



Home Credit B.V.

Semi-annual report

for the first half of 2012
(consolidated, unaudited)

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APPENDIX

**Home Credit B.V. – Condensed Consolidated Interim Financial Report for
the six month period ended 30 June 2012**

1. BASIC INFORMATION

1.1. Basis of preparation

The Semi-annual report provides an update of and should be read in conjunction with the 2011 Home Credit B.V., Annual Report.

There have been no significant events which could influence the financial position or business operation of Home Credit B.V., or its subsidiaries (together referred to as 'Group') which are not mentioned in this report.

1.2. Basic data on HCBV

Company:	Home Credit B.V. (the "Company" or "Home Credit B.V.")
Legal form:	Besloten Vennootschap (Private Limited Liability Company)
Registered office:	The Netherlands, Strawinskylaan 933, Tower B, Level 9, 1077XX Amsterdam
Place of registration:	The Netherlands, Chamber of Commerce and Industries in Amsterdam (Kamer van Koophandel Amsterdam)
Registration No.:	34126597
VAT number:	NL 8086.95.976.B01
Date of incorporation:	28 December 1999
Length of time:	Incorporated for an indefinite period of time
Applicable law:	Laws of the Netherlands
Country of incorporation:	The Netherlands
Issued capital:	EUR 659,019,639
Paid up capital:	EUR 659,019,639
Authorized capital:	EUR 712,500,000
Contact address:	Home Credit B.V. Strawinskylaan 933, Tower B, Level 9 1077 XX Amsterdam, The Netherlands Tel.: +31 (0)20 88 13 120 Fax: +31 (0)20 88 13 121
Contact address in the Czech Republic:	Lukáš Rakušan Finance Controller Home Credit International a.s. Evropská 2690/17 P.O.Box 177 160 41 Prague 6 Tel.: +420 224 174 459
Contact for investors:	František Kalivoda Tel.: +420 2241 74705
Company's website:	www.homecredit.eu

1.3. Basic data on the Group

Home Credit B.V., and its subsidiaries (hereinafter the "Group") are a leading mass market consumer finance provider in Central Europe and The Commonwealth of Independent States (CIS). In countries where Home Credit B.V.'s subsidiaries hold banking licences, the Group also offers retail banking services.

Home Credit B.V., through its subsidiaries, is currently active in the Czech Republic (since 1997), the Slovak Republic (since 1999), the Russian Federation (since 2002) and Belarus (since 2007). In addition, Home Credit B.V., also has a presence in the Kazakhstan market (since 2005) through its minority ownership interest (9.99%) in Home Credit Bank JSC.

The core products offered by these companies are¹:

- POS Loans
- Cash Loans
- Revolving Loans
- Car loans
- Insurance
- Deposits

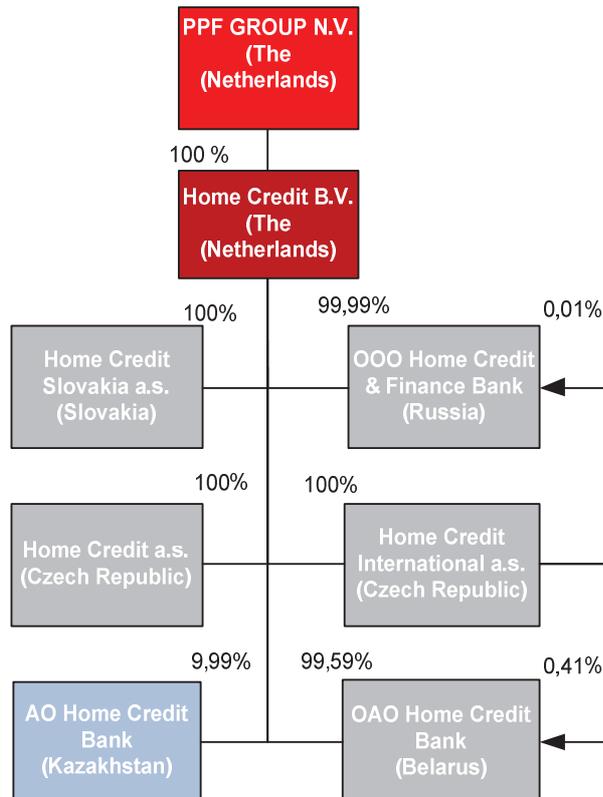
Home Credit B.V., through its subsidiaries, also offers debit cards, current accounts and other banking and financial products dependent on local market conditions in selected operating countries.

The ultimate controlling entity is PPF Group N.V. (the Netherlands). The ultimate owners of PPF Group N.V. are Mr Petr Kellner with a participation interest of 94.25%, Mr Jiří Šmejč with an interest of 5.00%, Mr Ladislav Bartoníček, with an interest of 0.50% and Mr Jean-Pascal Duvieusart with an interest of 0.25%.

As of 30 June 2012, the Company was owned directly by PPF Group N.V.

¹ Products are developed in line with local market conditions and therefore the product portfolios vary according to the country of operation.

Organization chart – key companies



The detailed specification of the consolidated subsidiaries is listed in the appendix "Home Credit B.V. Condensed Consolidated Interim Financial Report for the six month period ended 30 June 2012" on page 8 in section 1. Description of the Group.

2. MOST IMPORTANT EVENTS IN THE FIRST HALF OF 2012

In February 2012, the Company recognised dividend income of TCZK 1,300,000 (TEUR 52,363) from its subsidiary Home Credit a.s.

In March 2012, the Company recognised dividend income of TCZK 36,971 (TEUR 1,492) from its subsidiary Home Credit International a.s.

In March 2012, the Company recognised dividend income of TRUB 2,799,772 (TEUR 72,030) from its subsidiary LLC Home Credit & Finance Bank of which TRUB 139,989 (TEUR 3,601) was paid as withholding tax.

In April 2012, the Company recognised dividend income of TEUR 8,000 from its subsidiary Home Credit Slovakia a.s.

In May 2012 the Company paid to its sole shareholder PPF Group N.V., a 2011 dividend of TEUR 7,476 and a 2012 interim dividend of TEUR 100,000 with amounts per one share of EUR 0.01 and EUR 0.09 respectively.

In May 2012 Ivan Svitek was recalled from his position on the Company's Board of Directors based on his own request. Mel Carvill was appointed to the Board of Directors instead of Ivan Svitek, effective 3 May 2012.

In June 2012, the Company issued fixed coupon notes, ISIN CZ0000000260, with a principal amount of CZK 3,750,000,000, at a fixed rate of 6.25% per annum, due in June 2016.

In June 2012, the Company duly repaid a former issue of bonds, ISIN CZ0000000237, with a principal amount of CZK 2,500,000,000 at its maturity.

3. SUBSEQUENT EVENTS

From January 2012 until July 2012, several loan tranches to the parent company, PPF Group N.V., were executed. The outstanding loan principal amount provided to PPF Group N.V., at the end of July 2012 amounted to TEUR 106,202.

In July 2012, the sole shareholder PPF Group N.V., increased the equity of the Company without the issuance of any new shares by contributing TEUR 249,000 in cash.

In July 2012, the Company acquired a 100% stake in HC Asia N.V., from its sole shareholder PPF Group N.V.

During July and August 2012, the Company increased the share premium of its subsidiary HC Asia N.V., cumulatively by TEUR 17,300.

4. FINANCIAL INFORMATION FOR THE FIRST HALF-YEAR 2012

The condensed consolidated interim financial statements for the first six months of 2012 are disclosed in the appendix "Home Credit B.V. – Condensed Consolidated Interim Financial Report for the six month period ended 30 June 2012". These condensed consolidated interim financial statements were prepared and presented in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union and follow the requirements of the International Financial Reporting Standards (IFRS). These condensed consolidated interim financial statements were subject to a review by the Group's auditor (please see page 31 of the Appendix for more details).

The Group delivered strong growth in net loans in the first half of 2012, up 29% to EUR 3,869 million (from EUR 3,007 million as at 31 December 2011) primarily due to a good performance across the Group and a 69% increase in cash loans, which now comprise 58% of the loan portfolio.

Total assets grew by 26% to EUR 5,387 million as at 30 June 2012 from EUR 4,282 million as at 31 December 2011 primarily due to a substantial increase in cash loans and revolving loans in Russia, driven by a successful advertising campaign and continuing expansion of the distribution network.

The Group retains a solid capitalisation and pursues its strategy to further diversify its funding sources. As of 30 June 2012 total equity reached EUR 911 million. Customer deposits grew by 67% from 31 December 2011 to the end of June 2012 to reach EUR 2,841 million and became the fundamental source of funding. The share of deposits to total liabilities achieved 63% as at 30 June 2012.

Net interest income for the first half of 2012 increased by 35% to EUR 457 million (from EUR 339 million for the corresponding period in 2011) reflecting both the growth of the loan portfolio and the decrease in yields due to tougher competition.

The Group undertook a rigorous control of cost effectiveness in the expansion of the branch network in Russia. As a result, the general administrative and other operating expenses rose by 50% to EUR 282 million during the first six months of 2012 (compared to EUR 188 million in the corresponding period in 2011) while the number of employees increased by 51% and the number of bank branches grew by 210%.

Impairment losses on financial assets reached EUR 199 million in the first six months of 2012 (up by 176% from EUR 72 million in the corresponding period in 2011) as the Group maintained its traditionally conservative approach towards the loan portfolio provisioning. In combination with a strong growth of the cash loan

portfolio, this lead to an inevitable increase in the cost of risk from its low post-crisis levels.

The resulting pre-tax profit from continuing operations for the first half of 2012 rose by 13% year on year to EUR 230 million (EUR 204 million in the first half of 2011) and net profit for the period was up 32% to EUR 176 million (EUR 133 million in the first half of 2011).

5. EXPECTED EVENTS UNTIL THE END OF 2012

HCBV will continue to manage and finance its business and subsidiaries with the full support of PPF Group N.V., which considers financial services as one of its key areas of business. PPF Group N.V. will continue to provide strategic support to the Group.

Given the current global market environment, HCBV will continue to closely monitor developments during the second half of 2012 and remains confident in its ability to maintain a high level of cost effectiveness within the business while delivering solid and sustainable profit. During this period, the portfolio growth is expected to be at levels reflecting the availability of local market liquidity. Although the funding market conditions remain uncertain, nothing is currently visible to the Group that would cause it to be materially concerned about any future funding.

INFORMATION ABOUT THE PERSONS RESPONSIBLE FOR THE SEMI-ANNUAL REPORT

Declaration

I declare that, to the best of my knowledge and belief, the information stated in the Semi-annual report of Home Credit B.V. for the first half of 2012 reflects the true state of its financial position, business operations, its result and the prospects of their future development and that no material circumstances that may have an impact on the accurate and correct assessment of Home Credit B.V., have been omitted.

Date: August 31, 2012



.....
Sonia Mihaylova Slavtcheva

Member of the Board of Directors

The Semi-annual report of Home Credit B.V. for the first half of 2012 was published at www.homecredit.eu and delivered to the Czech National Bank and the Prague Stock Exchange in the statutory period.

Home Credit B.V.

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

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Independent auditors' report on review of Condensed Consolidated Interim Financial Report

	Note	30 Jun 2012 TEUR	31 Dec 2011 TEUR
ASSETS			
Cash and cash equivalents	7	268,005	409,961
Due from banks, other financial institutions and holding companies	8	318,237	154,413
Loans to customers	9	3,869,455	3,006,903
Financial assets at fair value through profit or loss	10	28,204	35,416
Financial assets available-for-sale	11	470,665	323,795
Current income tax receivables		1,072	11,471
Deferred tax assets		9,590	8,569
Investments in associates		1,226	2,056
Intangible assets	12	42,828	38,776
Property and equipment	13	202,586	173,014
Other assets	14	174,920	117,571
		<u>5,386,788</u>	<u>4,281,945</u>
Total assets			
LIABILITIES			
Current accounts and deposits from customers	15	2,840,743	1,697,277
Due to banks and other financial institutions	16	354,217	528,135
Debt securities issued	17	1,098,790	1,081,431
Financial liabilities at fair value through profit or loss	18	4,300	7,195
Current income tax liabilities		14,447	244
Deferred tax liabilities		432	6,321
Other liabilities	19	162,822	130,091
		<u>4,475,751</u>	<u>3,450,694</u>
Total liabilities			
EQUITY			
Equity attributable to equity holders of the parent			
Share capital	20	659,020	659,020
Share premium	20	60,253	60,253
Statutory reserves	20	4,855	3,754
Foreign currency translation	20	(76,724)	(86,504)
Revaluation reserve	20	1,414	(95)
Other reserves		262,219	194,823
		<u>911,037</u>	<u>831,251</u>
Total equity			
Total liabilities and equity		<u>5,386,788</u>	<u>4,281,945</u>

Home Credit B.V.
Condensed Consolidated Interim Statement of Comprehensive Income
for the six month period ended 30 June 2012

	Note	6 months ended 30 Jun 2012 TEUR	6 months ended 30 Jun 2011 TEUR	3 months ended 30 Jun 2012 TEUR	3 months ended 30 Jun 2011 TEUR
Continuing operations					
Interest income	21	628,673	421,287	340,926	212,506
Interest expense	21	<u>(171,967)</u>	<u>(82,355)</u>	<u>(94,872)</u>	<u>(45,813)</u>
Net interest income		456,706	338,932	246,054	166,693
Fee and commission income	22	246,181	120,921	149,476	62,182
Fee and commission expense	23	<u>(39,051)</u>	<u>(25,074)</u>	<u>(20,735)</u>	<u>(13,213)</u>
Net fee and commission income		207,130	95,847	128,741	48,969
Net losses on financial assets and liabilities	24	(5,816)	(8,831)	(1,443)	(4,739)
Other operating income	25	<u>50,422</u>	<u>36,445</u>	<u>12,709</u>	<u>19,663</u>
Operating income		708,442	462,393	386,061	230,586
Impairment losses on financial assets	26	(198,877)	(71,953)	(114,452)	(38,400)
General administrative expenses	27	(260,502)	(170,336)	(136,464)	(86,734)
Other operating expenses	28	<u>(21,912)</u>	<u>(17,679)</u>	<u>(11,727)</u>	<u>(8,974)</u>
Operating expenses		(481,291)	(259,968)	(262,643)	(134,108)
Gain on sale of associates		1,742	718	1,742	718
Share of earnings in associates		<u>1,090</u>	<u>752</u>	<u>562</u>	<u>752</u>
Profit before tax from continuing operations		229,983	203,895	125,722	97,948
Income tax expense for continuing operations	29	<u>(54,010)</u>	<u>(61,415)</u>	<u>(31,678)</u>	<u>(20,817)</u>
Net profit for the period from continuing operations		175,973	142,480	94,044	77,131
Discontinued operations					
Loss from discontinued operations (net of income tax)		<u>-</u>	<u>(9,326)</u>	<u>-</u>	<u>-</u>
Net profit for the period		175,973	133,154	94,044	77,131
Currency translation		9,780	(1,226)	(42,369)	(13,410)
Reclassification of currency translation on subsidiary disposals		-	7,941	-	-
Revaluation of available-for-sale financial assets		1,161	(2,096)	1,347	(2,559)
Income tax relating to revaluation of available-for-sale financial assets		<u>348</u>	<u>(101)</u>	<u>171</u>	<u>(9)</u>
Other comprehensive income for the period		11,289	4,518	(40,851)	(15,978)
Total comprehensive income for the period		187,262	137,672	53,193	61,153

The condensed consolidated interim financial statements as set out on pages 3 to 30 were approved by the Board of Directors on 31 August 2012.

Sonia Mihaylova Slavtcheva
Member of the Board of Directors

	Attributable to equity holders of the parent						
	Share capital TEUR	Share premium TEUR	Statutory reserves TEUR	Foreign currency translation TEUR	Fair value reserve TEUR	Other reserves TEUR	Total equity TEUR
Balance as at 1 January 2012	659,020	60,253	3,754	(86,504)	(95)	194,823	831,251
Dividends paid	-	-	-	-	-	(107,476)	(107,476)
Transfers	-	-	1,101	-	-	(1,101)	-
Total	659,020	60,253	4,855	(86,504)	(95)	86,246	723,775
Currency translation	-	-	-	9,780	-	-	9,780
Revaluation of available-for-sale financial assets	-	-	-	-	1,509	-	1,509
Profit for the period	-	-	-	-	-	175,973	175,973
Total comprehensive income and expense for the period	-	-	-	9,780	1,509	175,973	187,262
Total changes	-	-	1,101	9,780	1,509	67,396	79,786
Balance as at 30 June 2012	659,020	60,253	4,855	(76,724)	1,414	262,219	911,037

	Attributable to equity holders of the parent						
	Share capital TEUR	Share premium TEUR	Statutory reserves TEUR	Foreign currency translation TEUR	Fair value reserve TEUR	Other reserves TEUR	Total equity TEUR
Balance as at 1 January 2011	659,020	60,253	2,887	(76,334)	5,618	284,364	935,808
Dividends paid	-	-	-	-	-	(320,000)	(320,000)
Transfers	-	-	(2)	-	-	2	-
Total	659,020	60,253	2,885	(76,334)	5,618	(35,634)	615,808
Currency translation	-	-	-	(1,226)	-	-	(1,226)
Reclassification of currency translation on subsidiary disposals	-	-	-	7,941	-	-	7,941
Revaluation of available-for-sale financial assets	-	-	-	-	(2,197)	-	(2,197)
Profit for the period	-	-	-	-	-	133,154	133,154
Total comprehensive income and expense for the period	-	-	-	6,715	(2,197)	133,154	137,672
Total changes	-	-	(2)	6,715	(2,197)	(186,844)	(182,328)
Balance as at 30 June 2011	659,020	60,253	2,885	(69,619)	3,421	97,520	753,480

Home Credit B.V.
Condensed Consolidated Interim Statement of Cash Flows
for the six month period ended 30 June 2012

	6 months ended 30 Jun 2012	6 months ended 30 Jun 2011
Note	TEUR	TEUR
Net operating cash flow before changes in working capital	627,432	370,573
Cash flows from the operations	475,078	212,269
Cash flows from operating activities	320,699	93,962
Cash flows (used in)/from investing activities	(197,581)	8,409
Cash flows used in financing activities	<u>(269,054)</u>	<u>(10,718)</u>
Net decrease/increase in cash and cash equivalents	(145,936)	91,653
Cash and cash equivalents as at 1 January	409,961	201,024
Effects of exchange rate changes on cash and cash equivalents	<u>3,980</u>	<u>727</u>
Cash and cash equivalents as at 30 June	7 <u><u>268,005</u></u>	<u><u>293,404</u></u>

1. Description of the Group

Home Credit B.V. (the “Company”) was incorporated on 28 December 1999 in the Netherlands.

Registered office
 Strawinskylaan 933
 1077 XX Amsterdam
 The Netherlands

Shareholders	Country of incorporation	Ownership interest (%)	
		30 Jun 2012	31 Dec 2011
PPF Group N.V.	Netherlands	100.00	100.00

The ultimate controlling party of PPF Group N.V. and of the Company is Mr. P. Kellner.

Consolidated subsidiaries	Country of incorporation	Ownership interest (%)	
		30 Jun 2012	31 Dec 2011
Redlione (LLC)	Cyprus	100.00	100.00
Home Credit (JSC)	Czech Republic	100.00	100.00
Home Credit International (JSC)	Czech Republic	100.00	100.00
HC Broker (LLC)	Czech Republic	100.00	100.00
Eurasia Capital S.A. ¹⁾	Luxemburg	0.00	0.00
Eurasia Structured Finance No.1 S.A. ^{1),2)}	Luxemburg	0.00	0.00
Eurasia Credit Card Company S.A. ^{1),2)}	Luxemburg	0.00	0.00
Home Credit Bank (OJSC)	Republic of Belarus	100.00	100.00
PPF Home Credit IFN S.A.	Romania	100.00	100.00
Home Credit and Finance Bank (LLC)	Russian Federation	100.00	100.00
Financial Innovations (LLC)	Russian Federation	100.00	100.00
Inko Technopolis (LLC)	Russian Federation	100.00	100.00
Bonus Center Operations (LLC) ³⁾	Russian Federation	100.00	-
Home Credit Slovakia (JSC)	Slovak Republic	100.00	100.00
Collect-Credit (LLC)	Ukraine	100.00	100.00
Homer Software House (LLC)	Ukraine	100.00	100.00
Easy Dreams Company Limited	Vietnam	100.00	100.00

Associates	Country of incorporation	Ownership interest (%)	
		30 Jun 2012	31 Dec 2011
Equifax Credit Services (LLC)	Russian Federation	30.72	38.14
Spolecnost pro informacni database (JSC)	Czech Republic	26.00	26.00

¹⁾ special purpose entities established to facilitate the Group’s issues of debt securities (refer to Note 17)

²⁾ subsidiaries in the process of liquidation

³⁾ subsidiary established in June 2012

1. Description of the Group (continued)

Board of Directors

Alexander Labak	Chairman
Sonia Mihaylova Slavtcheva	Member
Mel Gerard Carvill	Member

In May 2012 Ivan Svitek was recalled from his position on the Company's Board of Directors based on his own request. Mel Gerard Carvill was appointed to the Board of Directors instead of Ivan Svitek, effective 3 May 2012.

Principal activities

The principal activities of the Company and its subsidiaries are the provision of consumer financing to private individual customers in the Central European and CIS countries as well as deposit taking, saving and current bank account service and maintenance, payments and other services.

2. Basis of preparation

The condensed consolidated interim financial statements for the six month period ended 30 June 2012 comprise the Company and its subsidiaries (together referred to as the "Group").

(a) Statement of compliance

This condensed consolidated interim financial report has been prepared in accordance with IAS 34 Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2011. This condensed consolidated interim financial report does not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards.

(b) Basis of measurement

The condensed consolidated interim financial statements are prepared on the historic cost basis except for financial instruments at fair value through profit or loss and financial assets available-for-sale that are measured at fair value. Financial assets and liabilities and non-financial assets and liabilities which are valued at historic cost are stated at amortized cost or historic cost, as appropriate, net of any relevant impairment.

(c) Presentation and functional currency

These financial statements are presented in Euro (EUR), which is the Company's functional currency and Group's reporting currency. Financial information presented in EUR has been rounded to the nearest thousand (TEUR).

(d) Changes in accounting policies and comparative figures

Net income related to credit insurance is no longer presented as a separate financial statement caption but is included in other operating income.

Share of earnings in associates is presented as a separate financial statement caption. Previously it was reported as part of other operating income.

Gain on sale of associates is presented as a separate financial statement caption. Previously it was reported as part of other operating income.

The comparative figures have been regrouped or reclassified, where necessary, on a basis consistent with the current period.

2. Basis of preparation (continued)

(e) Use of estimates and judgments

The preparation of the condensed consolidated interim financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historic experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of the judgments about the carrying values of assets and liabilities that cannot readily be determined from other sources. The actual values may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

(f) Basis of consolidation

(i) Subsidiaries

Subsidiaries are those enterprises controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

Legal restructuring and mergers involving companies under common control are accounted for using consolidated net book values, consequently no adjustment is made to carrying amounts in the consolidated accounts and no goodwill arises on such transactions.

(ii) Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognized gains and losses of associates on an equity accounted basis, from the date that significant influence effectively commences until the date that significant influence effectively ceases. When the Group's share of losses exceeds the Group's interest in the associate, that interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

(iii) Special purpose entities

The Group has established a number of special purpose entities (SPEs) for the purpose of raising finance. The Group does not have any direct or indirect shareholdings in these entities. These SPEs are controlled by the Group through the predetermination of the activities of SPEs, having rights to obtain the majority of benefits of the SPEs, and retaining the majority of the residual risks related to the SPEs.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized gains arising from intra-group transactions, are eliminated in the consolidated financial statements. Unrealized gains arising from transactions with associates are eliminated against the investment in the associate to the extent of the Group's interest in the enterprise. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3. Significant accounting policies

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

The accounting policies have been applied consistently to all periods presented in these condensed consolidated interim financial statements, and have been applied consistently by Group entities.

(a) Standards, interpretations and amendments to published standards that are not yet effective and are relevant for the Group's financial statements

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

Annual Improvements 2009-2011 Cycle (effective from 1 January 2013)

In May 2012 the IASB has published Annual Improvements to IFRSs 2009-2011 Cycle as part of its annual improvements process to make non-urgent but necessary amendments to IFRS. The new cycle of improvements contains amendments to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34, with consequential amendments to other standards and interpretations.

IFRS 9 Financial Instruments (effective from 1 January 2015)

This new standard was published on 12 November 2009 as part of phase I of the IASB's comprehensive project to replace IAS 39. It deals with classification and measurement of financial assets. The requirements of this standard represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables. In October 2010 the IASB added to IFRS 9 the requirements for classification and measurement of financial liabilities while most of the requirements in IAS 39 were carried forward unchanged to IFRS 9. IFRS 9 has not yet been adopted by the EU.

Amendment to IAS 1 Presentation of Financial Statements (effective from 1 July 2012)

The amendments to IAS 1 titled *Presentation of Items of Other Comprehensive Income*:

- require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss;
- do not change the existing option to present profit or loss and other comprehensive income in two statements; and
- change the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income. However, an entity is still allowed to use other titles.

IFRS 10 Consolidated Financial Statements (effective from 1 January 2013)

IFRS 12 Disclosure of Interests in Other Entities (effective from 1 January 2013)

In May 2011 IASB issued these two new standards as improvements to the accounting requirements for off balance sheet activities and joint arrangements. These standards have not yet been adopted by the EU.

IFRS 10 introduces a new approach to determining which investees should be consolidated and provides a single model to be applied in the control analysis for all investees.

3. Significant accounting policies (continued)

An investor controls an investee when:

- it is exposed or has rights to variable returns from its involvement with that investee;
- it has the ability to affect those returns through its power over that investee; and
- there is a link between power and returns.

Control is reassessed as facts and circumstances change.

IFRS 10 supersedes *IAS 27 Consolidated and Separate Financial Statements* (as amended in 2008) and *SIC-12 Consolidation – Special Purpose Entities*.

IAS 27 Separate Financial Statements was issued concurrently with IFRS 10. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications.

IFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, aiming to provide information to enable users to evaluate:

- the nature of, and risks associated with, an entity's interests in other entities; and
- the effects of those interests on the entity's financial position, financial performance and cash flows.

IAS 28 Investments in Associates and Joint Ventures (effective from 1 January 2013)

This amended standard supersedes IAS 28 Investments in Associates (2008). IAS 28 (2011) makes the following amendments:

- IFRS 5 applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and
- on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or *vice versa*, the entity does not remeasure the retained interest.

IFRS 13 Fair Value Measurement (effective from 1 January 2013)

This new standard was issued in May 2011. It replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other IFRSs. It does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. IFRS 13 has not yet been adopted by the EU.

4. Financial risk management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the Group's consolidated financial statements for the year ended 31 December 2011.

During the interim period there were no significant changes in the nature or extent of risks arising from financial instruments.

5. Discontinued operations

The Group's 100% ownership interest in Home Credit Bank (PJSC) was subject to a sales transaction entered into on 3 December 2010 and completed on 31 January 2011.

Net loss from discontinued operations of TEUR 9,326 for the six month period ended 30 June 2011 represents the loss on the sale of Home Credit Bank (PJSC). The loss on the sale includes the transfer of negative foreign currency translation attributable to Home Credit Bank (PJSC) from equity to net loss from discontinued operations of TEUR 7,941.

6. Segment reporting

Segment information is presented in respect of the Group's geographical segments based on the Group's management and internal reporting structure. Segment information in respect of the Group's business segments is not presented as the Group's operations are concentrated in one main business segment only, consumer lending products.

The Group operates in five principal geographical areas, the Czech Republic, the Slovak Republic, the Russian Federation, Ukraine and the Republic of Belarus. The geographical segments are based on the geographical location of assets which corresponds to the geographical location of customers at the same time.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment pricing is determined on an arm's length basis. The Group's Executive Committee is the chief operating decision maker. The Committee reviews the Group's internal reporting on a regular basis to assess performance of individual segments and to allocate the Group's resources accordingly. Current and deferred income tax assets and liabilities are excluded from segment assets and liabilities.

Information on individual segments is presented before consolidation eliminations (which are presented in a separate column).

	Russian Federation	Czech Republic	Slovak Republic	Belarus	Ukraine	Other	Unallocated*	Eliminations	Consolidated
	6 months ended 30 Jun 2012								
	TEUR								
Revenue from external customers	812,888	15,537	25,388	17,041	6	405	3,589	-	874,854
Inter-segment revenue	110	-	-	-	-	-	1,272	(1,382)	-
Total revenue	812,998	15,537	25,388	17,041	6	405	4,861	(1,382)	874,854
Net interest income from external customers	425,378	8,688	19,515	7,279	6	405	(4,565)	-	456,706
Inter-segment net interest income	110	-	(972)	(441)	-	-	1,272	31	-
Total net interest income	425,488	8,688	18,543	6,838	6	405	(3,293)	31	456,706
Income tax expense	(41,607)	(7,458)	(1,123)	(48)	(7)	(361)	(3,406)	-	(54,010)
Segment result	159,897	28,481	4,531	(2,592)	(158)	400	(13,559)	(1,027)	175,973

* Unallocated items represent items of revenue, operating expense, assets, liabilities and equity which cannot be reasonably allocated to the geographical segments.

6. Segment reporting (continued)

	Russian Federation	Czech Republic	Slovak Republic	Belarus	Ukraine	Other	Unallocated*	Eliminations	Consolidated
	6 months ended 30 Jun 2011								
	TEUR								
Revenue from external customers	482,885	15,405	22,822	15,139	3	194	5,760	-	542,208
Inter-segment revenue	552	-	-	-	-	-	1,289	(1,841)	-
Total revenue	483,437	15,405	22,822	15,139	3	194	7,049	(1,841)	542,208
Net interest income from external customers	303,924	8,704	17,269	11,504	3	194	(2,666)	-	338,932
Inter-segment net interest income	552	(575)	(849)	(437)	-	-	1,289	20	-
Total net interest income	304,476	8,129	16,420	11,067	3	194	(1,377)	20	338,932
Income tax expense	(38,935)	(3,455)	(985)	(1,229)	(4)	(599)	(16,208)	-	(61,415)
Segment result	143,823	11,832	4,492	3,831	(8,166)	2,393	(23,227)	(1,824)	133,154
Depreciation and amortization	(8,609)	(264)	(164)	(488)	(224)	(6,481)	-	-	(16,230)
Other significant non-cash expenses**	(65,472)	(1,511)	(4,874)	(106)	9	-	-	-	(71,954)
Capital expenditure	(16,081)	(862)	(428)	(1,395)	(40)	(9,745)	-	-	(28,551)

* Unallocated items represent items of revenue, operating expense, assets, liabilities and equity which cannot be reasonably allocated to the geographical segments.

** Other significant non-cash expenses are represented by impairment losses on financial and non-financial assets.

6. Segment reporting (continued)

	Russian Federation 31 Dec 2011 TEUR	Czech Republic 31 Dec 2011 TEUR	Slovak Republic 31 Dec 2011 TEUR	Belarus 31 Dec 2011 TEUR	Ukraine 31 Dec 2011 TEUR	Other 31 Dec 2011 TEUR	Unallocated* 31 Dec 2011 TEUR	Eliminations 31 Dec 2011 TEUR	Consolidated 31 Dec 2011 TEUR
Segment assets**	3,718,059	169,105	182,880	74,451	2,773	49,059	923,771	(858,193)	4,261,905
Investments in associates	2,056	-	-	-	-	-	-	-	2,056
Segment liabilities	2,995,954	68,860	149,230	51,863	221	25,845	196,113	(43,957)	3,444,129
Segment equity**	731,386	95,084	41,211	22,594	2,552	23,462	727,648	(812,686)	831,251

* Unallocated items represent items of revenue, operating expense, assets, liabilities and equity which cannot be reasonably allocated to the geographical segments.

** Consolidation adjustments are included in Eliminations.

7. Cash and cash equivalents

	30 Jun 2012	31 Dec 2011
	TEUR	TEUR
Cash on hand	129,583	149,639
Current accounts	68,385	114,891
Current accounts with central banks	23,841	130,110
Placements with financial institutions due within one month	46,196	15,321
	<u>268,005</u>	<u>409,961</u>

8. Due from banks, other financial institutions and holding companies

	30 Jun 2012	31 Dec 2011
	TEUR	TEUR
Loans and term deposits with banks, other financial institutions and holding companies due in more than one month	272,012	135,870
Loans and advances provided under repo operations	11,353	-
Minimum reserve deposits with central banks	34,872	18,543
	<u>318,237</u>	<u>154,413</u>

The minimum reserve deposits are mandatory non-interest bearing deposits calculated in accordance with regulations issued by the Central Bank of Russia and the National Bank of the Republic of Belarus and whose withdrawals are restricted.

9. Loans to customers

	30 Jun 2012	31 Dec 2011
	TEUR	TEUR
Gross amount		
Cash loan receivables	2,503,351	1,469,589
POS loan receivables	1,034,019	1,156,028
Revolving loan receivables	555,508	485,841
Mortgage loan receivables	107,792	120,783
Car loan receivables	96,293	81,909
Loans to corporations	5,028	4,561
Other	3,229	998
	4,305,220	3,319,709
Collective allowances for impairment		
Cash loan receivables	(258,512)	(142,785)
POS loan receivables	(98,581)	(99,509)
Revolving loan receivables	(58,321)	(49,149)
Mortgage loan receivables	(7,081)	(9,383)
Car loan receivables	(11,431)	(10,116)
Loans to corporations	(266)	(233)
Other	(414)	(411)
	(434,606)	(311,586)
Specific allowances for impairment		
Loans to corporations	(1,159)	(1,220)
	(1,159)	(1,220)
	<u>3,869,455</u>	<u>3,006,903</u>

In 2009 the Group sold two pools of loan receivables to related parties. The sales continued in 2010 and 2011. The receivables sold were derecognized by the Group and the right to receive the contingent part of the sales price was recognized as an available-for-sale asset and was measured at fair value.

In January 2012 the receivables sale agreements were amended. Based on the amendments, the Group sells its future receivables at a fixed price above their face value which is regularly agreed between the parties on arm's length principles. The future contingent purchase price is no longer paid for future receivables or receivables sold in the past by the Group. The Group obtained the right to receive TEUR 56,152 in cash as a compensation for the future sales price component for the receivables assigned prior to the amendments. The gain of TEUR 26,239 recognized in connection with the amendment of agreements is reported under other operating income, refer to Note 25.

POS loan receivables and cash loan receivables of TEUR 106,471 (31 December 2011: TEUR 100,077), revolving loan receivables of TEUR 73,457 (31 December 2011: TEUR 73,010), car loans receivables of TEUR 37,247 (31 December 2011: TEUR 29,384) and mortgage loan receivables of TEUR 0 (31 December 2011: TEUR 17,471) were pledged as collaterals for bank loan facilities (refer to Note 16).

10. Financial assets at fair value through profit or loss

	30 Jun 2012	31 Dec 2011
	TEUR	TEUR
Positive fair value of derivative instruments	28,204	35,416
	<u>28,204</u>	<u>35,416</u>

The Group classifies all derivative financial instruments as held for trading.

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

11. Financial assets available-for-sale

	30 Jun 2012	31 Dec 2011
	TEUR	TEUR
Debt securities	457,865	283,982
Contingent part of the sales price for loan receivables sold	-	29,913
Equity securities	12,800	9,900
	<u>470,665</u>	<u>323,795</u>

The equity securities shown above represent a 9.99% equity interest in Home Credit Bank (JSC), a bank incorporated in the Republic of Kazakhstan.

The balance of the contingent part of the sales price for loan receivables sold was zero as at 30 June 2012 as the receivables sales agreements were amended in January 2012 (refer to Note 9).

12. Intangible assets

	30 Jun 2012	31 Dec 2011
	TEUR	TEUR
Acquisition cost	110,811	97,627
Accumulated amortisation	(67,983)	(58,851)
Carrying amount	<u>42,828</u>	<u>38,776</u>

13. Property and equipment

	30 Jun 2012	31 Dec 2011
	TEUR	TEUR
Acquisition cost	299,518	258,726
Accumulated depreciation	(96,932)	(85,712)
Carrying amount	<u>202,586</u>	<u>173,014</u>

14. Other assets

	30 Jun 2012	31 Dec 2011
	TEUR	TEUR
Accrued income from insurance fees	71,517	32,817
Outstanding selling price for receivables	32,458	18,820
Prepaid expenses	27,708	23,450
Trade receivables and settlement with suppliers	27,537	30,169
Goods held for resale	7,127	5,113
Other taxes receivable	4,498	4,196
Other	4,144	3,075
	<u>174,989</u>	<u>117,640</u>
Specific allowances for impairment on settlement with suppliers	(69)	(69)
	<u>174,920</u>	<u>117,571</u>

15. Current accounts and deposits from customers

	30 Jun 2012	31 Dec 2011
	TEUR	TEUR
Term deposits	2,592,105	1,450,349
Current accounts and demand deposits	248,638	246,928
	<u>2,840,743</u>	<u>1,697,277</u>

16. Due to banks and other financial institutions

	30 Jun 2012	31 Dec 2011
	TEUR	TEUR
Unsecured loans	194,441	365,188
Secured loans	141,559	151,153
Other balances	18,217	11,794
	<u>354,217</u>	<u>528,135</u>

Out of the secured loans stated above, the balance of TEUR 49,765 (31 December 2011: TEUR 49,925) was secured by pledge of revolving loan receivables, the balance of TEUR 91,794 (31 December 2011: TEUR 85,996) was secured by pledge of POS loan receivables, cash loan receivables and car loan receivables, and the balance of TEUR 0 (31 December 2011: TEUR 15,232) was secured by pledge of mortgage loan receivables.

17. Debt securities issued

	Interest rate	Final maturity	Amount outstanding	
			30 Jun 2012 TEUR	31 Dec 2011 TEUR
Unsecured CZK bond issue 3 of MCZK 4,000	Variable	June 2012	-	97,153
Unsecured RUB bond issue 5 of MRUB 4,000	Variable	April 2013	97,542	94,417
Loan participation notes issue 6 of MUSD 500	Fixed	March 2014	402,296	390,912
Stock exchange RUB bond issue 01 of MRUB 3,000	Variable	April 2014	19,181	73,060
Stock exchange RUB bond issue 03 of MRUB 4,000	Variable	April 2014	97,947	96,967
Unsecured RUB bond issue 6 of MRUB 5,000	Variable	June 2014	121,104	119,727
Unsecured RUB bond issue 7 of MRUB 5,000	Variable	April 2015	122,748	121,593
Unsecured CZK bond issue 4 of MCZK 2,900	Fixed	September 2015	91,488	87,602
Unsecured CZK bond issue 5 of MCZK 3,750	Fixed	June 2016	146,484	-
			1,098,790	1,081,431

18. Financial liabilities at fair value through profit or loss

	30 Jun 2012 TEUR	31 Dec 2011 TEUR
Negative fair value of derivative instruments	4,300	7,195
	4,300	7,195

The Group classifies all derivative financial instruments as held for trading.

19. Other liabilities

	30 Jun 2012 TEUR	31 Dec 2011 TEUR
Accrued employee compensation	60,926	49,485
Settlement with suppliers	39,311	34,946
Other taxes payable	25,034	13,337
Deferred income and prepayments	16,778	10,539
Accrued expenses	3,973	5,811
Customer loan overpayments	14,399	14,265
Other	2,401	1,708
	162,822	130,091

20. Equity

At 30 June 2012 the share capital of the Group comprised 1,250,000,000 (31 December 2011: 1,250,000,000) ordinary shares at a par value of EUR 0.57 (31 December 2011: EUR 0.57), of which 1,156,174,806 (31 December 2011: 1,156,174,806) shares were issued and fully paid. All issued shares bear equal voting rights. The holders of shares are entitled to receive dividends when declared. No dividends can be distributed if distributable reserves are negative.

In May 2012 the Company paid to its sole shareholder a 2011 dividend of TEUR 7,476 and 2012 interim dividend of TEUR 100,000 with amounts per one share of EUR 0.01 and EUR 0.09 respectively.

In April 2011 the Company paid to its sole shareholder a 2010 dividend of TEUR 49,359 and 2011 interim dividend of TEUR 270,641 with amounts per one share of EUR 0.04 and EUR 0.23 respectively.

The creation and use of the statutory reserves is limited by legislation and the articles of each company within the Group. The legal reserve fund is not available for distribution to the shareholders.

The translation reserve comprises foreign exchange differences arising from translation of the financial statements of companies within the Group with a functional currency other than the presentation currency. The translation reserve is not available for distribution to the shareholders.

Fair value reserve represents the revaluation surplus, net of deferred tax, recognized on changes in the fair value of financial assets available for sale. The fair value reserve is not available for distribution to the shareholders.

21. Interest income and interest expense

	6 months ended 30 Jun 2012 TEUR	6 months ended 30 Jun 2011 TEUR
Interest income		
Cash loan receivables	344,731	125,037
POS loan receivables	161,000	203,475
Revolving loan receivables	79,084	61,290
Car loan receivables	11,161	8,431
Mortgage loan receivables	6,329	8,358
Financial instruments available-for-sale	17,952	6,686
Due from banks, other financial institutions and holding companies	8,227	7,447
Other	189	563
	<u>628,673</u>	<u>421,287</u>
Interest expense		
Deposits from customers	115,843	20,937
Debt securities issued	43,571	53,935
Due to banks and other financial institutions	12,553	7,483
	<u>171,967</u>	<u>82,355</u>

22. Fee and commission income

	6 months ended 30 Jun 2012 TEUR	6 months ended 30 Jun 2011 TEUR
Insurance commissions	181,525	61,779
Cash transactions	24,688	16,420
Penalty fees	24,401	26,480
Customer payment processing and account maintenance	11,874	12,305
Retailers commissions	3,511	3,869
Other	182	68
	<u>246,181</u>	<u>120,921</u>

23. Fee and commission expense

	6 months ended 30 Jun 2012 TEUR	6 months ended 30 Jun 2011 TEUR
Commissions to retailers	25,156	16,860
Cash transactions	7,461	4,072
Payment processing and account maintenance	2,971	2,603
Other	3,463	1,539
	<u>39,051</u>	<u>25,074</u>

24. Net losses on financial assets and liabilities

	6 months ended 30 Jun 2012 TEUR	6 months ended 30 Jun 2011 TEUR
Net foreign currency gains/(losses)	2,190	(23,566)
Net (losses)/gains on derivatives	(7,561)	14,588
Net trading (losses)/gains on other financial assets	(445)	147
	<u>(5,816)</u>	<u>(8,831)</u>

25. Other operating income

	6 months ended 30 Jun 2012 TEUR	6 months ended 30 Jun 2011 TEUR
Gains on disposal of loan receivables	43,588	20,564
Income from other services provided	5,010	8,341
Recognized income from excess of acquired net fair value over costs	-	4,079
Loss on monetary position	(1,859)	-
Other	3,683	3,461
	<u>50,422</u>	<u>36,445</u>

Gains on disposal of loan receivables for the six-month period ended 30 June 2012 include the gain of TEUR 26,239 recognized in connection with the amendment of the receivables sale agreements (see Note 9).

Loss on monetary position represents the effect of application of IAS 29 – Financial Reporting in Hyperinflationary Economies for Home Credit Bank (OJSC) incorporated in the Republic of Belarus.

26. Impairment losses on financial assets

	6 months ended 30 Jun 2012 TEUR	6 months ended 30 Jun 2011 TEUR
Cash loan receivables	142,738	23,805
POS loan receivables	41,957	40,644
Revolving loan receivables	13,538	7,352
Car loan receivables	1,993	2,240
Mortgage loan receivables	(1,593)	(178)
Other financial assets	244	(1,910)
	<u>198,877</u>	<u>71,953</u>

27. General administrative expenses

	6 months ended 30 Jun 2012 TEUR	6 months ended 30 Jun 2011 TEUR
Employee compensation	124,725	81,744
Rental, maintenance and repair expense	32,394	13,795
Payroll related taxes (including pension contributions)	31,397	20,094
Telecommunication and postage	20,292	15,596
Advertising and marketing	16,280	8,725
Professional services	9,477	12,815
Information technologies	6,967	6,222
Travel expenses	5,178	3,131
Taxes other than income tax	2,404	2,393
Other	11,388	5,821
	<u>260,502</u>	<u>170,336</u>

28. Other operating expenses

	6 months ended 30 Jun 2012 TEUR	6 months ended 30 Jun 2011 TEUR
Depreciation and amortization	21,326	16,230
Loss on disposal of property, plant, equipment, and intangible assets	586	1,448
Impairment losses on other assets	-	1
	<u>21,912</u>	<u>17,679</u>

29. Income tax expense

	6 months ended 30 Jun 2012 TEUR	6 months ended 30 Jun 2011 TEUR
Current tax expense	60,751	63,744
Deferred tax benefit	(6,741)	(2,329)
Total income tax expense from continuing operations in the statement of comprehensive income	<u>54,010</u>	<u>61,415</u>

The decrease in effective tax rate in six month period ended 30 June 2012 is mainly caused by a decrease in withholding tax paid on dividends received. The withholding paid tax on dividends in the six-month period ended 30 June 2012 was TEUR 3,601 (six month period ended 30 June 2011: TEUR 16,450).

30. Commitments

The Group has outstanding commitments to extend credit. These commitments take the form of approved credit limits related to customer's revolving loan accounts, POS loan facilities and cash loan facilities.

	30 Jun 2012	31 Dec 2011
	TEUR	TEUR
Revolving loan commitments	1,011,290	836,629
POS loan commitments	22,744	23,680
Cash loan commitments	7,643	6,281
	<u>1,041,677</u>	<u>866,590</u>

The total outstanding contractual commitments to extend credit indicated above do not necessarily represent future cash requirements as many of these commitments will expire or terminate without being funded.

As at 30 June 2012 the Group reported contractual commitments for the acquisition of property, plant and equipment and intangible assets of TEUR 14 (31 December 2011: TEUR 0).

As at 30 June 2012 the balance of loan guarantees issued by the Group was TEUR 15,000 (31 December 2011: TEUR 0).

31. Contingencies

The taxation systems in the Russian Federation and in the Republic of Belarus are relatively new and are characterized by frequent changes in legislation which are subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during several subsequent calendar years. Recent events within the Russian Federation and the Republic of Belarus suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

The facts mentioned above may create tax risks in respective countries that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian and Belarusian tax legislation, official pronouncements and court decisions.

32. Related party transactions

The Group has a related party relationship with its ultimate parent company PPF Group N.V., and its subsidiaries and associates. Related party transactions are executed on an arm's length basis.

(a) Transactions with the parent company

Amounts included in the statement of financial position in relation to transactions with the parent company are as follows:

	30 Jun 2012	31 Dec 2011
	TEUR	TEUR
Due from banks, other financial institutions and holding companies	132,112	64,070
Debt securities issued	(7,852)	-
Other liabilities	-	(298)
	<u>124,260</u>	<u>63,772</u>

Amounts included in the statement of comprehensive income in relation to transactions with the parent company are as follows:

	6 months ended	6 months ended
	30 Jun 2012	30 Jun 2011
	TEUR	TEUR
Interest income	3,128	5,259
Interest expense	(13)	-
	<u>3,115</u>	<u>5,259</u>

32. Related party transactions (continued)

(b) Transactions with fellow subsidiaries

Amounts included in the statement of financial position in relation to transactions with fellow subsidiaries are as follows:

	30 Jun 2012	31 Dec 2011
	TEUR	TEUR
Cash and cash equivalents	20,953	10,897
Due from banks, other financial institutions and holding companies	119,385	8,879
Loans to customers	3,023	4,886
Financial assets available-for-sale	-	29,911
Financial assets at fair value through profit or loss	288	576
Other assets	37,303	22,483
Due to non-banks	-	(23,952)
Due to banks and other financial institutions	(29,437)	(33,006)
Debt securities issued	(57,443)	(41,745)
Financial liabilities at fair value through profit or loss	(1,699)	(4,664)
Other liabilities	(7,325)	(7,168)
	<u>85,048</u>	<u>(32,903)</u>

Amounts included in the statement of comprehensive income in relation to transactions with fellow subsidiaries are as follows:

	6 months ended	6 months ended
	30 Jun 2012	30 Jun 2011
	TEUR	TEUR
Interest income	709	90
Interest expense	(2,157)	(3,130)
Fee and commission income	966	704
Fee and commission expense	(6,074)	(4,299)
Net gain on financial assets	129	1,356
Other operating income	44,025	30,202
General administrative expenses	(1,604)	(3,976)
	<u>35,994</u>	<u>20,947</u>

32. Related party transactions (continued)

(c) Transactions with the parent company's associates

Amounts included in the statement of financial position in relation to transactions with the parent company's associates are as follows:

	30 Jun 2012	31 Dec 2011
	TEUR	TEUR
Cash and cash equivalents	10	8
Financial assets available-for-sale	-	1,568
Other assets	17,022	27,656
Due to banks and other financial institutions	(34,155)	(39,534)
Debt securities issued	(179,599)	(222,377)
Other liabilities	(600)	(329)
	<u>(197,322)</u>	<u>(233,008)</u>

Amounts included in the statement of comprehensive income in relation to transactions with the parent company's associates are as follows:

	6 months	6 months
	ended	ended
	30 Jun 2012	30 Jun 2011
	TEUR	TEUR
Interest income	164	259
Interest expense	(9,840)	(6,353)
Fee and commission income	129,958	57,426
Other operating income	119	351
General administrative expenses	(1,333)	(678)
	<u>119,068</u>	<u>51,005</u>

(d) Transactions with key management personnel

Amounts included in the statement of comprehensive income in relation to transactions with members of key management are long-term benefits of TEUR 1,391 (six months ended 30 June 2011: TEUR 467) and short-term benefits of TEUR 10,709 (six months ended 30 June 2011: TEUR 10,097), comprising salaries and bonuses.

As at 30 June 2012 the balance of loans to members of the key management was TEUR 13 (31 December 2011: TEUR 48).

The members of the Board of Directors of the Company and key management of its subsidiaries are considered as the key management of the Group.

33. Subsequent events

In July 2012 the shareholder of the Company made a decision to increase the share premium of the Company by TEUR 249,000.

On 3 July 2012 the Group entered into a transaction with its shareholder whereby it purchased a 100% share in HC Asia N.V., a holding entity incorporated in the Netherlands which holds equity stakes in consumer finance companies in China, India and Indonesia. The transaction is part of the PPF Group shareholders' strategic intention to consolidate all Home Credit-branded companies under one entity.



Review report

To: The directors of Home Credit B.V.

Introduction

We have reviewed the accompanying condensed consolidated interim financial information of Home Credit B.V., Amsterdam, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income for the three months and six months periods ended 30 June 2012, the statements of changes in equity, and cash flows for the period of six months ended 30 June 2012, and the notes. Management of the company is responsible for the preparation and presentation of this consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of 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 auditing standards 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 accompanying condensed consolidated interim financial information as at 30 June 2012 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amstelveen, 31 August 2012

KPMG Accountants N.V.

B.M. Hengreen RA