Asian Credit Fund

Азиатский Кредитный Фонд

Annual Report

Годовой отчет

2012

www.asiancreditfund.com

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Содержание

Letter from the Management

Dear partners and friends!

In your hands is the Annual Report of ACF which summarizes the company's activity in 2012.

This year, as in the last four years, the company directed more than 95% of its annual loan disbursements to supporting rural businesses and households of Kazakhstan. Ninety nine percent of the respondents of ACF's regular annual client survey noted improvement in their well-being as a result of our cooperation.

The energy efficiency promoted by the company in rural areas has spurred an innovative agenda and tuned ACF with the country's new Law on Energy Efficiency adopted in 2012. Thanks to ACF's unique Residential Energy Efficiency Loan Product, 120 rural households received up-to-date information on simple energy efficiency measures and modern heating systems along with financing. This new product not only helped to increase the house value and save on the family budget, but also had significant positive environmental impact.

ACF expects the innovative constituency of the company to increase in the future, so that every client, partner or employee of the company will be glad to be involved with ACF. The company will, in turn, need their continuous trust and support!

Sincerely,

Zhakupova Zhanna
Executive Director
MCO ACF LLC

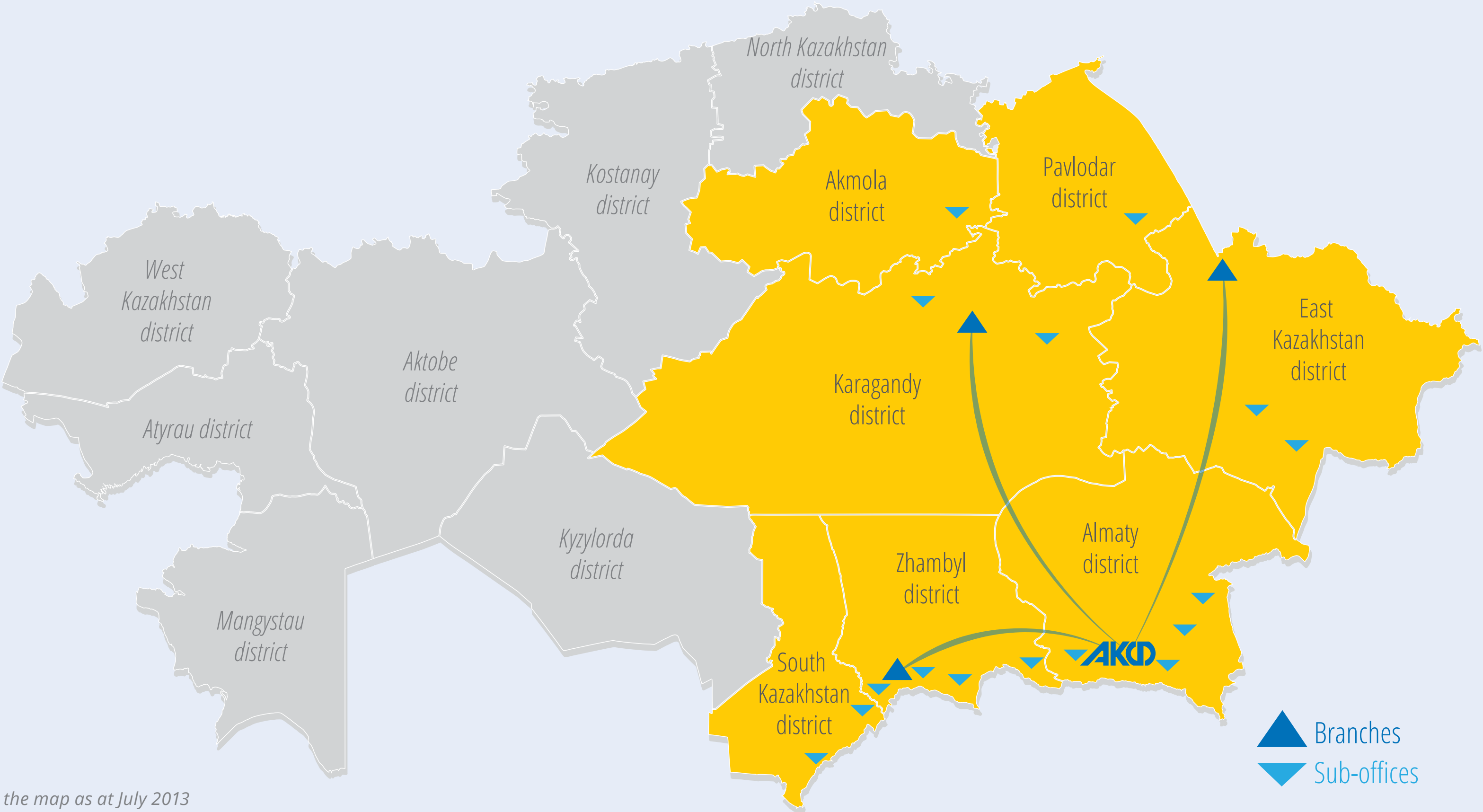
Mission Statement

ACF Vision

We support the sustainable development of rural households to build a vibrant civil society.

ACF Mission

To be the leading development organization in Kazakhstan to provide financial and development products and services to households, helping them to build and participate in their own civil society.



Data on the map as at July 2013

About Founder and Shareholder, Mercy Corps

Mercy Corps is the sole owner and founder of ACF. Established in 1979, Mercy Corps is a non-profit international non-governmental organization (NGO) headquartered in the United States which, since its foundation, has provided USD 2.5 billion in international relief assistance and development programming to 114 countries around the world. Supported by offices in North America and Europe, their current unified global programs employ nearly 4,000 staff members worldwide and reach 19 million people in 42 countries.

Mercy Corps has accumulated over 20 years experience in the field of commercially-oriented microfinance. Mercy Corps has developed microfinance institutions, including commercial banks and multi-finance companies, in 16 developing countries around the world.

Supervisory Board

Chair

Steven W. Zimmerman
Vice President of Social Innovation
Mercy Corps
USA

Members

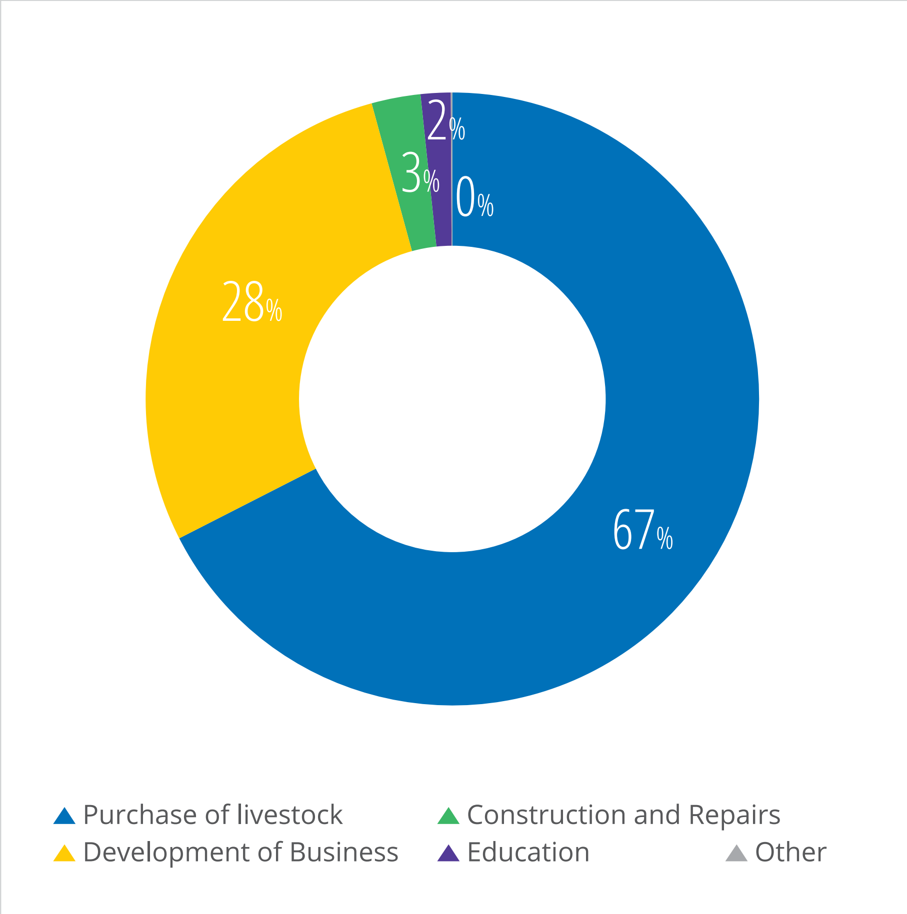
Ulanbek Termechikov
Chief Executive Officer
Kompanion Financial Group
Kyrgyzstan

Stephen Mitchell
Vice President of Financial Services
Mercy Corps
USA

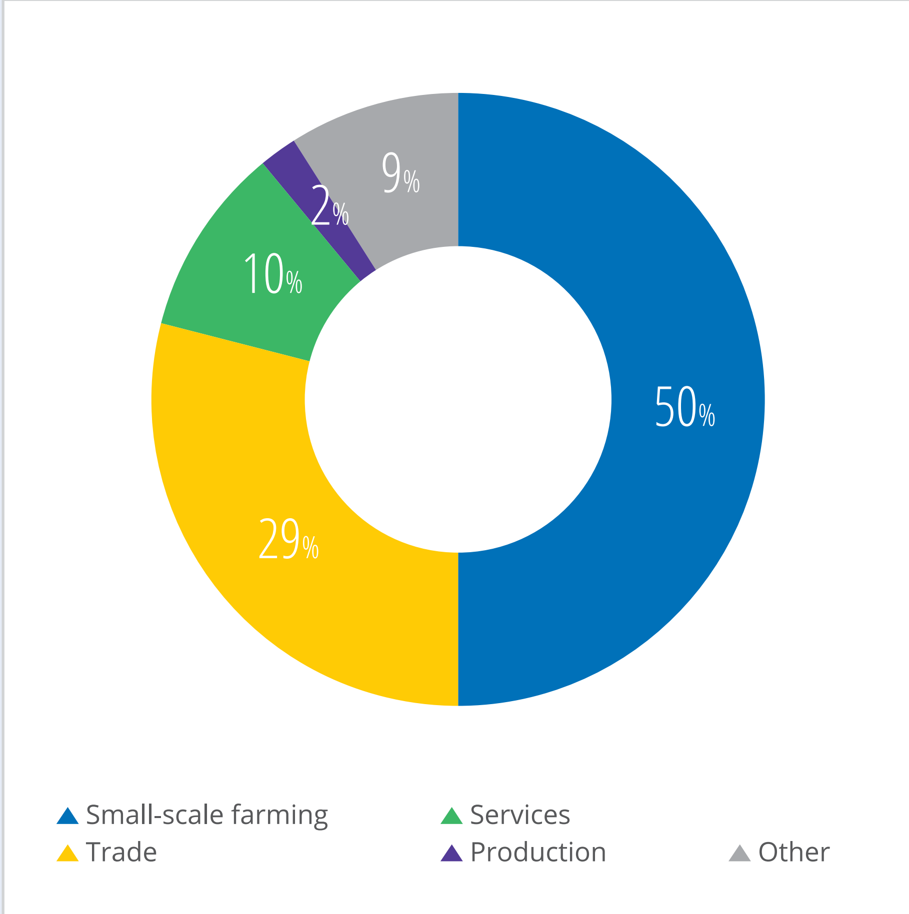
Jamila Assanova
Executive Director
Civil Society Development Association "ARGO"
Kazakhstan

ACF Highlights in 2012

Active Clients by Sectors as at 12.31.2012

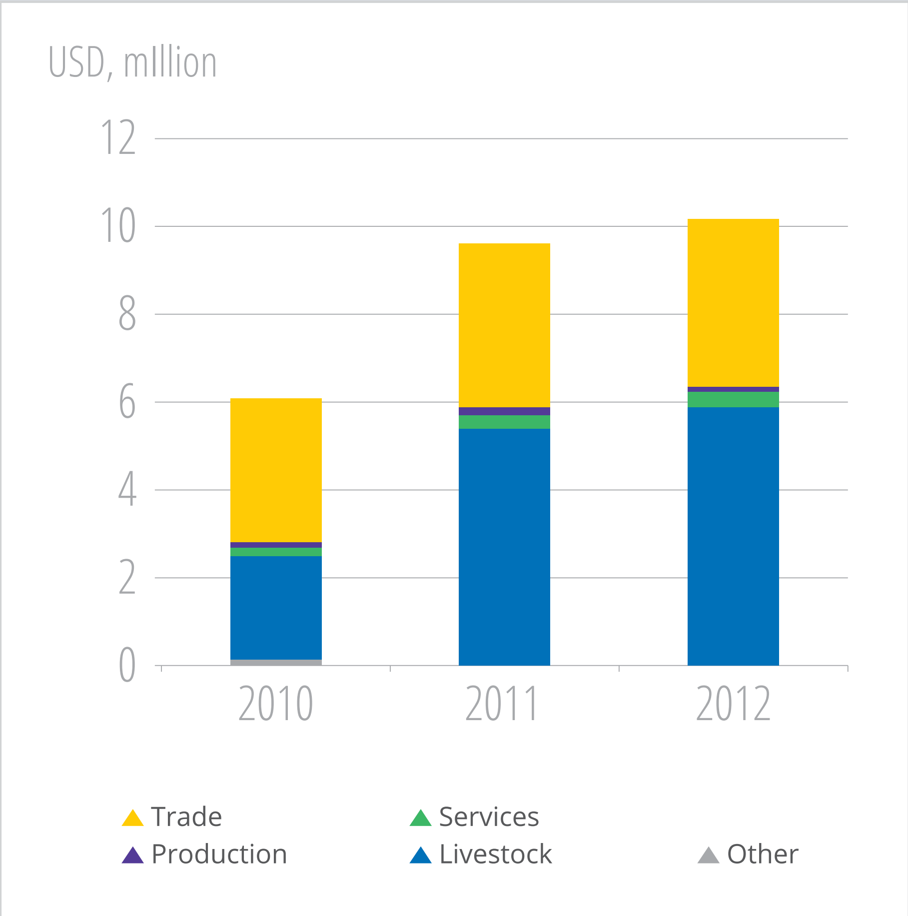


Loan Portfolio according to the Loan Purposes as at 12.31.2012

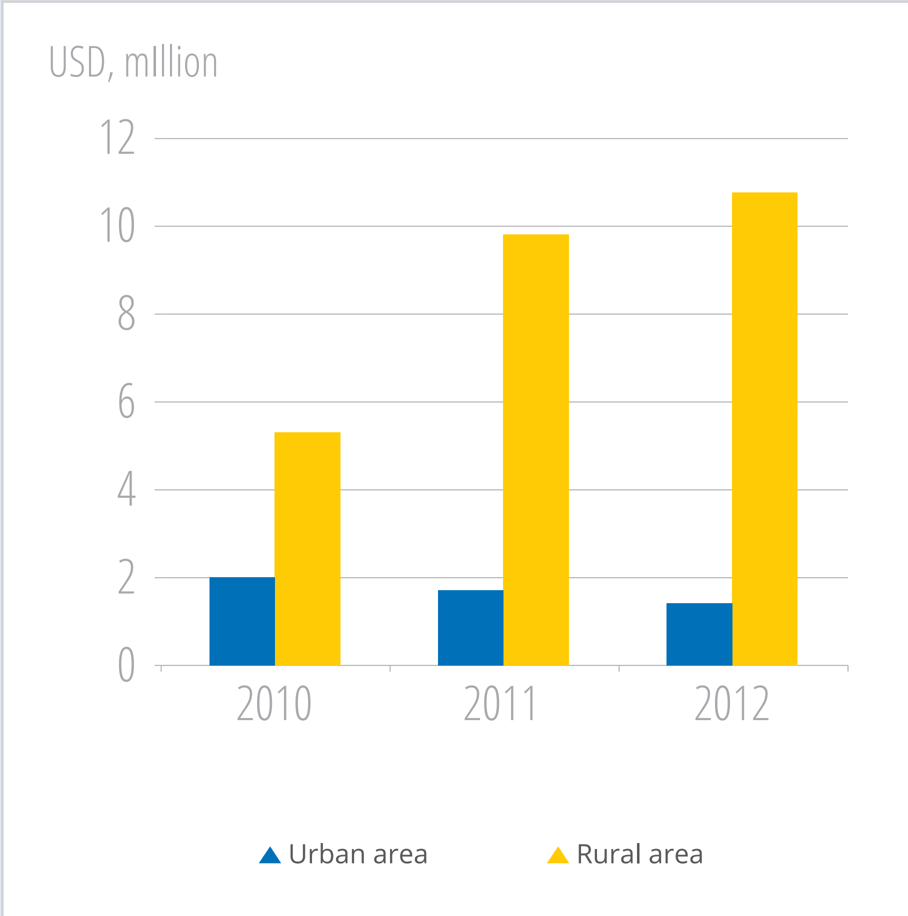


ACF Highlights 2012

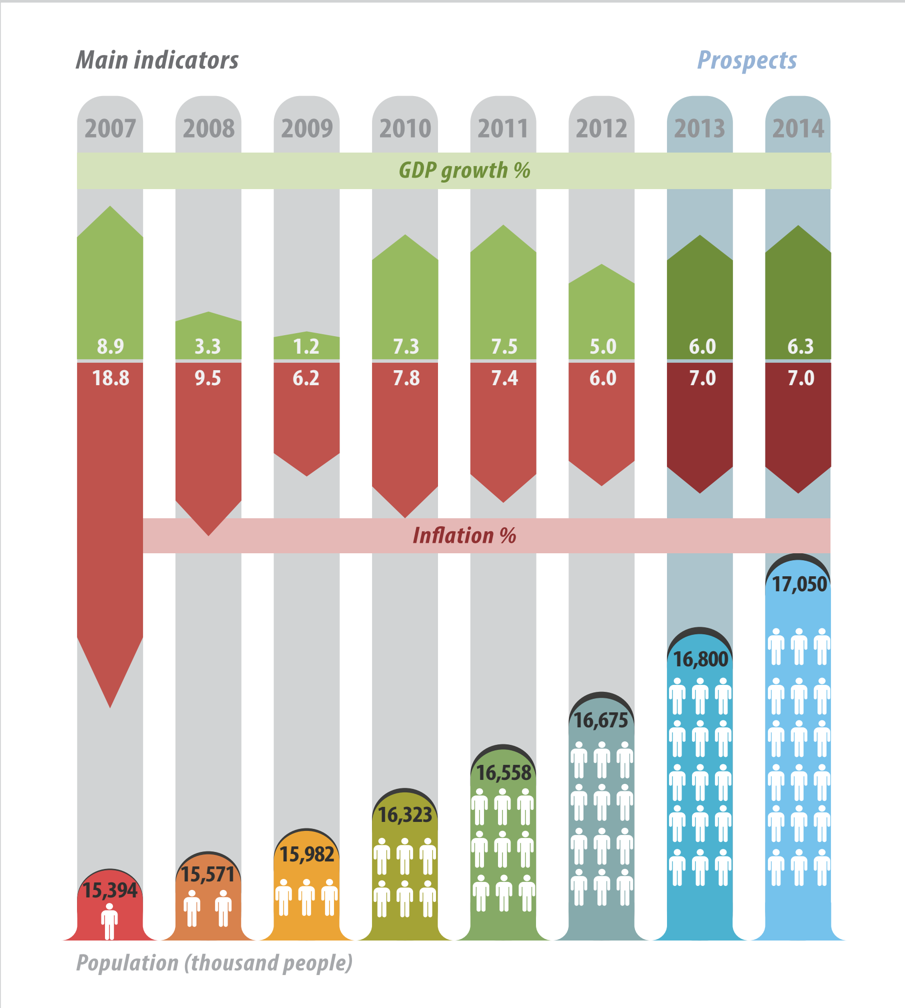
Annual Volume of Loans by Industry



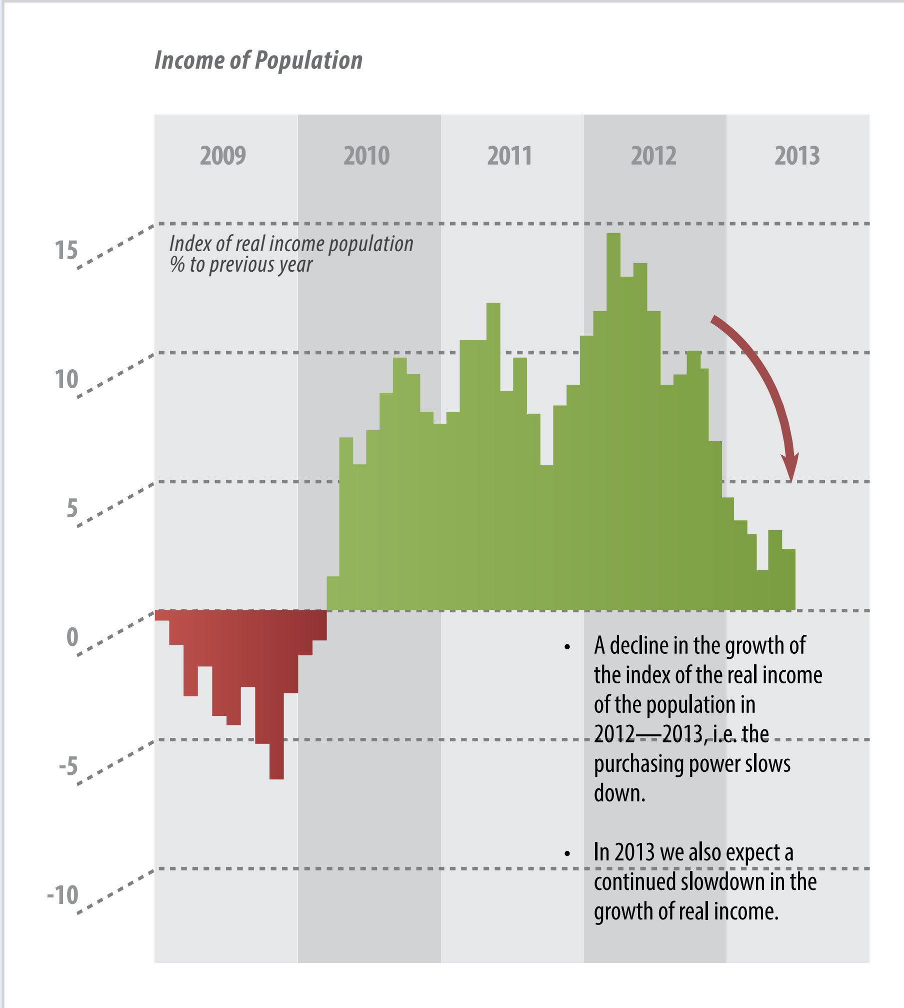
Annual Volume of Loans in Urban/Rural Areas



Kazakhstan Overview



Source: Agency of Statistics, Ministry of Economic Development of the Republic of Kazakhstan



Source: Agency of Statistics of the Republic of Kazakhstan

Client Success Story

Meruert Ismailova
Residential Energy Efficiency Lending Program
October 2012

Meruert Ismailova is a sixty-two-year-old resident of the Lavar village, located 105 km from Almaty, the financial capital of Kazakhstan. She has lived there with her husband Aytkozha and her 10-year-old granddaughter Zhazira for almost 5 years.

In 2007, when Meruert and Aytkozha retired, they decided to move from the crowded Almaty to their native land, the Lavar village, in order to breathe fresh air and enjoy a more relaxed life. As both of them were full of strength, they decided to start their own business, a food store which they constructed on a piece of land they were able to purchase with their savings. The money left after the construction of the store was enough only to build a small temporary house. In addition to running their store, the couple also started raising cows. Today their small farm consists of four cows and four calves.

Both businesses were successful, bringing the family a stable monthly income which Meruert started saving for the construction of their next dream project, a larger permanent home on the same land plot. The family was able to start the construction in June 2012. With their savings they managed to build the foundation of the house and they intend to continue the project step by step, based on availability of income. Meruert has been a group loan borrower from Asian Credit Fund since April 2011. These short-term loans have helped her to close family budget gaps and address the immediate business needs for working capital.
In August 2012, when she heard about ACF's new product, the residential energy efficiency loan, she was at the stage of insulating her house. She had installed plastic windows and insulated the floor. While she was talking to an ACF's loan officer about her future plans, she learnt how important it is to insulate the walls properly in order to contribute with about 30% to the overall energy efficiency of the house. Her loan officer, Gullizar Ulpanova, advised her on innovative, simple and affordable energy saving technologies and materials

Meruert decided to apply for a new loan from ACF and received KZT 700 thousand (USD 4,700) for 18 months to purchase insulating and construction materials for the wall and ceiling: insulating plate, foam plastic, etc. As working with the materials was not complicated, the couple decided to do the insulation work by themselves to save money for other needs.

Meruert's monthly loan payments are tailored to her cash flow and, under her proper management, allow even to continue saving for the future. Meruert is thankful to ACF for the financial support which allows to complete the construction of the house more quickly, and for the opportunity to learn about new materials which can significantly improve the comfort of the home and decrease the heating expenses.

Contents of the Financial Report

Statement of Management's Responsibilities for the Preparation and Approval of the Financial Statements for the Year Ended December 31, 2012

Management is responsible for the preparation of the financial statements that present fairly the financial position of Asian Credit Fund Microcredit Organization Limited Liability Company (the "Company") as at December 31, 2012, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS").

In preparing the financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- Making an assessment of the Company's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Company;
- Maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- Maintaining accounting records in compliance with legislation of the Republic of Kazakhstan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- Preventing and detecting fraud and other irregularities.

The financial statements for the year ended December 31, 2012 were authorized for issue on April 12, 2013 by the Management of the Company.

On behalf of the Management:

	Zhakupova Zhanna Executive Director	Smazhanova Dinara Chief Accountant
	April 12, 2013 Almaty, Kazakhstan	April 12, 2013 Almaty, Kazakhstan

Independent Auditors' Report by **Deloitte.**

Deloitte, LLP
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050059 Almaty
Republic of Kazakhstan

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Fax: +7 (727) 258 13 41
almaty@deloitte.kz
www.deloitte.kz

To the Founders of Asian Credit Fund Microcredit Organization Limited Liability Company.

We have audited the accompanying financial statements of Asian Credit Fund Microcredit Organization Limited Liability Company, which comprise the statement of financial position as at December 31, 2012, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

Auditors' opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Asian Credit Fund Micro-credit Organization Limited Liability Company as at December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte LLP

Deloitte.

Deloitte, LLP
State license on auditing
of the Republic of Kazakhstan
Number 0000015, type MFU-2,
given by the Ministry of Finance
of the Republic of Kazakhstan
dated September 13, 2006

April 12, 2013
Almaty, Kazakhstan

Andrew Weekes
Engagement Partner
Chartered Accountant Certificate
of Public Practice No. 78586
Australia

Nurlan Bekenov
Auditor-performer
Qualified auditor of the Republic of Kazakhstan
Qualification certificate No. 0082
dated June 13, 1994
General Director
Deloitte, LLP

Financial Statements

Microcredit Organization
"Asian Credit Fund"
Limited Liability Company

For the year ended December 31, 2012

Statement of Comprehensive Income

for the Year Ended December 31, 2012

(in thousand of Kazakhstani tenge)

	Notes*	Year ended December 31, 2012	Year ended December 31, 2011
Interest income	3	394,964	351,099
Interest expense	3, 16	(117,826)	(96,099)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		277,138	255,000
Provision for impairment losses on interest bearing assets	4	(5,824)	(14,933)
NET INTEREST INCOME		271,314	240,067
Net gain on disposal of property and equipment		2,425	2,593
Net foreign exchange gain/(loss)		2,602	(3,474)
Other income/(expense)		765	(1,497)
NET NON-INTEREST INCOME/(EXPENSE)		5,792	(2,378)
OPERATING INCOME		277,106	237,689
OPERATING EXPENSES	5, 16	(230,935)	(232,317)
PROFIT BEFORE INCOME TAX		46,171	5,372
Income tax expense	6	(14,090)	(2,881)
NET PROFIT		32,081	2,491
TOTAL COMPREHENSIVE INCOME		**32,081**	**2,491**

On behalf of the Management:

Zhakupova Zhanna
Executive Director

April 12, 2013
Almaty, Kazakhstan

Smazhanova Dinara
Chief Accountant

April 12, 2013
Almaty, Kazakhstan

** The notes are on page 24, an integral part of these financial statements.*

Statement of Financial Position

for the Year Ended December 31, 2012

(in thousand of Kazakhstani tenge)

ASSETS:	Notes*	Year ended December 31, 2012	Year ended December 31, 2011
Cash	7	31,758	11,802
Due from banks	8	448,465	392,860
Loans to customers	9	680,107	616,717
Property and equipment	10	14,233	16,784
Intangible assets	11	2,662	1,360
Current tax assets		4,726	2,041
Inventory		530	2,033
Other assets	12	15,796	12,957
TOTAL ASSETS		**1,198,277**	**1,056,554**

LIABILITIES AND EQUITY LIABILITIES:	Notes*	Year ended December 31, 2012	Year ended December 31, 2011
Due to banks and other financial institutions	13, 16	1,082,227	986,179
Unused vacation reserve		4,062	4,053
Other liabilities		17,491	3,906
TOTAL LIABILITIES		**1,103,780**	**994,138**
EQUITY:			
Charter capital	14	195,922	195,922
Accumulated deficit		(101,425)	(133,506)
Total equity		94,497	62,416
TOTAL LIABILITIES AND EQUITY		**1,198,277**	**1.056,554**

On behalf of the Management:

Zhakupova Zhanna
Executive Director

April 12, 2013
Almaty, Kazakhstan

Smazhanova Dinara
Chief Accountant

April 12, 2013
Almaty, Kazakhstan

** The notes are on page 24, an integral part of these financial statements.*

Statement of Changes in Equity

for the Year Ended December 31, 2012

(in thousand of Kazakhstani tenge)

	Charter capital	Accumulated deficit	Total equity
As at December 31, 2010	195,922	(135,997)	59,925
Total comprehensive income	—	2,491	2,491
As at December 31, 2011	195,922	(133,506)	62,416
Total comprehensive income	—	32,081	32,081
As at 31 December 2012	**195,922**	**(101,425)**	**94,497**

On behalf of the Management:

Zhakupova Zhanna
Executive Director

April 12, 2013
Almaty, Kazakhstan

Smazhanova Dinara
Chief Accountant

April 12, 2013
Almaty, Kazakhstan

Statement of Cash Flows

for the Year Ended December 31, 2012

(in thousand of Kazakhstani tenge)

CASH FLOWS FROM OPERATING ACTIVITIES:	Notes*	Year ended December 31, 2012	Year ended December 31, 2011
Profit before income tax		46,171	5,372
Adjustments for:			
Accrual of interest income		(2,752)	(4,336)
Accrual of interest expense		1,287	5,912
Provision for impairment losses on interest bearing assets		5,824	14,933
Provision for vacations and bonuses		9	778
Foreign exchange loss		2,466	3,134
Depreciation and amortization		6,351	7,083
Gain on disposal of property and equipment		(2,425)	(2,593)
Cash flows from operating activities before changes in operating assets and liabilities		56,931	30,283
Changes in operating assets and liabilities (Increase)/decrease in operating assets:			
Due from banks		(55,378)	(392,593)
Loans to customers		(66,689)	(264,807)
Inventory		1,503	6,042
Other assets		(2,839)	1,054
Increase/(decrease) in operating liabilities:			
Due to banks		(37,774)	
Other liabilities		13,585	462
Cash outflow from operating activities before taxation		(90,661)	(619,559)
Income tax paid		(16,7751	(2,881)
Net cash outflow from operating activities		**(107,436)**	**(622,440)**

Continued on next page

Statement of Cash Flows (continued)

for the Year Ended December 31, 2012

(in thousand of Kazakhstani tenge)

CASH FLOWS FROM INVESTMENT ACTIVITIES:	Notes*	Year ended December 31, 2012	Year ended December 31, 2011
Purchase of property and equipment		(6,395)	(9,819)
Purchase of intangible assets		(1,800)	(383)
Proceeds on sale of property and equipment and investment property		5,518	12,338
Proceeds on sale of intangible assets		-	180
Net cash (outflow)/inflow from investment activities		(2,677)	2,316
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from due to banks and other financial institutions		342,757	549,372
Repayments of due to banks and other financial institutions		(206,359)	(211,733)
Net cash inflow from financing activities		136,398	337,639
Effect of changes in foreign exchange rate on cash and cash equivalents		(6,329)	3,735
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		19,956	(278,750)
CASH AND CASH EQUIVALENTS, at the beginning of the year	7	11,802	290,552
CASH AND CASH EQUIVALENTS, at the end of the year	7	**31,758**	**11,802**

On behalf of the Management:

Zhakupova Zhanna
Executive Director

April 12, 2013
Almaty, Kazakhstan

Smazhanova Dinara
Chief Accountant

April 12, 2013
Almaty, Kazakhstan

** The notes are on page 24, an integral part of these financial statements.*

Notes to the Financial Statements

1. ORGANISATION

Asian Credit Fund Microcredit Organization Limited Liability Company ("the Company") was registered on October 27, 2005 under the number 73630-1910-TOO and carrying out its activities in the territory of the Republic of Kazakhstan. On June 26, 2009 the Company was re-registered in connection with the decision of Participant on acceptance of a new Participant-Mercy Corps (re-registration number 73630-1910-TOO). The Company carries out its activity according to the Civil code of the Republic of Kazakhstan, the Law Republic of Kazakhstan #392-II "About microcredit organizations" dated March 6, 2003 (last amended and supplemented on February 10, 2011 #406-IV), Charter and Constituent documents of the Company.

According to the Charter, the main activities of the Company are:

1. Granting of micro-credits in cash form on terms of repayment, term and recurrency in the amount not exceeding the size of eight thousand multiple monthly rated index, established by the law of the Republic of Kazakhstan on the national budget for appropriate financial year per one borrower;
2. Investing of temporary available assets into governmental securities, corporate securities, deposits of second level banks and in other ways which do not contradict with the laws of the Republic of Kazakhstan;
3. Closing transactions with collateral which was provided as collateral security for a microcredit in the manner stipulated by the laws of the Republic of Kazakhstan;
4. Sale of its property;
5. Rendering consulting services in connection with microcredit activity; and
6. Providing training on a free of charge basis.

A predominant purpose of the Company is the comprehensive assistance in developing and strengthening of small and medium-size business in Kazakhstan, as well as development of entrepreneurial culture with an emphasis on relationship establishment and strengthening thereof between entrepreneurs and financial institutions.

The overall goal of the Company is accomplishment of the Company activity, gaining of net profit and its use in interest of Participants.

The Company is located at 2, Kotelnikov St., Almaty, the Republic of Kazakhstan.

The Company's operations are administered in the head office, which is located in Almaty. As at December 31, 2012 and 2011, the Company had 3 branches in the Republic of Kazakhstan in Semei, Karaganda and Taraz.

As at December 31, 2012 and 2011, the Company had 82 and 116 employees, respectively.

Participatory shares in the Company are distributed in the following way:

Member	Country of activity carrying out	Share of participation		Type of activity
		2012	2011	
Public Fund Asian Credit Fund	Republic of Kazakhstan	40%	40%	Granting micro credits to the businessmen of small and medium scale business
Mercy Corps	USA	60%	60%	Rendering of assistance on economical development

The Company's shares in the charter capital are not proportional to contributions made. Recalculation of the Company participatory shares in the charter capital is as follows:

- Mercy Corps: contribution amount — KZT 77,488 thousand, share in the charter capital — 60%;
- Public Fund Asian Credit Fund: contribution amount — KZT 118,434 thousand, share in the charter capital — 40%;

As at December 31, 2012 and 2011, the ultimate shareholder of the Company is Mercy Corps.

These financial statements were approved by the Management of the Company on April 12, 2013.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Other basis of presentation criteria

These financial statements have been prepared on the assumption that the Company is a going concern and will continue in operation for the foreseeable future.

These financial statements are presented in thousands of Kazakhstani tenge ("KZT"), unless otherwise stated. These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The Company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 19.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense is not offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

The principal accounting policies are set out below.

Recognition of interest income and expense

Interest income and expense are recognized on an accrual basis using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

Once a financial asset or a group of similar financial assets has been written down (partly written down) as a result of an impairment loss, interest income is thereafter recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Interest earned on assets at fair value is classified within interest income.

Recognition of revenue — other

Recognition of fee and commission income and expense

Loan origination fees are deferred, together with the related direct costs, and recognized as an adjustment to the effective interest rate of the loan. Where it is probable that a loan commitment will lead to a specific lending arrangement, the loan commitment fees are deferred, together with the related direct costs, and recognized as an adjustment to the effective interest rate of the resulting loan. Where it is unlikely that a loan commitment will lead to a specific lending arrangement, the loan commitment fees are recognized in the statement of comprehensive income over the remaining period of the loan commitment. Where a loan commitment expires without resulting in a loan, the loan commitment fee is recognized in profit or loss on expiry. Loan servicing fees are recognized as revenue as the services are provided. All other commissions are recognized when services are provided or received.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, unrestricted balances on correspondent and time deposit accounts and advances to banks with original maturities within 90 days, which may be converted to cash within a short period of time and thus are considered liquid.

Loans and receivables

Due from banks and other financial institutions, loans to customers, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as ‘loans and receivables’. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as default or delinquency in interest or principal payments; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- Disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as loans and receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of loans and receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loans and receivables, where the carrying amount is reduced through the use of an allowance account. When a loan or a receivable is considered uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of comprehensive income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Write-off of loans and advances

Loans and advances are written off against the allowance for impairment losses when deemed uncollectible. Loans and advances are written off after management has exercised all possibilities available to collect amounts due to the Company and after the Company has sold all available collateral. Subsequent recoveries of amounts previously written off are reflected as an offset to the charge for impairment of financial assets in the statement of comprehensive income in the period of recovery.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognize a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in the statement of comprehensive income.

On derecognition of a financial asset other than it is entirety (e.g. when the Company retains an option to repurchase part of the transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Company retains control), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

Other financial liabilities

Other fmancial liabilities, including due to banks and other financial institutions, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the statement of comprehensive income.

Loans to customers

Loans to customers are non-derivative assets with fixed or determinable payments that are not quoted in an active market, other than those classified in other categories of financial assets.

Loans to customers granted by the Company are initially recognized at fair value plus related transaction costs. Where the fair value of consideration given does not equal the fair value of the loan, for example where the loan is issued at lower than market rates, the difference between the fair value of consideration given and the fair value of the loan is recognized as a loss on initial recognition of the loan and included in the statement comprehensive income according to nature of the losses. Subsequently, loans are carried at amortized cost using the effective interest method. Loans to customers are carried net of any allowance for impairment losses.

Property, equipment and intangible assets

Property, equipment and intangible assets are carried at historical cost less accumulated depreciation and amortization.

Depreciation and amortization is charged on the carrying value of property, equipment and intangible assets, and is designed to write off assets over their useful economic lives. Depreciation and amortization is calculated on a straight line basis at the following annual prescribed rates:

Vehicles	25%
Machinery and equipment	15–40%
Computer equipment	40%
Intangible assets	25%
Other	15–40%

Capital expenditures for leasehold improvements are amortized over the shorter of the life of the related leased asset or the lease term. Expenses related to repairs and renewals are charged when incurred and included in operating expenses unless they qualify for capitalization.

The carrying amounts of property and equipment are reviewed at each reporting date to assess whether they are recorded in excess of their recoverable amounts. The recoverable amount is the higher of fair value less costs to sell and value in use. Where carrying values exceed the estimated recoverable amount, assets are written down to their recoverable amount, impairment is recognized in the respective period and is included in operating expenses. After the recognition of an impairment loss the depreciation charge for property and equipment is adjusted in future periods to allocate the assets' revised carrying value, less its residual value (if any), on a systematic basis over its remaining useful life.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in the statement of comprehensive income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Due to banks and other financial institutions

Due to banks and other fmancial institutions are initially recognized at fair value. Subsequently, amounts due are stated at amortized cost and any difference between net proceeds and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings, using the effective interest method.

Contingencies

Contingent liabilities are not recognized in the statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognized in the statement of financial position but disclosed when an inflow of economic benefits is probable.

Foreign currencies

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the statement of comprehensive income in the period in which they arise.

The exchange rates used by the Company in the preparation of the financial statements as at year-end are as follows:

	December 31, 2012	*December 31, 2011*
KZT/1 US Dollar	150.70	148.40
KZT/1 Kyrgyz som	3.18	3.21

Charter capital is recognized at historical cost.

Retirement obligations

In accordance with the requirements of the Kazalchstani legislation certain percentages of pension payments are withheld from total disbursements to staff to be transferred to pension funds, such that a portion of salary expense is withheld from the employee and instead paid to a pension funds on behalf of the employee. This expense is charged in the period in which the related salaries are earned. Upon retirement, all retirement benefit payments are made by the pension fund as selected by employees. The Company does not have any pension arrangements separate from the pension system of the Republic of Kazakhstan. In addition, the Company has no post-retirement benefits or other significant compensated benefits requiring accrual.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of loans and receivables

The Company regularly reviews its loans and receivables to assess for impairment. The Company's loan impairment provisions are established to recognize incurred impairment losses in its portfolio of loans and receivables. The Company considers accounting estimates related to allowance for impairment of loans and receivables a key source of estimation uncertainty because (i) they are highly susceptible to change from period to period as the assumptions about future default rates and valuation of potential losses relating to impaired loans and receivables are based on recent performance experience, and (ii) any significant difference between the Company's estimated losses and actual losses would require the Company to record provisions which could have a material impact on its financial statements in future periods.

The Company uses management's judgment to estimate the amount of any impairment loss in cases where a borrower has financial difficulties and there are few available sources of historical data relating to similar borrowers. Similarly, the Company estimates changes in future cash flows based on past performance, past customer behaviour, observable data indicating an adverse change in the payment status of borrowers in a group, and national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the group of loans. The Company uses management's judgment to adjust observable data for a group of loans to reflect current circumstances not reflected in historical data.

As at December 31, 2012 and 2011, gross loans to customers totalled KZT 716,074 thousand and KZT 649,390 thousand, respectively, and allowance for impairment losses amounted to KZT 35,967 thousand and KZT 32,673 thousand, respectively.

The allowances for impairment losses of financial assets in the financial statements have been determined on the basis of existing economic and political conditions. The Company is not in a position to predict what changes in conditions will take place in the Republic of Kazakhstan and what effect such changes might have on the adequacy of the allowances for impairment of financial assets in future periods.

Application of new and revised International Financial Reporting Standards (IFRS)

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the IASB and the [ERIC of the IASB that are relevant to its operations and effective for annual reporting periods ended on December 31, 2012. The adoption of these new and revised Standards and Interpretations has not resulted in significant changes to the Company's accounting policies that have affected the amounts reported for the current or prior years.

New and revised IFRSs in issue but not yet effective

At the date of authorization of these consolidated financial statements for issue, the following new standards and interpretations were in issue, but not yet effective, and which the Company has not early adopted:

- IFRS 9 "Financial Instruments"[i];
- IFRS 13 "Fair Value Measurement"[ii];
- IAS 32 "Financial Instruments: Presentation" and IFRS 7 — amendments which provide clarifications on the application of the offsetting rules and disclosure requirements[iii].

(i) *Effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.*
(ii) *Effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.*
(iii) *Amendments to IAS 32 effective for annual periods beginning on or after January 1, 2014. Respective amendments to IFRS 7 regarding disclosure requirements — for annual periods beginning on or after January 1, 2013.*

Amendments to IFRS 9

Was issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

- IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All

other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.
- The most significant effect of IFRS 9 regarding the classification and measurement of fmancial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

The Company management anticipates that IFRS 9 will be adopted in the Company's consolidated financial statements for the annual period beginning January 1, 2015 and that the application of the new Standard will have a significant impact on amounts reported in respect of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

IFRS 13 "Fair Value Measurement"

IFRS 13 Fair Value Measurement establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 Fair Value Measurement is broad; it applies to both financial instrument items and non-financial instrument items for which other LFRSs require or permit fair value measurements and disclosures amount fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 Fair Value Measurement are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 Fair Value Measurement to cover all assets and liabilities within its scope.

The Company management anticipates that the application of the new Standard may affect certain amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

Amendments to IAS 32 "Financial Instruments: Presentation"

The amendments to IAS 32 Financial Instruments: Presentation clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 Income Taxes. The Company management anticipates that the amendments to IAS 32 Financial Instruments: Presentation will have no effect on the Company's consolidated financial statements as the Company has already adopted this treatment.

All other Standards and Interpretations are not applicable to the Company's operations. Management believe the adoption of these Standards and Interpretations will not have a significant impact on the results of the Company's operations.

3. NET INTEREST INCOME

	Year ended December 31, 2012	Year ended December 31, 2011
Interest income comprises:		
Interest income on impaired financial assets recorded at amortized cost comprises:		
Interest on loans to customers, including:		
Interest income from group loans	344,401	310,388
Interest income from individual loans	21,983	16,336
Penalties on loans to customers	2,520	3,529
Interest income on unimpaired financial assets recorded at amortized cost comprises:		
Interest on due from banks	25,788	20,610
Other interest income	272	236
Total interest income on financial assets recorded at amortized cost	394,964	351,099
Interest expense comprises:		
Interest expense on financial liabilities recorded at amortized cost comprise:		
Interest expenses on due to banks and other financial institutions	117,826	96,099
Total interest expense on financial assets recorded at amortized cost	117,826	96,099
Net interest income before provision for impairment losses on interest bearing assets	**277,138**	**255,000**

Group loans are unsecured loans granted to groups of borrowers who sign loan agreements with joint responsibility to repay the loan.

4. ALLOWANCE FOR IMPAIRMENT LOSSES

	Loans to customers (Note 9)	Other assets (Note 12)	**Total**
December 31, 2010	21,413	336	**21,749**
Additional provision recognized	14,933	-	**14,933**
Write off of assets	(6,014)	(161)	**(6,175)**
Recovery of previously written off assets	2,341	-	**2,341**
December 31, 2011	32,673	175	**32,848**
Additional provision recognized	5,824	316	**6,140**
Write off of assets	(4,167)	(213)	**(4,380)**
Recovery of previously written off assets	1,637	-	**1,637**
December 31, 2012	35,967	278	**36,245**

5. OPERATING EXPENSES

	Year ended December 31, 2012	Year ended December 31, 2011
Salary and bonuses	126,534	122,049
Operational lease	18,162	18,441
Consultation services	13,021	7,660
Transport services	11,598	12,449
Taxes, except income tax	8,972	6,458
Business trip expenses	8,294	8,450
Bank services	8,053	9,579
Social tax	7,927	7,402
Depreciation and amortization	6,351	7,083
Communication services	6,342	8,085
Expenses for data base servicing	2,340	2,761
Professional services	1,963	923
Stationery and office supplies	1,354	1,766
Property, equipment and intangible assets maintenance	1,143	1,425
Education and training	647	467
Advertising expenses	382	2,582
Other expenses	7,852	14,737
Total operating expenses	**230,935**	**232,317**

6. INCOME TAXES

The Company provides for taxes based on the tax accounts maintained and prepared in accordance with the tax regulations in the Republic of Kazakhstan, which may differ from International Financial Reporting Standards. For the years ended December 31, 2012 and 2011, the income tax rate was 20%.

The Company is subject to certain permanent tax differences due to non-tax deductibility of certain expenses.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at December 31, 2012 and 2011 relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

Temporary differences as at December 31, 2012 and 2011 comprise:

	Year ended December 31, 2012	Year ended December 31, 2011
Taxable temporary differences:		
Amortization of commission fees	12,427	11,673
Unused vacation reserve	4,062	4,053
Total taxable temporary differences	**16,489**	**15.726**
Deductible temporary differences:		
Property, equipment and intangible assets	959	684
Accounts payable	3,393	-
Total deductible temporary differences	**4,352**	**684**
Net taxable temporary differences	**12,137**	**15,042**
Deferred tax asset at the statutory rate (20%)	2,427	3,008
Unrecognized deferred tax asset	(2,427)	(3,008)
Net deferred tax asset at the statutory rate	**-**	**-**

The ratio between tax expenses and accounting profit for the years ended 31 December 2012 and 2011 are disclosed as follows:

	Year ended December 31, 2012	Year ended December 31, 2011
Profit before income tax	46,171	5,372
Tax at the statutory tax rate	9,234	1,074
Change in deferred tax asset not recognized	(596)	(6,930)
Tax effect of permanent differences	5,452	8,737
Income tax expense	14,090	2,881
Current income tax expense	14,090	2,881
Deferred income tax expense	-	-
Income tax expense	**14,090**	**2,881**

7. CASH

	Year ended December 31, 2012	Year ended December 31, 2011
Carrent bank account	31,670	11,747
Cash on hand	88	55
Total cash	**31,758**	**11,802**

8. DUE FROM BANKS

	Maturity	December 31, 2012	Maturity	December 31, 2011
JSC Eurasian Bank	February 20, 2013		February 15, 2012	
	April 23, 2013	271,332	April 26, 2012	272,175
JSC ATF Bank	June 1, 2013			
	August 8, 2013			
	September 25, 2013			
	December 25, 2013	177,133	June 1, 2012	120,685
Total due from banks		**448,465**		**392,860**

As at December 31, 2012 and 2011, due from banks includes accrued interest of KZT 494 thousand and KZT 267 thousand, respectively.

As at December 31, 2012 and 2011, interest rates on due from bank were from 3.60% to 7.75% and 4.00% to 7.75%, respectively.

As at December 31, 2012, due from banks were held as against loans from banks and other financial institutions in Deutsche Dank Microcredit Development Fund, Impact Finance SICAV S.C.A SIF, Frontiers LLP and Deutsche Bank Aktiengesellschaf (Note 13).

As at December 31, 2011, due from bank were held as security against loans banks and other financial institutions in Deutsche Bank Microcredit Development Fund, Netri Private Foundation, Deutsche Bank Aktiengesellschaf and Frontiers LLP (Note 13).

9. LOANS TO CUSTOMERS

	December 31, 2012	December 31, 2011
Originated loans	716,074	649,390
Less allowance for impairment losses	(35,967)	(32,673)
Total loans to customers	**680,107**	**616,717**

As at December 31, 2012 and 2011, accrued interest income included in loans to customers amounted to KZT 14,772 thousand and KZT 12,247 thousand, respectively.

Movement in allowance for impairment losses for the years ended December 31, 2012 and 2011, are disclosed in Note 4.

	December 31, 2012	December 31, 2011
Group loans	670,293	619,293
Individual loans	45,781	30,097
	716,074	**649,390**
Less allowance for impairment losses	(35,967)	(32,673)
Total loans to customers	**680,107**	**616,717**

Group loans are unsecured loans granted to groups of borrowers who sign loan agreements with joint responsibility to repay the loan.

The Company provides loans to customers for development of small businesses.

The table below summarizes carrying value of loans to customers analyzed by type of collateral obtained by the Company:

	December 31, 2012	December 31, 2011
Unsecured loans	670,293	619,151
Loans collateralized by real estate	7,523	13,199
Loans collateralized by equipment	38,258	17,040
	716,074	**649,390**
Less allowance for impairment losses	(35,967)	(32,673)
Total loans to customers	**680,107**	**616,717**

Analysis by sector:	December 31, 2012	December 31, 2011
Agriculture	439,562	398,415
Trade	243,107	214,192
Services	20,762	20,819
Manufacturing	10,577	12,616
Others	2,066	3,348
	716,074	**649,390**
Less allowance for impairment losses	(35,967)	(32,673)
Total loans to customers	**680,107**	**616,717**

As at December 31, 2012 and 2011, the entire loan portfolio of KZT 680,107 thousand and KZT 616,717 thousand, respectively, was disbursed to customers operating in the Republic of Kazakhstan, which represents a significant geographical concentration and credit risk exposure.

As at December 31, 2012 and 2011, the maximum credit risk exposure on loans to customers amounted to KZT 716,074 thousand and KZT 649,390 thousand, respectively.

As at December 31, 2012 and 2011, loans to customers included loans totaling KZT 1,775 thousand and KZT 4,182 thousand, respectively, whose terms were renegotiated. Otherwise these loans would be past due or impaired.

	December 31, 2012			December 31, 2011		
	Carrying amount before allowance	*Allowance for impairment losses*	*Carrying amount*	*Carrying amount before allowance*	*Allowance for impairment losses*	*Carrying amount*
Loans to customers collectively determined to be impaired	716,074	(35,967)	680,107	649,390	(32,673)	616,717
Total	**716,074**	**(35,967)**	**680,107**	**649,390**	**(32,673)**	**616,717**

During the years 2012 and 2011, the company has written off loans to customers in the amount of KZT 4,167 thousand and KZT 6,014 thousand, respectively. Company performs write off of the loans according to the decision of the Credit Committee.

10. PROPERTY AND EQUIPMENT

	Computers and auxiliary equipment	Machinery and equipment	Vehicles	Production and household equipment	Other	**Total**
At cost						
December 31, 2010	11,645	5,332	8,024	7,110	1,424	**33,535**
Additions	2,815	2,596	2,268	1,499	641	**9,819**
Disposals	(313)	(93)	(3,436)	(44)	(129)	**(4,015)**
December 31, 2011	14,147	7,835	6,856	8,565	1,936	**39,339**
Additions	1,045	710	3,650	754	236	**6,395**
Disposals	(741)	(732)	(5,468)	(241)	(380)	**(7,562)**
December 31, 2012	14,451	7,813	5,038	9,078	1,792	**38,172**
Accumulated depreciation and amortization						
December 31, 2010	(7,732)	(2,932)	(3,267)	(2,639)	(743)	**(17,313)**
Charge for the year	(2,192)	(1,086)	(2,202)	(703)	(414)	**(6,597)**
Disposals	-	2	1,316	-	37	**1,355**
December 31, 2011	(9,924)	(4,016)	(4,153)	(3,342)	(1,120)	**(22,555)**
Charge for the year	(1,825)	(1,081)	(1,278)	(1,309)	(360)	**(5,853)**
Disposals	550	458	3,042	220	199	**4,469**
December 31, 2012	(11,199)	(4,639)	(2,389)	(4,431)	(1,281)	**(23,939)**
Net book value						
December 31, 2012	3,252	3,174	2,649	4,647	511	**14,233**
December 31, 2011	4,223	3,819	2,703	5,223	816	**16,784**

As at 31 December 2012 and 2011, the Company did not have property and equipment that was pledged as collateral.

11. INTANGIBLE ASSETS

	2012	2011
At cost		
At the beginning of the year	3,482	3,281
Additions	1,800	383
Disposals	-	(182)
At the end of the year	5,282	3,482
Accumulated depreciation		
At the beginning of the year	(2,122)	(1,638)
Charge for the year	(498)	(486)
Eliminated on disposal	-	2
At the end of the year	(2,620)	(2,122)
Net book value		
At the end of the year	**2,662**	**1,360**

As at December 31, 2012 and 2011, intangible assets comprised of software.

12. OTHER ASSETS

	December 31, 2012	December 31, 2011
Other financial assets		
Accounts receivable for collateral property sold	3,980	2,331
Other accounts receivable	1	14
	3,981	2,345
Less allowance for impairment losses	(278)	(175)
	3,703	**2,170**
Other non-financial assets		
Advances paid	8,078	4,903
Deferred expenses	3,033	4,331
Prepayments on taxes other than income tax	982	1,553
	12,093	**10,787**
Total other assets	**15,796**	**12,957**

13. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	December 31, 2012	December 31, 2011
Loans from banks and other financial institutions	850,488	757,167
Subordinated loans	231,739	229,012
Total due to banks and other financial institutions	**1,082,227**	**986,179**

As at December 31, 2012 and 2011, due to banks and other financial institutions included accrued interest amounting to KZT 11,988 thousand and KZT 10,701 thousand, respectively.

The Company is required to comply with financial covenants in relation to borrowed funds disclosed above. These covenants include stipulated ratios, debt to equity ratios and various other financial performance ratios.

Counterparty	Currency	Interest rate	Maturity date	December 31, 2012	December 31, 2011
JSC Eurasian Bank	KZT	7.20–10.95%	20/02/2013 23/04/2013 14/05/2013 05/09/2014	253,172	263,116
Frontiers, LLP	USD	14.00–15.00%	25/01/2013 01/06/2013 25/12/2013 08/08/2013	182,817	151,259
JSC ATF Bank	KZT	7.00–7.45%	25/09/2013	170,354	116,470
ResponsAbility Global Microfinance Fund	KZT	11.75%	24/02/2014	75,625	76,130
CPP-INCOFIN Belgian investment company	KZT	14.00%	25/07/2014	60,665	44,630
IMPACT FINANCE FUND	USD	9.50%	15/12/2013 15/03/2014	46,820	-
CVD Microfin GmbH & Co. KG	USD	8.50%	27/04/2014	31,217	-
Deutsche Bank Microcredit Development Fund Inc.	USD	5.00%	29/03/2014	29,818	7,475
ArselorMittal CME Resource LLP	KZT	8.00%	31/01/2012	-	45,500
Oikocredit	USD	8.25%	15/10/2012	-	30,160
Netri Private Foundation	USD	5.00%	19/04/2012	-	22,427
Total loans from banks and financial institutions				**850,488**	**757,167**
Subordinated loans					
Deutsche Bank Aktiengesellschaf	USD	10.50%	31/12/2014	153,957	151,749
Financial Group Kompanion	KGS	14.50%	25/04/2016	77,782	77,263
Total subordinated loans				**231,739**	**229,012**
Total due to banks and other financial institutions				**1,082,227**	**986,179**

14. CHARTER CAPITAL

As at December 31, 2012 and 2011, the Company's authorized and paid charter capital amounted to KZT 195,922 thousand. Participatory shares of the members are distributed as follows:

- Mercy Corps: contribution amount — KZT 77,488 thousand, participatory share in the charter capital — 60%;
- Asian Credit Fund Public Fund: contribution amount — KZT 118,434 thousand, participatory share in the charter capital — 40%.

15. FINANCIAL COMMITMENTS AND CONTINGENCIES

Capital commitments

As at December 31, 2012 and 2011, the Company had no material commitments for capital expenditure.

Operating lease commitments

As at December 31, 2012 and 2011, the Company had no material commitments under operating leases.

Legal proceedings

From time to time and in the normal course of business, claims against the Company are received from customers and counterparties. Management is of the opinion that no material losses will be incurred and accordingly no provision has been made in these financial statements.

Taxation

Commercial legislation of the Republic of Kazakhstan and countries where the Company operates, including tax legislation, may allow more than one interpretation. In addition, there is a risk of tax authorities making arbitrary judgments of business activities. If a particular treatment, based on management's judgment of the Company's business activities, was to be challenged by the tax authorities, the Company may be assessed additional taxes, penalties and interest.

Such uncertainty may relate to the valuation of financial instruments, valuation of provision for impairment losses and the market pricing of deals. Additionally such uncertainty may relate to the valuation of temporary differences on the provision and recovery of the provision for impairment losses on loans to customers and receivables, as an underestimation of the taxable profit. The management of the Company believes that it has accrued all tax amounts due and therefore no allowance has been made in the consolidated financial statements.

Pensions and retirement plans

Employees of the Company receive pension benefits from pension funds in accordance with the laws and regulations of the Republic of Kazakhstan. As at December 31, 2011 and 2010 the Company was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

Operating environment

Emerging markets such as the Republic of Kazakhstan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in the Republic of Kazakhstan continue to change rapidly; tax and regulatory frameworks are subject to varying interpretations. The future economic direction of the Republic of Kazakhstan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because the Republic of Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market.

16. TRANSACTIONS WITH RELATED PARTIES

In considering each possible related party relationship, attention is paid to the substance of the relationship rather than only their legal status. The Company had the following trans actions outstanding with related parties:

	December 31, 2012		December 31, 2011	
	Related party transactions	*Total category as per financial statements caption*	*Related party transactions*	*Total category as per financial statements caption*
Due to banks and other financial institutions	77,782	1,082,227	77,263	986,179

Included in the statement of comprehensive income for the years ended December 31, 2012 and 2011 there are the following amounts which arose due to transactions with related parties:

	December 31, 2012		December 31, 2011	
	Related party transactions	*Total category as statements caption*	*Related party transactions*	*Total category as statements caption*
Interest expense	(12,228)	(117,826)	(12,467)	(96,099)
Operating expenses	(26,200)	(230,935)	(20,593)	(232,317)
Key management personnel compensation	**(26,200)**		**(20,593)**	

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. The estimates presented herein are not necessarily indicative of the amounts the Company could realize in a market exchange from the sale of its full holdings of a particular instrument.

The carrying amount of financial assets approximates their fair value due to the short-term nature of such financial instruments.

18. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of equity attributable to the participants, comprising issued capital and retained earnings as disclosed in statement of changes in equity.

The Supervisory Board reviews the capital structure on a regular basis. As a part of this review, the Board considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the Board, the Company balances its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

As at December 31, 2012 and 2011, there have been no changes in the Company's capital structure.

19. RISK MANAGEMENT POLICIES

Management of risk is fundamental to the Company's business and is an essential element of the Company's operations. The main risks inherent to the Company's operations are:

- Credit risk
- Operational risk
- Liquidity risk
- Market risk

The Company recognizes that it is essential to have efficient and effective risk management processes in place. To enable this, the Company has established a risk management framework, whose main purpose is to protect the Company from risk and allow it to achieve its performance objectives.

Risk management policies and procedures

The Company's risk management policies aim to identify, analyze and manage the risks faced by the Company, 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.

Supervisory Board of the Company 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.

Management Board of the Company is responsible for monitoring and implementation of risk mitigation measures and making sure that the Company operates within the established risk parameters. Each department is responsible for direct management of the relevant risks, and together with the lawyer continuously monitors compliance with currently effective legislation.

Credit, market and liquidity risks both at portfolio and transactional levels are managed and controlled through a system of different committees.

Both external and internal risk factors are identified and managed throughout the Company's organizational structure.

Through the risk management framework, the Company manages the following risks:

Credit risk

The Company is exposed to credit risk, which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Risk management and monitoring is performed within set limits of authority, by the Credit Committees and the Company's Management. Before any application is made by the Credit Committee, all recommendations on credit processes (borrower's limits approved, or amendments made to loan agreements, etc.) are reviewed and approved by the Branch Management. Daily risk management is performed by the Credit Administration Department.

The Company has developed policies and procedures for the management of credit exposures including guidelines to limit portfolio concentration and the establishment of a Credit Committee, which actively monitors the Company's credit risk. The Company's credit policy is reviewed and approved by the Supervisory Board. The Company establishes limits on the amount of risk accepted in relation to one borrower, or group of borrowers, and to industry segments. Actual exposures against limits are monitored daily.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees but a significant portion is personal lending, where no such facilities can be obtained. Such risks are monitored on a continuous basis and subject to annual or more frequent reviews.

Maximum Exposure

The Company's maximum exposure to credit risk varies significantly and is dependent on both individual risks and general market economy risks.

The following table presents the maximum exposure to credit risk of balance sheet and off balance sheet financial assets and contingent liabilities. For financial assets in the statement of financial position, the maximum exposure equals to the carrying amount value of those assets prior to any offset or collateral. For financial guarantees and other off balance sheet assets contingent liabilities, the maximum exposure to credit risk is the maximum amount the Company would have to pay if the guarantee was called on or in the case of commitments, if the loan amount was called on.

	Maximum exposure	Offset	Net exposure after offset	Collateral Pledged	**December 31, 2012 Net exposure after offset and collateral**
Cash	31,758	-	31,758	-	**31,758**
Due from banks	448,465	-	448,465	-	**448,465**
Loans to customers	680,107	-	680,107	45,781	**634,326**
Other financial assets	3,703	-	3,703	-	**3,703**

	Maximum exposure	Offset	Net exposure after offset	Collateral Pledged	**December 31, 2011 Net exposure after offset and collateral**
Cash	11,802	-	11,802	-	**11,802**
Due from banks	392,860	-	392,860	-	**392,860**
Loans to customers	616,717	-	616,717	30,239	**586,478**
Other financial assets	2,170	-	2,170	-	**2,170**

The following table details the credit ratings of financial assets held by the Company.

	AAA	AA	BBB	BB	Not rated	**December 31, 2012 Total**
Cash	-	-	-	-	31,758	**31,758**
Due from banks	-	-	448,465	-	-	**448,465**
Loans to customers	-	-	-	-	680,107	**680,107**
Other financial assets	-	-	-	-	3,703	**3,703**

	AAA	AA	BBB	BB	Not rated	**December 31, 2011 Total**
Cash	-	-	-	-	11,802	**11,802**
Due from banks	-	-	392,860	-	-	**392,860**
Loans to customers	-	-	-	-	616,717	**616,717**
Other financial assets	-	-	-	-	2,170	**2,170**

The banking industry is generally exposed to credit risk through its financial assets and loans to customers. The credit risk exposure of the Company is concentrated within the Republic of Kazakhstan. The exposure is monitored on a regular basis to ensure that the credit limits and credit worthiness guidelines established by the Company's credit and risk management policy are not breached.

In determining the credit risk of financial assets which do not have ratings, the Company uses internal scoring models based on risk ranking criteria. The scoring model takes into consideration the financial performance of the borrower, the ability of repayment and any delays in repayment and the collateral pledged against any borrowings. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. The Company manages credit risk of financial assets by use of an internal rating system.

Loans are classified based on internal evaluations and other analytical procedures, branches and Credit Administration Department classify loans according to their risk and the risk of potential losses, with classifications subject to the approval of the Credit Committee.

Standard loans

The financial condition of the borrower is assessed as stable and there is no indication of any external or internal factors to suggest that the financial condition of the borrower has deteriorated. In case there are some minor negative indicators, the Company has confidence that the borrower will be able to cope with such (temporary) difficulties. Interest and principal are repaid in full. The borrower is considered as having the ability to repay the loan in accordance with its terms and conditions.

Substandard loans

There are evidences of deterioration of creditworthiness and financial position of the borrower. Such negative tendency can have influence on capacity to fulfill borrower's obligation in terms of loan repayment (principle amount or interest). In case weaknesses of the loan are not being improved, most likely that Company will have losses. Key characteristics are overdue amounts up to 30 days, prolongation of loan with timely done payments.

Unsatisfactory

There is evidence of a temporary deterioration in the financial condition of the borrower, including a decrease in income or a loss of market share. The borrower repays the loan principal and the interest without delay and in full. Key characteristics are overdue amounts from 31 to 60 days, prolongation of loan, or the repayment of the loan depends to an extent on the realization of collateral. The amount of collateral is sufficient to cover principal amount, interest income accrued, and expenses related to the sale of collateral.

Doubtful

The deterioration in the financial condition of the borrower has reached a critical level, but borrower's business continues operating. Possibility of loss of doubtful assets is very high, but due to several specific expected factors, that could improve the quality of asset, its classification as loss is deferred until a more precise assessment can be performed. Key characteristics are overdue amounts from 61 to 90 days, or the quality of collateral has deteriorated since origination or it is absent.

Losses

In the absence of any information to the contrary, the borrower's financial condition and operations have reached the point where it is evident that the borrower cannot repay the loan and the collateral value is negligible. The loan is uncollateralized or borrower prevents selling its collateral. Key characteristics are overdue amounts over 90 days, inability or refusal of the client to repay the loan, or absence of the borrower. Once all legal measures to recover the loan have been exhausted, the loan is accounted for as off-balance for at least three years in case of possible repayment.

The following table details the carrying value of assets that are impaired and the ageing of those that are past due but not impaired:

	Neither past due nor impaired	Financial assets past due and unimpaired: 0–3 months	3–6 months	6 months to 1 year	Greater than one year	Financial assets that have been impaired	**December 31, 2012 Total**
Cash	31,758	-	-	-	-	-	**31,758**
Due from banks	448,465	-	-	-	-	-	**448,465**
Loans to customers	-	-	-	-	-	680,107	**680,107**
Other financial assets	3,703	-	-	-	-	-	**3,703**

							December 31, 2011 Total
Cash	11,802	-	-	-	-	-	**11,802**
Due from banks	392,860	-	-	-	-	-	**392,860**
Loans to customers	-	-	-	-	-	649,390	**649,390**
Other financial assets	2,170	-	-	-	-	-	**2,170**

Operational risk

The Company is exposed to operational risk which is the risk of losses that can be a result of any system inefficiencies or breaks of internal process, systems, presence of human error or effect of any external negative factor.

The Company's risk management policies are designed to identify and analyze this risk to set appropriate risk limits and controls.

Geographical concentration

Management of the Company exercises control over the risk related to changes in the legislation and regulatory arena and assess its influence on the Company's activity. This approach allows the Company to minimize potential losses from the investment climate fluctuations in the Republic of Kazakhstan.

The geographical concentration of assets and liabilities is shown below:

	Kazakhstan	OECD countries	Other non-OECD countries	**December 31, 2012 Total**
FINANCIAL ASSETS:				
Cash	31,758	-	-	**31,758**
Due from banks	448,465	-	-	**448,465**
Loans to customers	680,107	-	-	**680,107**
Other financial assets	3,703	-	-	**3,703**
TOTAL FINANCIAL ASSETS	1,164,033	-	-	**1,164,033**
FINANCIAL LIABILITIES:				
Due to banks and other financial institutions	423,525	398,103	260,599	**1,082,227**
TOTAL FINANCIAL LIABILITIES	423,525	398,103	260,599	**1,082,227**
NET POSITION	740,508	(398,103)	(260,599)	

	Kazakhstan	OECD countries	Other non-OECD countries	**December 31, 2011 Total**
FINANCIAL ASSETS:				
Cash	11,802	-	-	**11,802**
Due from banks	392,860	-	-	**392,860**
Loans to customers	616,717	-	-	**616,717**
Other financial assets	2,170	-	-	**2,170**
TOTAL FINANCIAL ASSETS	1,023,549	-	-	**1,023,549**
FINANCIAL LIABILITIES:				
Due to banks and other financial institutions	425,087	332,571	228,521	**986,179**
TOTAL FINANCIAL LIABILITIES	425,087	332,571	228,521	**986,179**
NET POSITION	**598,462**	**(332,571)**	**(228,521)**	

Liquidity risk

Liquidity risk refers to availability of funds to repay liabilities as they fall due and meeting the demand in cash in the process of crediting customers.

The Management controls these types of risks by means of maturity analysis, determining the Company's strategy for the next financial period. Current liquidity is managed by the Financial department, which supports current liquidity on sufficient level to minimize the liquidity risk. The analysis of interest rate and liquidity risk is presented in the following table:

	Weighted average interest rate	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	**December 31, 2012 Total**
FINANCIAL ASSETS:							
Due from banks	5.23%	-	30,148	418,317	-	-	**448,465**
Loans to customers	28.83%	3,779	82,560	579,106	10,771	3,891	**680,107**
Total interest bearing financial assets		3,779	112,708	997,423	10,771	3,891	**1,128,572**
Cash		31,758	-	-	-	-	**31,758**
Other financial assets		-	-	-	3,703	-	**3,703**
TOTAL FINANCIAL ASSETS		35,537	112,708	997,423	14,474	3,891	**1,164,033**
FINANCIAL LIABILITIES:							
Due to banks and other financial institutions	10.60%	30,441	224,951	454,027	295,026	77,782	**1,082,227**
Total interest bearing financial liabilities		30,441	224,951	454,027	295,026	77,782	**1,082,227**
TOTAL FINANCIAL LIABILITIES		30,441	224,951	454,027	295,026	77,782	**1,082,227**
Liquidity gap		5,096	(112,243)	543,396	(280,552)	(73,891)	
Interest sensitivity gap		(26,662)	(112,243)	543,396	(284,255)	(73,891)	
Cumulative interest sensitivity gap		(26,662)	(138,905)	404,491	120,236	46,345	
Cumulative interest sensitivity gap as a percentage of total assets		(2%)	(12%)	35%	10%	4%	

	Weighted average interest rate	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	December 31, 2011 Total
FINANCIAL ASSETS:							
Due from banks	6.02%	-	-	392,860	-	-	**392,860**
Loans to customers	28.83%	9,678	70,619	523,690	12,730	-	**616,717**
Total interest bearing financial assets		9,678	70,619	916,550	12,730	-	**1,009,577**
Cash		11,802	-	-	-	-	**11,802**
Other financial assets		-	-	-	2,170	-	**2,170**
TOTAL FINANCIAL ASSETS		**21,480**	**70,619**	**916,550**	**14,900**	-	**1,023,548**
FINANCIAL LIABILITIES:							
Due to banks and other financial institutions	10.84%	47,015	265,584	373,037	300,543	-	**986,179**
Total interest bearing financial liabilities		47,015	265,584	373,037	300,543	-	**986,179**
TOTAL FINANCIAL LIABILITIES		**47,015**	**265,584**	**373,037**	**300,543**	**-**	**986,179**
Liquidity gap		(25,535)	(194,965)	543,513	(285,643)	-	
Interest sensitivity gap		(37,337)	(194,965)	543,513	(287,813)	-	
Cumulative interest sensitivity gap		**(37,337)**	**(232,302)**	**311,211**	**23,398**	**23,398**	
Cumulative interest sensitivity gap as a percentage of total assets		*(4%)*	*(23%)*	*30%*	*2%*	*2%*	

Substantially all of the Company's interest earning assets and liabilities are at fixed rates of interest.

Asset and liability maturity periods and the ability to replace interest liabilities at an acceptable cost when they mature are crucial determining the Company's liquidity and its susceptibility to fluctuation of interest rates and exchange rates.

A further analysis of the liquidity and interest rate risks is presented in the following tables in accordance with IFRS 7. The amounts disclosed in these tables do not correspond to the amounts recorded on the statement of financial position as the presentation below includes a maturity analysis for financial liabilities that indicates the total remaining contractual payments (including interest payments), which are not recognized in the statement of financial position on an undiscounted basis.

	Weighted average interest rate	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	**December 31, 2012 Total**
FINANCIAL LIABILITIES:							
Due to banks and other financial institutions	10.60%	29,726	304,982	175,180	587,406	110,457	**1,207,705**
Total financial liabilities		**29,726**	**304,982**	**175,180**	**587,406**	**110,457**	**1,207,705**

	Weighted average interest rate	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	**December 31, 2011 Total**
FINANCIAL LIABILITIES:							
Due to banks and other financial institutions	10.84%	8,370	116,284	732,796	298,409	-	**1,155,858**
Total financial liabilities		**8,370**	**116,284**	**732,796**	**298,409**	**-**	**1,155,858**

Market Risk

Market risk covers interest rate risk, currency risk, and other pricing risks to which the Company is exposed. There have been no changes as to the way the Company measurea risk or to the risk it is exposed in 2012.

The Company did not exposed to interest rate risks as Company borrows fund at only fixed rates.

The Credit Administration and Financial department also manage interest rate and market risks by matching the Company's interest rate position, which provides the Company with a positive interest margin. Financial department conducts monitoring of the Company's current financial performance, estimates the Company's sensitivity to changes in interest rates and its influence on the Company's profitability.

Currency risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's financial position and cash flows are exposed to effects of fluctuations in foreign currency exchange rates. The management controls currency risk by management of the open currency position on the estimated basis of KZT devaluation and other macroeconomic indicators, which gives the Company an opportunity to minimize losses from significant currency rates fluctuations toward its functional currency.

The Company's exposure to foreign currency exchange rate risk is presented in the tables below:

	KZT	USD USD 1 = KZT 150.74	KGS KGS 1 = KZT 3.18	December 31, 2012 Total
FINANCIAL ASSETS:				
Cash	17,251	14,507	-	**31,758**
Due from banks	-	448,465	-	**448,465**
Loans to customers	680,107	-	-	**680,107**
Other financial assets	3,703	-	-	**3,703**
TOTAL FINANCIAL ASSETS	**701,061**	**462,972**	**-**	**1,164,033**
FINANCIAL LIABILITIES:				
Due to banks and financial institutions	589,633	414,812	77,782	**1,082,227**
TOTAL FINANCIAL LIABILITIES	**589,633**	**414,812**	**77,782**	**1,082,227**
OPEN BALANCE SHEET POSITION	**111,428**	**48,160**	**(77,782)**	**81,806**

	KZT	USD USD 1 = KZT 148.40	KGS KGS 1 = KZT 3.21	December 31, 2011 Total
FINANCIAL ASSETS:				
Cash	10,130	1,670	2	**11,802**
Due from banks	5,000	387,860	-	**392,860**
Loans to customers	616,717	-	-	**616,717**
Other financial assets	2,170	-	-	**2,170**
TOTAL FINANCIAL ASSETS	**634,017**	**389,530**	**2**	**1,023,549**
FINANCIAL LIABILITIES:				
Due to banks and financial institutions	545,846	363,070	77,263	**986,179**
TOTAL FINANCIAL LIABILITIES	**545,846**	**363,070**	**77,263**	**986,179**
OPEN BALANCE SHEET POSITION	**88,171**	**26,460**	**(77,261)**	

Currency risk sensitivity

The following table details the Company's sensitivity to a 10% increase and decrease in the US Dollar/Kazakhstani tenge exchange rates in 2012 and 2011. Management of the Company believe that given the current economic conditions in the Republic of Kazakhstan that a 10% decrease is a realistic movement in the Tenge exchange rates against the US Dollar. This is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for a 10% change in currency rates as at December 31, 2012 and 2011, respectively.

Impact on net profit based on asset values as at December 31, 2012 and 2011:

	December 31, 2012 KZT/USD		December 31, 2011 KZT/USD	
	+10%	-10%	+10%	-10%
Impact on profit and loss	4,816	(4,816)	2,478	(2,478)

Impact on equity:

	December 31, 2012 KZT/USD		December 31, 2011 KZT/USD	
	+10%	-10%	+10%	-10%
Impact on equity	3,853	(3,853)	1,982	(1,982)

Limitations of sensitivity analysis

The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analyses do not take into consideration that the Company's assets and liabilities are actively managed. Additionally, the financial position of the Company may vary at the time that any actual market movement occurs. For example, the Company's financial risk management strategy aims to manage the exposure to market fluctuations. As investment markets move past various trigger levels, management actions could include selling investments, changing investment portfolio allocation and taking other protective action. Consequently, the actual impact of a change in assumptions may not have any impact on the liabilities, whereas assets are held at market value on the balance sheet. In these circumstances, different measurement bases for liabilities and assets may lead to volatility in shareholder equity.

Other limitations in the above sensitivity analyses include the use of hypothetical market movements to demonstrate potential risk that only represent the Company's view of possible near-term market changes that cannot be predicted with any certainty.

20. SUBSEQUENT EVENTS

In January 2013, the Company fully repaid Frontiers, LLP loan in the outstanding amount of USD 200 thousand (Note 13).

On January 28, 2013, the company attracted USD 150 thousand loan from IMPACT FINANCE FUND.

In March 2013, the Company prolonged its existing credit line with JSC Eurasian Bank in the amount of KZT 224,000 thousand.

Содержание

Письмо руководства

Дорогие друзья и партнеры!

Вы держите в руках годовой отчет, который представляет собой квинтэссенцию деятельности АКФ в 2012 году.

В отчетном году, как и в последние четыре года, компания направила более 95% своих кредитных фондов на поддержку бизнеса и домохозяйства сельского населения Казахстана. Согласно очередному ежегодному опросу клиентов АКФ, почти 99% респондентов отметили, что в ходе сотрудничества с АКФ их благосостояние улучшилось.

Тема энергосбережения, подхваченная компанией вслед за государством, принявшем в начале 2012 года Закон об энергосбережении и повышении энергоэффективности, дала компании новый вектор развития. Жилищный энергосберегающий кредитный продукт АКФ, не только служит повышению стоимости сельского дома клиента и снижению расходов домашнего бюджета, но и способствует защите окружающей среды. В рамках продукта 120 сельских жителей, клиентов АКФ, получили не только необходимые финансы, но и современную информацию по эффективным энергосберегающим мероприятиям и современным отопительным системам.

АКФ планирует, что инновационная составляющая в деятельности компании со временем будет только увеличиваться. Так что у клиентов, партнеров, сотрудников и учредителей будет, чем гордиться! А компании, в свою очередь, будет нужна ваша вера и поддержка!

С уважением,

Жакупова Жанна Болатхановна
Исполнительный Директор
ТОО МКО «Азиатский Кредитный Фонд»

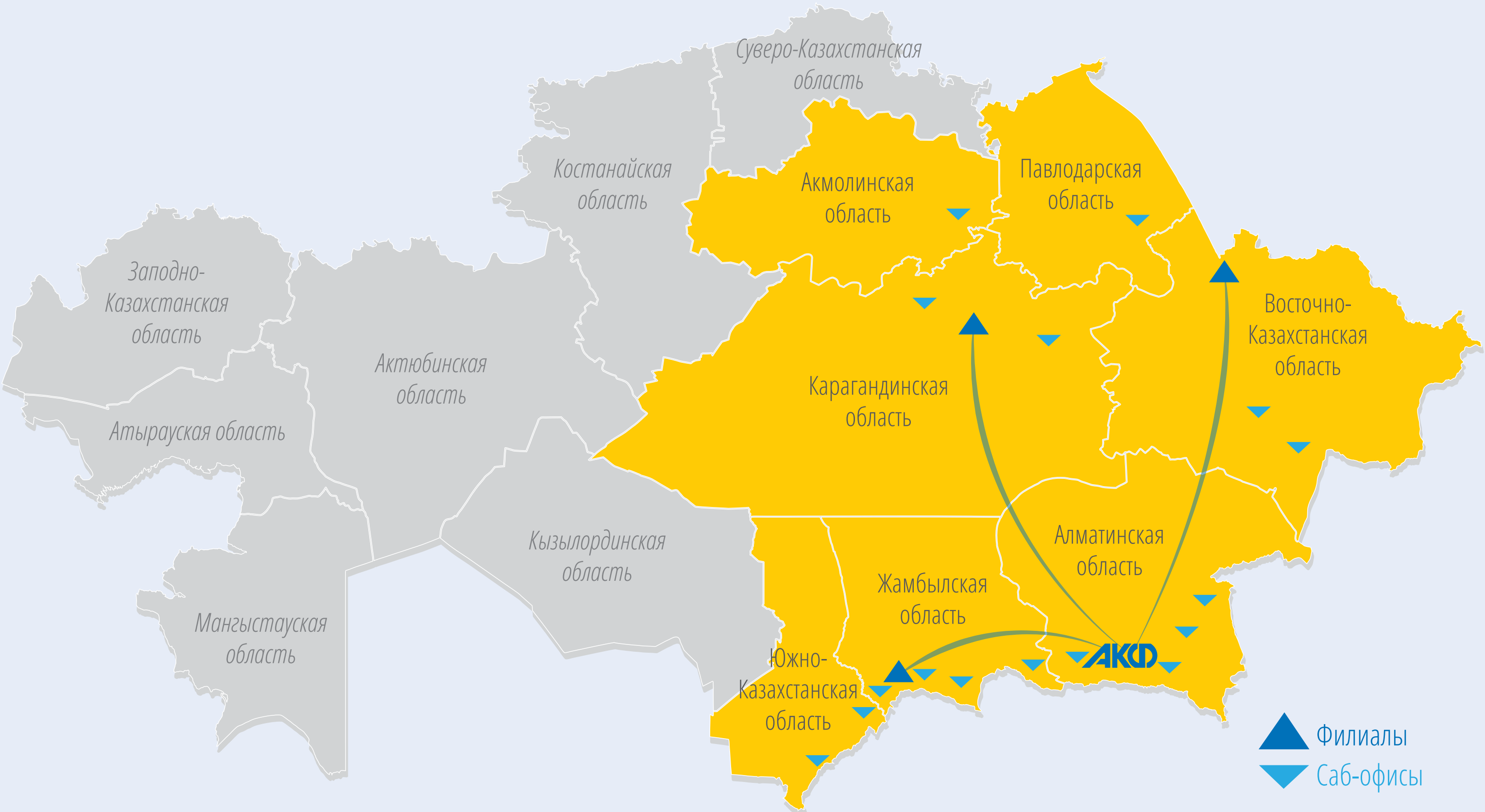
Миссия

Видение АКФ

Мы поддерживаем устойчивое развитие сельских домохозяйств, для построения активного гражданского общества.

Миссия АКФ

Стать лидирующей организацией развития в Казахстане, предоставляющей домохозяйству финансовые услуги и услуги по развитию. По мнению АКФ такая помощь способствует построению гражданского общества и участию населения в его жизни.



Об учредителе: Mercy Corps

Негосударственная и некоммерческая международная организация, основанная в 1979 году Mercy Corps (Корпус Милосердия) является единственным учредителем и основателем АКФ. Головной офис организации расположен в США.

С момента своего основания Mercy Corps предоставил международной гуманитарной помощи и финансирования в рамках программ развития на сумму более чем 2,5 млрд. долларов США в 114 странах по всему миру. Программы, по которым на сегодняшний день работают около 4 000 сотрудников по всему миру, включая офисы в Северной Америке и Европе, уже оказали помощь 19 млн. людей в 42 странах. Mercy Corps имеет более чем 20-летний успешный опыт в сфере коммерчески ориентированного микрофинансирования. Микрофинансовые институты, созданные Mercy Corps, включают как коммерческие банки, так и различные финансовые компании в 16 развивающихся странах мира.

Наблюдательный Совет

Председатель

Г-н Стивен Зиммерман
Вице-президент по Социальным Инновациям
Mercy Corps
США

Члены

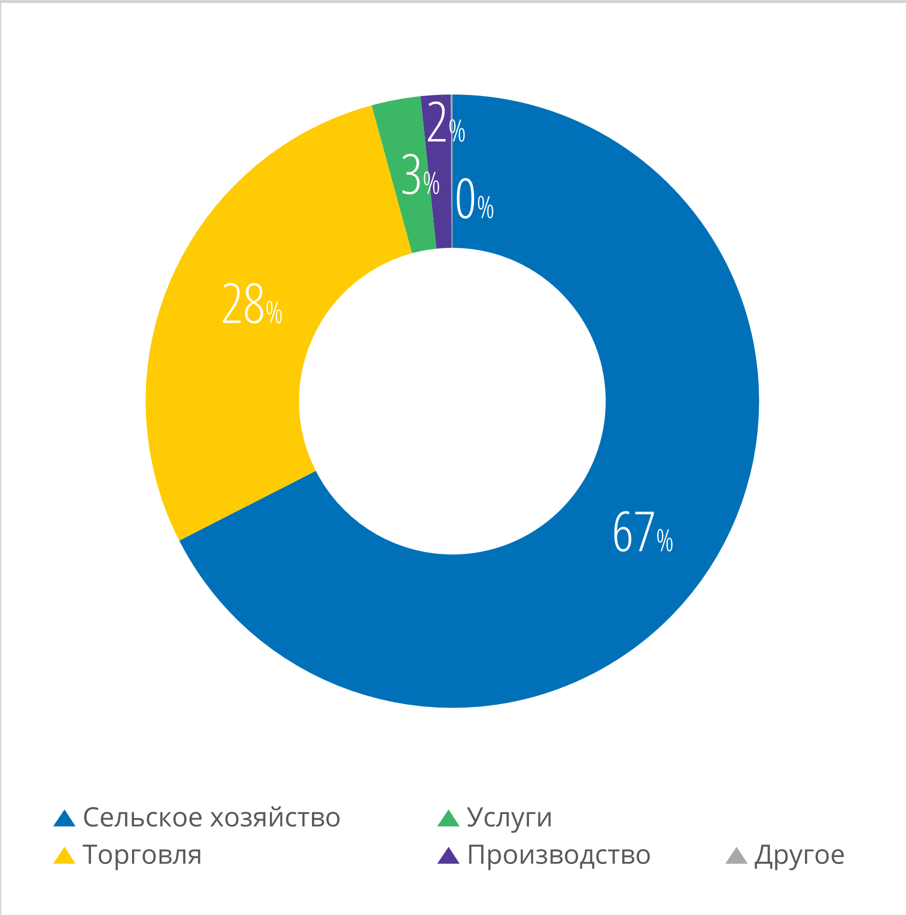
Г-н Уланбек Термечиков
Председатель правления Финансовой Группы Компаньон
Кыргызстан

Г-н Стивен Митчелл
Вице-президент по Финансовым Услугам
Mercy Corps
США

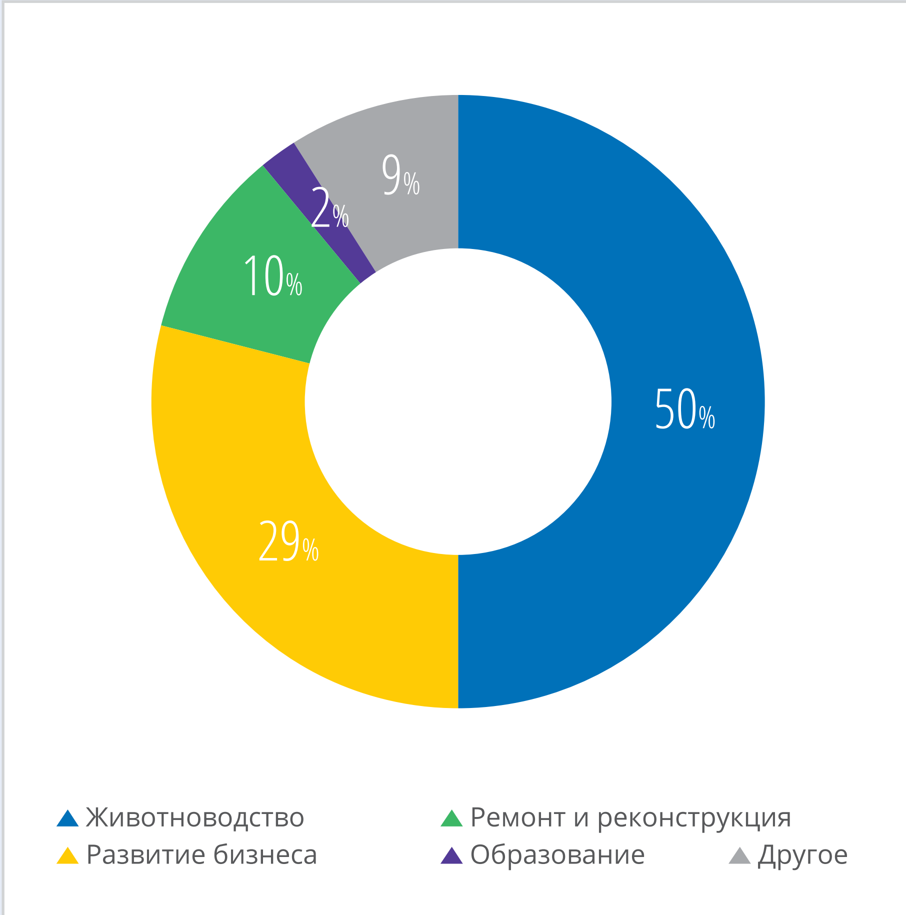
Г-жа Джамила Ассанова
Исполнительный Директор Ассоциации Развития Гражданского Общества (АРГО)
Казахстан

Обзор деятельности АКФ в 2012 г.

Количество клиентов по секторам на 31 декабря 2012 г.



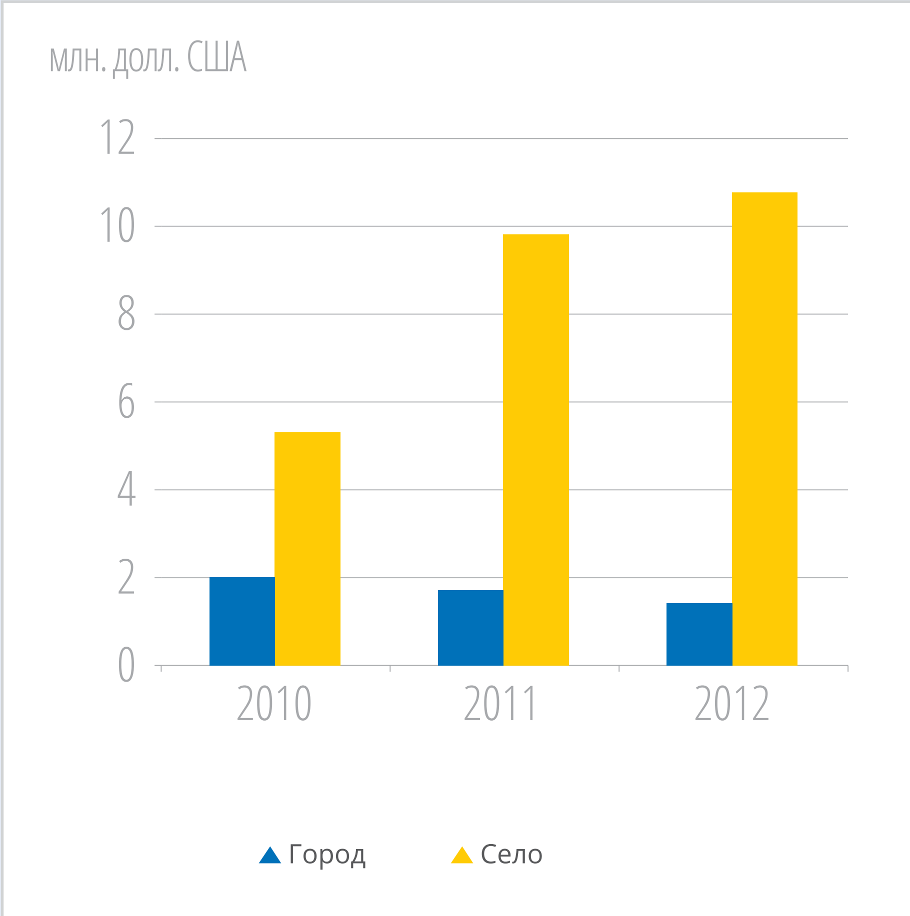
Использование кредитных ресурсов на 31 декабря 2012 г.



Обзор деятельности АКФ в 2012 г.

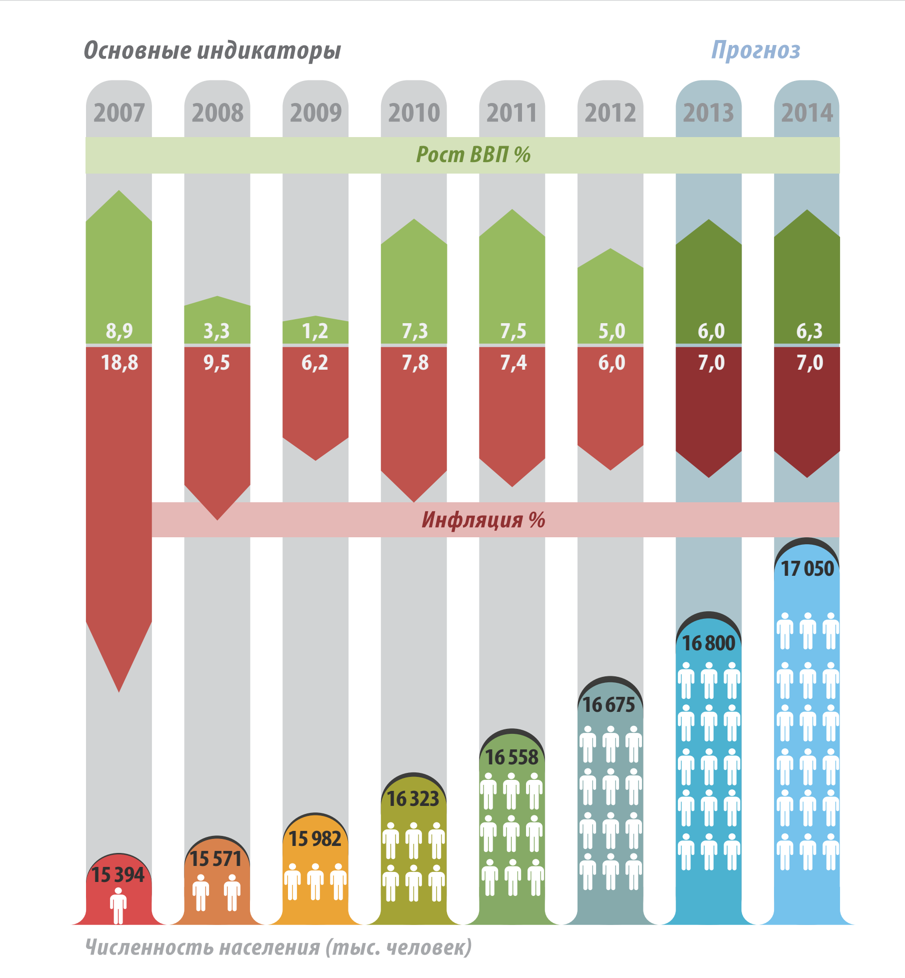
Годовые объемы выданных займов по секторам

Годовый объемы выданных займов, город/село

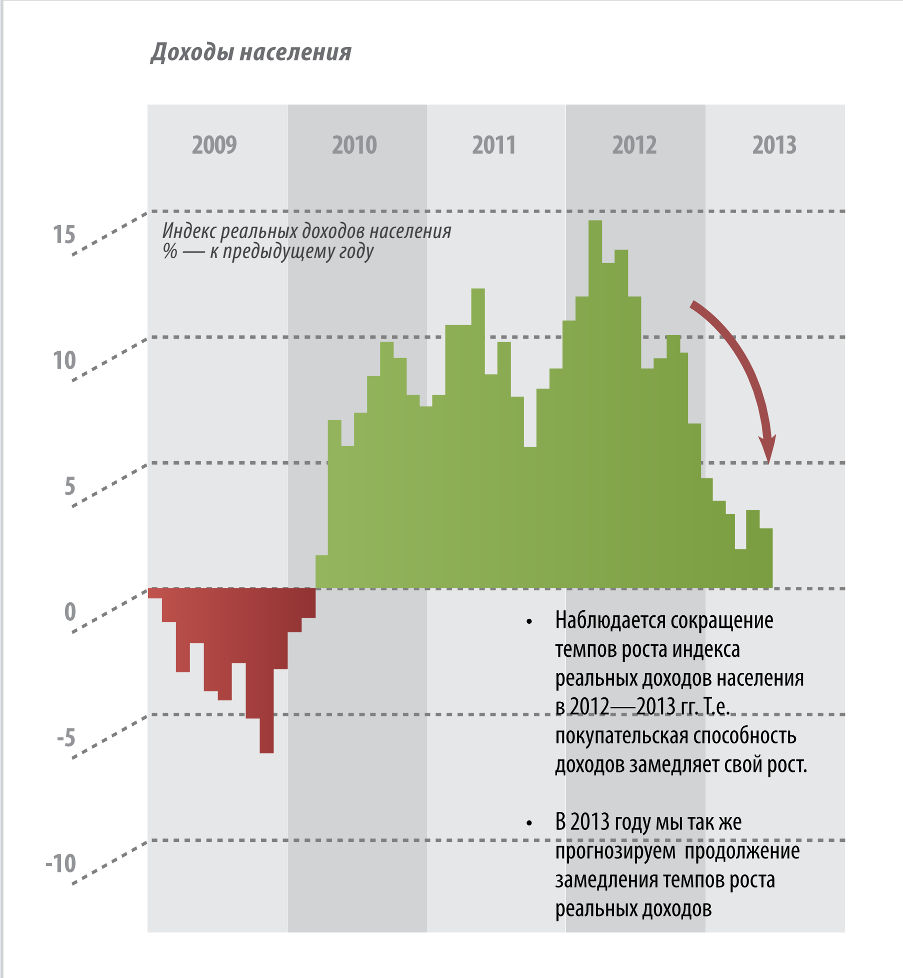


Обзор и прогноз развития Казахстана

Инфографика по основным макроэкономическим показателям Казахстана, прогноз 2013–2014 гг.



Источник: Агентство РК по статистике, Министерство экономического развития РК



- Наблюдается сокращение темпов роста индекса реальных доходов населения в 2012—2013 гг. Т.е. покупательская способность доходов замедляет свой рост.
- В 2013 году мы так же прогнозируем продолжение замедления темпов роста реальных доходов

Источник: Агентство РК по статистике

История успеха клиента

Меруерт Исмаилова
Жилищный Энергосберегающий Кредит (ЖЭСК)
Октябрь 2012 г.

Шестидесяти двух-летняя Меруерт Исмаилова уже почти 5 лет проживает вместе с мужем Айткожа и 10-летней внучкой Жазирой в селе Лавар, который расположен в 105 км. от г.Алматы, финансовой столицы Республики Казахстан.

В 2007 году, когда Меруерт и Айткожа вышли на пенсию, они решили переехать из душной Алматы на свежий воздух, в свое родное село Лавар. Так как оба наших героя были полны сил, они решили начать свой бизнес — продовольственный магазин, который они построили на участке земли, приобретенного на свои сбережения. Оставшихся от строительства магазина денег хватило лишь на постройку однокомнатной времянки и приобретения пары коров для ведения подсобного хозяйства. Сегодня в их маленькой ферме уже четыре коровы и четверо телят.

Оба начинания оказались прибыльными и приносили стабильный ежемесячный доход, который Меруерт направила на осуществление следующего проекта – строительство нового дома рядом с времянкой. Строительство было начато в июне 2012 года. На свои сбережения семейная пара смогла построить фундамент и поставить стены дома. Полное завершение постройки планировалось делать постепенно, в зависимости от наличия дохода. На тот момент Меруерт уже была заемщиком АКФ по программе группового кредитования. Ее кредитная история в АКФ вела свой отсчет с апреля 2011 года. Малые кредиты на короткий срок помогали ей поддерживать семейный бюджет и удовлетворять насущные потребности бизнеса для пополнения оборотного капитала.

В августе 2012 года, когда Меруерт узнала о новом продукте АКФ — ЖЭСК, строительство дома находилось как раз на этапе утепления. В доме уже был утеплен пол и вставлены пластиковые окна. В ходе разговора с кредитным специалистом АКФ она узнала, что надлежащее утепление стен добавляет примерно 30% к общей энергоэффективности дома. Кроме того, кредитный специалист Гулизар Улпанова проконсультировала ее по поводу существующих современных простых и доступных энергосберегающих технологий и материалов.

Меруерт решила подать заявку на новый кредит от АКФ и получила 700 тыс. тенге на срок 18 месяцев для приобретения материалов для утепления стен и потолка. Так как работать с материалами было не так уж и сложно, семейная пара провела работы по утеплению самостоятельно и сэкономила деньги на другие нужды.

Ежемесячные выплаты по кредиту Меруерт совпадают с денежным потоком семейного бюджета, что позволяет ей делать сбережения. Меруерт благодарна АКФ как за финансовую поддержку, которая помогла ей закончить строительство раньше намеченного срока, так и за возможность получить информацию о новых материалах, применение которых способствовало улучшению комфортности жилья и снижению расходов на отопление.

Содержание финансового отчета

Стр.

Подтверждение руководства об ответственности за подготовку и утверждение финансовой отчетности за год, закончившийся 31 декабря 2012 года

Руководство отвечает за подготовку финансовой отчетности, достоверно отражающей финансовое положение Товарищества с ограниченной ответственностью «Микрокредитная организация „Азиатский Кредитный Фонд“» (далее — «Компания») по состоянию на 31 декабря 2012 года, а также результаты его деятельности, движение денежных средств и изменения в капитале за год, закончившийся на указанную дату, в соответствии с Международными стандартами финансовой отчетности («МСФО»).

При подготовке финансовой отчетности руководство несет ответственность за:

- обеспечение правильного выбора и применение принципов учетной политики;
- представление информации, в т.ч. данных об учетной политике, в форме, обеспечивающей уместность, достоверность, сопоставимость и понятность такой информации;
- раскрытие дополнительной информации в случаях, когда выполнения требований МСФО оказывается недостаточно для понимания пользователями отчетности того воздействия, которое те или иные сделки, а также прочие события или условия оказывают на финансовое положение и финансовые результаты деятельности Компании; и
- оценку способности Компании продолжать деятельность в обозримом будущем.

Руководство также несет ответственность за:

- разработку, внедрение и поддержание эффективной и надежной системы внутреннего контроля Компании;
- ведение учета в форме, позволяющей раскрыть и объяснить сделки Компании, а также предоставить на любую дату информацию достаточной точности о финансовом положении Компании и обеспечить соответствие финансовой отчетности требованиям МСФО;
- ведение бухгалтерского учета в соответствии с законодательством Республики Казахстан;
- принятие всех разумно возможных мер по обеспечению сохранности активов Компании; и
- выявление и предотвращение фактов мошенничества и прочих злоупотреблений.

Финансовая отчетность за год, закончившийся 31 декабря 2012 года, была утверждена Руководством Компании 12 апреля 2013 года.

От имени Руководства Компании:

Жакупова Жанна Исполнительный директор 12 апреля 2013 г. Алматы, Казахстан	Смажанова Динара Главный бухгалтер 12 апреля 2013 г. Алматы, Казахстан

Финансовая отчетность

**Товарищество с ограниченной ответственностью
«Микрокредитная организация „Азиатский Кредитный Фонд“»**

За год, закончившийся 31 декабря 2012 года

Отчет о совокупном доходе

за год, закончившийся 31 декабря 2012 года

(в тысячах казахстанских тенге)

	Приме-чание*	Год, закончившийся 31 декабря 2012 г.	Год, закончившийся 31 декабря 2011 г.
Процентные доходы	3	394 964	351 099
Процентные расходы	3, 16	(117 826)	(96 099)
ЧИСТЫЙ ПРОЦЕНТНЫЙ ДОХОД ДО ФОРМИРОВАНИЯ РЕЗЕРВОВ ПОД ОБЕСЦЕНЕНИЕ АКТИВОВ, ПО КОТОРЫМ НАЧИСЛЯЮТСЯ ПРОЦЕНТЫ		277 138	255 000
Формирование резервов под обесценивания активов, по которым начисляются проценты	4	(5 824)	(14 933)
ЧИСТЫЙ ПРОЦЕНТНЫЙ ДОХОД		271 314	240 067
Чистая прибыль от выбывания основных средств и инвестиционной недвижимости		2 425	2 593
Чистая прибыль/(убыток) от курсовой разницы		2 602	(3 474)
Прочий доход/(расход)		765	(1 497)
ЧИСТЫЙ НЕПРОЦЕНТНЫЙ ДОХОД/(РАСХОД)		5 792	(2 378)
ОПЕРАЦИОННЫЕ ДОХОДЫ		277 106	237 689
ОПЕРАЦИОННЫЕ РАСХОДЫ	5, 16	(230 935)	(232 317)
ПРИБЫЛЬ ДО НАЛОГООБЛОЖЕНИЯ		46 171	5 372
Расход по налогу на прибыль	6	(14 090)	(2 881)
ЧИСТАЯ ПРИБЫЛЬ		32 081	2 491
ИТОГО ЧИСТАЯ СОВОКУПНАЯ ПРИБЫЛЬ		**32 081**	**2 491**

От имени Руководства Компании:

Жакупова Жанна
Исполнительный директор

12 апреля 2013 г.
Алматы, Казахстан

Смажанова Динара
Главный бухгалтер

12 апреля 2013 г.
Алматы, Казахстан

** Примечания на стр. 24–55 являются неотъемлемой частью настоящей финансовой отчётности.*

Отчет о финансовом положении

за год, закончившийся 31 декабря 2012 года

(в тысячах казахстанских тенге)

АКТИВЫ:	Примечание*	31 декабря 2012 г.	31 декабря 2011 г.
Денежные средства	7	31 758	11 802
Средства в банках	8	448 465	392 860
Кредиты, предоставленные клиентам	9	680 107	616 717
Основные средства	10	14 233	16 784
Нематериальные активы	11	2 662	1 360
Активы по текущему налогу на прибыль		4 726	2 041
Запасы		530	2 033
Прочие активы	12	15 796	12 957
ИТОГО АКТИВЫ		**1 198 277**	**1 056 554**

ОБЯЗАТЕЛЬСТВА И КАПИТАЛ

ОБЯЗАТЕЛЬСТВА:	Примечание*	31 декабря 2012 г.	31 декабря 2011 г.
Средства банков и прочих финансовых институтов	13, 16	1 082 227	986 179
Резерв по неиспользованным отпускам		4 062	4 053
Прочие обязательства		17 491	3 906
Итого обязательства		**1 103 780**	**994 138**
КАПИТАЛ:			
Уставный капитал	14	195 922	195 922
Непокрытый убыток		(101 425)	(133 506)
Итого капитал		94 497	62 416
ИТОГО ОБЯЗАТЕЛЬСТВА И КАПИТАЛ		**1 198 277**	**1 056 554**

От имени Руководства Компании:

Жакупова Жанна
Исполнительный директор

12 апреля 2013 г.
Алматы, Казахстан

Смажанова Динара
Главный бухгалтер

12 апреля 2013 г.
Алматы, Казахстан

** Примечания на стр. 24–55 являются неотъемлемой частью настоящей финансовой отчётности.*

Отчет об изменениях в капитале

за год, закончившийся 31 декабря 2012 года

(в тысячах казахстанских тенге)

	Уставный капитал	Непокрытый убыток	Итого капитал
31 декабря 2010 года	195 922	(135 997)	59 925
Итого совокупный доход	—	2 491	2 491
31 декабря 2011 года	195 922	(133 506)	62 416
Итого совокупный доход	—	32 081	32 081
31 декабря 2012 года	**195 922**	**(101 425)**	**94 497**

От имени Руководства Компании:

Жакупова Жанна
Исполнительный директор

12 апреля 2013 г.
Алматы, Казахстан

Смажанова Динара
Главный бухгалтер

12 апреля 2013 г.
Алматы, Казахстан

Отчет о движении денежных средств

за год, закончившийся 31 декабря 2012 года

(в тысячах казахстанских тенге)

ДВИЖЕНИЕ ДЕНЕЖНЫХ СРЕДСТВ ОТ ОПЕРАЦИОННОЙ ДЕЯТЕЛЬНОСТИ:	Приме-чание*	Год, закончившийся 31 декабря 2012 г.	Год, закончившийся 31 декабря 2011 г.
Прибыль до налогообложения		46 171	5 372
Корректировки:			
Начисленный процентный доход		(2 752)	(4 336)
Начисленный процентный расход		1 287	5 912
Формирование резерва под обесценение активов, по которым начисляются проценты		5 824	14 933
Формирование резерва по неиспользованным отпускам и выплатам бонусов		9	778
Убыток от курсовой разницы		2 466	3 134
Износ и амортизация		6 351	7 083
Прибыль от выбывания основных средств		(2 425)	(2 593)
Движение денежных средств от операционной деятельности до изменения операционных активов и обязательств		56 931	30 283
Изменение операционных активов и обязательств (Увеличение)/уменьщение операционных активов:			
Средства в банках		(55 378)	(392 593)
Кредиты, предоставленные клиентам		(66 689)	(264 807)
Запасы		1 503	6 042
Прочие активы		(2 839)	1 054
Увеличение/(уменьшение) операционных обязательств:			
Средства банков		(37 774)	
Прочие обязательства		13 585	462
Отток денежных средств от операционной деятельности до налогообложения		(90 661)	(619 559)
Налог на прибыль уплаченный		(16 775)	(2 881)
Чистый отток денежных средств от операционной деятельности		**(107 436)**	**(622 440)**

Окончание на следующей странице

Отчет о движении денежных средств (окончание)

за год, закончившийся 31 декабря 2012 года

(в тысячах казахстанских тенге)

ДВИЖЕНИЕ ДЕНЕЖНЫХ СРЕДСТВ ОТ ИНВЕСТИЦИОННОЙ ДЕЯТЕЛЬНОСТИ:	Приме-чание*	Год, закончившийся 31 декабря 2012 г.	Год, закончившийся 31 декабря 2011 г.
Приобретение основных средств		(6 395)	(9 819)
Приобретение нематериальных активов		(1 800)	(383)
Поступление от реализации основных средств и инвестиционной недвижимости		5 518	12 338
Поступление от реализации нематериальных активов			180
Чистый (отток)/приток денежных средств от инвестиционной деятельности		(2 677)	2 316
ДВИЖЕНИЕ ДЕНЕЖНЫХ СРЕДСТВ ОТ ФИНАНСОВОЙ ДЕЯТЕЛЬНОСТИ:			
Поступления от средств банков и прочих финансовых институтов		342 757	549 372
Погашение средств банков и прочих финансовых институтов		(206 359)	(211 733)
Чистый приток денежных средств от финансовой деятельности		136 398	337 639
Влияния изменения курса иностранной валюты на денежные средства и их эквиваленты		(6 329)	3 735
ЧИСТОЕ УВЕЛИЧЕНИЕ/(УМЕНЬШЕНИЕ) ДЕНЕЖНЫХ СРЕДСТВ И ИХ ЭКВИВАЛЕНТОВ		19 956	(278 750)
ДЕНЕЖНЫЕ СРЕДСТВА И ИХ ЭКВИВАЛЕНТЫ, на начало года	7	11 802	290 552
ДЕНЕЖНЫЕ СРЕДСТВА И ИХ ЭКВИВАЛЕНТЫ, на конец года	**7**	**31 758**	**11 802**

От имени Руководства Компании:

Жакупова Жанна
Исполнительный директор

12 апреля 2013 г.
Алматы, Казахстан

Смажанова Динара
Главный бухгалтер

12 апреля 2013 г.
Алматы, Казахстан

** Примечания на стр. 24–55 являются неотъемлемой частью настоящей финансовой отчётности.*

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