In EUR	83	-	-	-
-In RUB	42	-	-	-
LIABILITIES				
Other borrowed funds				
-In KZT	1,524,356	13.50%	5,287,208	13.50%
-In USD	3,077,482	7.25%	1,559,692	7.25%
Deposits and balances from banks				
-In KZT	20,000	-	-	-
Financial instruments at fair value through profit or loss				
-In KZT	15,168	-	-	-

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

Interim statement of profit or loss and other comprehensive income	Unaudited Six-month period ended 30 June 2013 KZT'000
Interest expense	
Other borrowed funds	
-In KZT	81,767
-In USD	190,240
	272,007
Net loss on financial instruments at fair value through profit or loss	
Foreign currency contracts	
-In KZT	15,168
	15,168

The Bank had no profit and loss transactions with the parent during the six-month ended 2012.

26 Related party transactions, continued

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

As at 30 June 2013 and 31 December 2012 transactions with entities controlled by the ultimate controlling owner included in the interim statement of financial position were as follows:

Interim statement of financial position	Unaudited 30 June 2013 KZT'000	Average interest rate, %	31 December 2012 KZT'000	Average interest rate, %
ASSETS				
Other assets				
-In KZT	-	-	565,575	-
-In EUR	840,903	-	701,752	-
LIABILITIES				
Financial instruments at fair value through profit or loss				
-In KZT	25,546	-	44,860	-
Deposits and balances from banks				
-In KZT	6,109,460	11.87%	7,757,859	12.08%
Current accounts and deposits from customers				
-In KZT	561,554	8.00%	937,830	6.75%
Subordinated borrowings				
-In KZT	640,514	9.64%	640,686	9.64%
Other borrowed funds				
-In KZT	11,623,236	12.28%	6,491,318	11.64%
Other financial liabilities				
-In KZT	49,111	-	18,727	-

26 Related party transactions, continued

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

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

Interim statement of profit or loss and other comprehensive income	Unaudited Six-month period ended 30 June 2013 KZT'000
Interest expense	
Current accounts and deposits from customers	
-In KZT	21,845
Other borrowed funds	
-In KZT	435,448
Deposits and balances from banks	
-In KZT	377,421
Subordinated borrowings	
-In KZT	31,019
	865,733
Net loss on financial instruments at fair value through profit or loss	
Foreign currency contracts	
-In KZT	25,546
	25,546
General administrative expenses	
Professional services	
-In EUR	141,703
Information technology	
-In EUR	270,445
	412,148

The Bank had no profit and loss transactions with other entities controlled by ultimate controlling owner during the six-month period ended 2012 (unaudited).

27 Financial assets and liabilities: fair values and accounting classifications

Accounting classifications and fair values

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 30 June 2013:

KZT'000	Unaudited At fair value through profit or loss	Unaudited Loans and receivables	Unaudited Other amortised cost	Unaudited Total carrying amount	Unaudited Fair value
Cash equivalents	-	6,503,347	-	6,503,347	6,503,347
Mandatory reserve with the National Bank of the Republic of Kazakhstan	-	1,303,378	-	1,303,378	1,303,378
Loans and advances to banks	-	2,156	-	2,156	2,156
Loans customers	-	79,526,886	-	79,526,886	79,526,886
Other financial assets	-	610,228	-	610,228	610,228
	-	87,945,995	-	87,945,995	87,945,995
Financial instruments at fair value through profit or loss	40,714	-	-	40,714	40,714
Deposits and balances from banks	-	-	6,129,460	6,129,460	6,372,882
Current accounts and deposits from customers	-	-	39,059,525	39,059,525	40,566,196
Subordinated borrowings	-	-	640,514	640,514	714,971
Other borrowed funds	-	-	16,225,074	16,225,074	16,657,553
Other financial liabilities	-	-	1,673,958	1,673,958	1,673,958
	40,714	-	63,728,531	63,769,245	66,026,274

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

Accounting classifications and fair values, continued

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2012:

KZT'000	At fair value through profit or loss	Loans and receivables	Other amortised cost	Total carrying amount	Fair value
Cash equivalents	-	6,513,179	-	6,513,179	6,513,179
Mandatory reserve with the National Bank of the Republic of Kazakhstan	-	1,659,002	-	1,659,002	1,659,002
Loans and advances to banks	-	1,411	-	1,411	1,411
Financial instruments at fair value through profit or loss	177,450	-	-	177,450	177,450
Loans to customers	-	66,859,261	-	66,859,261	66,859,261
Other financial assets	-	1,014,372	-	1,014,372	1,014,372
	177,450	76,047,225	-	76,224,675	76,224,675
Financial instruments at fair value through profit or loss	44,860	-	-	44,860	44,860
Deposits and balances from banks	-	-	7,757,859	7,757,859	8,124,573
Current accounts and deposits from customers	-	-	28,557,550	28,557,550	29,196,047
Subordinated borrowings	-	-	640,686	640,686	692,932
Other borrowed funds	-	-	16,414,512	16,414,512	16,814,770
Other financial liabilities	-	-	2,595,976	2,595,976	2,595,976
	44,860	-	55,966,583	56,011,443	57,469,158

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.

The estimates of fair value are intended to approximate the amount for which a financial instrument can be exchanged between knowledgeable, willing parties in an arm's length transaction. However given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.