ROSBANK Group

Independent Auditors' Report

Consolidated Interim Condensed Financial Statements
Six Months Ended 30 June 2006

ROSBANK GROUP

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 30 JUNE 2006

The following statement, which should be read in conjunction with the independent auditors' responsibilities stated in the independent auditors' report set out on page 2, is made with a view to distinguishing the respective responsibilities of management and those of the independent auditors in relation to the consolidated interim condensed financial statements of ROSBANK Group (the "Group").

Management is responsible for the preparation of the consolidated interim condensed financial statements that present fairly the financial position of the Group as of 30 June 2006 and the results of its operations, cash flows and changes in equity for the 6 months then ended in accordance with International Accounting Standard 34 ("IAS 34").

In preparing the consolidated interim condensed financial statements, management is responsible for:

- Selecting suitable accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Stating whether IAS 34 has been followed, subject to any material departures disclosed and explained in the consolidated interim condensed financial statements; and
- Preparing the consolidated interim condensed financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business for the foreseeable future.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Group, and which enable them to ensure that the consolidated interim condensed financial statements of the Group comply with IAS 34 or International Financial Reporting Standards ("IFRS");
- Maintaining statutory accounting records in compliance with legislation and accounting standards of the Russian Federation;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Detecting and preventing fraud and other irregularities.

The consolidated interim condensed financial statements for the 6 months ended 30 June 2006 were authorised for issue on 1 November 2006 by the Board of Directors of ROSBANK.

On behalf of the Board of Directors:

Chairman of the Management Board	**Chief Financial Officer**
1 November 2006	1 November 2006
Moscow	Moscow

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of the Directors of Joint Stock Bank ROSBANK:

We have audited the accompanying consolidated interim condensed balance sheet of Joint Stock Bank ROSBANK and subsidiaries (hereinafter – the "Group") as of 30 June 2006 and the related consolidated interim condensed income statement and statement of cash flows and changes in equity for the 6 months then ended (the "financial statements"). These financial statements are the responsibility of the Group's management. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Group as of 30 June 2006 and the results of its operations and its cash flows for the 6 months then ended, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Without further qualifying our opinion, we draw your attention to Note 3, which discusses restatements made to financial statements.

Deloitte & Touche

1 November 2006
Moscow

ROSBANK GROUP

CONSOLIDATED INTERIM CONDENSED INCOME STATEMENT
FOR THE 6 MONTHS ENDED 30 JUNE 2006

	Notes	6 months ended 30 June 2006 RUR'000	3 months ended 30 June 2006 RUR'000	6 months ended 30 June 2005 RUR'000 (restated)	3 months ended 30 June 2005 RUR'000
Interest income	4,28	12,650,506	7,009,691	8,960,024	4,795,655
Interest expense	4,28	(5,862,246)	(2,891,375)	(5,814,495)	(3,257,490)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		6,788,260	4,118,316	3,145,529	1,538,165
Provision for impairment losses on interest bearing assets	5,28	(1,474,186)	(767,754)	(38,131)	(132,579)
NET INTEREST INCOME		5,314,074	3,350,562	3,107,398	1,405,586
Net gain on financial assets at fair value through profit or loss	6,28	896,950	144,852	695,898	369,045
Net gain on sale of investments available-for-sale	28	14,195	14,195	307,916	281,667
Net gain on foreign exchange operations	28	235,239	273,741	377,410	297,087
Net loss on precious metals operations		(55,825)	(133,841)	(19,108)	(21,673)
Fee and commission income	7,28	2,304,162	1,174,343	2,003,047	1,239,279
Fee and commission expense	7,28	(510,420)	(257,658)	(454,424)	(277,689)
Dividend income	28	42,368	3,852	19,222	2,692
Other income	28	503,021	103,481	535,549	268,758
NET NON-INTEREST INCOME		3,429,690	1,322,965	3,465,510	2,159,166
OPERATING INCOME		8,743,764	4,673,527	6,572,908	3,564,752
OPERATING EXPENSES	8,28	(6,524,629)	(3,713,171)	(4,448,309)	(2,257,274)
OPERATING PROFIT		2,219,135	960,356	2,124,599	1,307,478
Other (provisions)/recovery of provisions	5	(16,822)	85,105	(140,273)	(74,739)
PROFIT BEFORE INCOME TAX		2,202,313	1,045,461	1,984,326	1,232,739
Income tax expense	9	(808,064)	(311,319)	(676,889)	(358,039)
NET PROFIT		1,394,249	734,142	1,307,437	874,700
Attributable to:					
Equity holders of the parent		1,397,830	737,390	1,314,209	826,937
Minority interest		(3,581)	(3,248)	(6,772)	47,763
		1,394,249	734,142	1,307,437	874,700
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					
Basic and diluted (in RUR)	10	2.05	1.08	3.86	2.43

On behalf of the Board:

Chairman of the Management Board

1 November 2006
Moscow

Chief Financial Officer

1 November 2006
Moscow

The selected notes on pages 8-44 form an integral part of these financial statements. The Independent Auditors' Report is presented on page 2.

ROSBANK GROUP

CONSOLIDATED INTERIM CONDENSED BALANCE SHEET
AS OF 30 JUNE 2006

	Notes	30 June 2006 RUR'000	31 December 2005 RUR'000
ASSETS:			
Cash and balances with the Central and National banks	11	24,335,471	19,455,358
Financial assets at fair value through profit or loss	12,28	11,847,771	15,677,102
Precious metals	13	1,532,071	978,040
Loans and advances to banks	14,28	30,122,341	53,995,068
Loans to customers, less allowance for impairment losses	16,28	139,786,473	113,318,224
Investments available-for-sale, less allowance for impairment losses	17	3,309,214	478,334
Fixed assets purchased for transfer into finance lease		541,713	329,005
Fixed assets, net		6,793,308	6,723,177
Current income tax assets		542,750	484,307
Other assets, less allowance for impairment losses	18,28	965,018	1,617,987
Total assets		**219,776,130**	**213,056,602**
LIABILITIES AND EQUITY			
LIABILITIES:			
Deposits from banks	19,28	14,215,769	11,139,028
Customer accounts	20,28	147,140,915	149,060,894
Financial liabilities at fair value through profit or loss	21	2,870,588	1,840,641
Debt securities issued	22	26,278,527	26,044,207
Other provisions	5,26,28	194,705	174,729
Current income tax liabilities		5,793	11,155
Deferred income tax liabilities	9	979,171	926,371
Other liabilities	23,28	824,792	1,039,311
		192,510,260	190,236,336
Subordinated debt	24,28	3,000,000	-
Total liabilities		**195,510,260**	**190,236,336**
EQUITY:			
Share capital	25	8,876,500	8,876,500
Share premium	25	9,177,470	9,177,470
Translation reserve		(18,446)	(82,280)
Revaluation reserve		2,989,139	2,993,114
Fair value adjustment of available-for-sale investments		93,368	-
Reorganization reserve		1,797,686	1,881,029
Retained earnings/(accumulated deficit)		1,192,146	(245,266)
Equity attributable to equity holders of the parent		24,107,863	22,600,567
Minority interest		158,007	219,699
Total equity		**24,265,870**	**22,820,266**
TOTAL LIABILITIES AND EQUITY		**219,776,130**	**213,056,602**

On behalf of the Board:

Chairman of the Management Board

1 November 2006
Moscow

Chief Financial Officer

1 November 2006
Moscow

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CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS ENDED 30 JUNE 2006

	Share capital	Share premium	Translation reserve	Revaluation reserve	Fair value adjustment reserve of available-for-sale investments	Reorgani-zation reserve	(Accumu-lated deficit)/ retained earnings	Equity attributable to equity holders of the parent	Minority interest	Total equity
	RUR'000	RUR'000	RUR'000	RUR'000	RUR'000	RUR'000	RUR'000	RUR'000	RUR'000	RUR'000
31 December 2004	**8,083,306**	**6,445,058**	**(62,387)**	**3,095,261**	**-**	**-**	**(1,229,819)**	**16,331,419**	**94,149**	**16,425,568**
Changes in translation reserve	-	-	(24,017)	-	-	-	-	(24,017)	-	(24,017)
Fixed assets disposal (net of deferred tax credit of RUR 105,134 thousand)	-	-	-	(73,427)	-	-	73,427	-	-	-
Dividends declared	-	-	-	-	-	-	(2,187,115)	(2,187,115)	-	(2,187,115)
Group reorganisation	(194,044)	-	-	-	-	-	62,227	(131,817)	15,270	(116,547)
Net profit (restated, Note 3)	-	-	-	-	-	-	1,314,209	1,314,209	(6,772)	1,307,437
30 June 2005	**7,889,262**	**6,445,058**	**(86,404)**	**3,021,834**	**-**	**-**	**(1,967,071)**	**15,302,679**	**102,647**	**15,405,326**
31 December 2005	**8,876,500**	**9,177,470**	**(82,280)**	**2,993,114**	**-**	**1,881,029**	**(245,266)**	**22,600,567**	**219,699**	**22,820,266**
Changes in translation reserves	-	-	63,834	-	-	-	-	63,834	-	63,834
Fixed assets disposal (net of deferred tax credit of RUR 1,255 thousand)	-	-	-	(3,975)	-	-	3,975	-	-	-
Fair value adjustment of available-for-sale investments (net of deferred tax expense of RUR 29,484 thousand)	-	-	-	-	93,368	-	-	93,368	-	93,368
Group reorganisation	-	-	-	-	-	(83,343)	35,607	(47,736)	(58,111)	(105,847)
Net profit	-	-	-	-	-	-	1,397,830	1,397,830	(3,581)	1,394,249
30 June 2006	**8,876,500**	**9,177,470**	**(18,446)**	**2,989,139**	**93,368**	**1,797,686**	**1,192,146**	**24,107,863**	**158,007**	**24,265,870**

On behalf of the Board:

Chairman of the Management Board

1 November 2006
Moscow

Chief Financial Officer

1 November 2006
Moscow

The selected notes on pages 8-44 form an integral part of these financial statements. The Independent Auditors' Report is presented on page 2.

CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE 6 MONTHS ENDED 30 JUNE 2006

	Notes	6 months ended 30 June 2006 RUR'000	6 months ended 30 June 2005 RUR'000 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		2,202,313	1,984,326
Provision for impairment losses on interest bearing assets		1,474,186	38,131
Other provisions		16,822	140,273
Depreciation charge on fixed assets		190,810	261,743
Fixed assets impairment		-	4,675
Net change in value of derivatives and spot deals		(48,105)	95,926
Net change in interest and other accruals		(270,898)	928,831
Net unrealized gain on financial assets at fair value through profit or loss		(698,030)	(572,422)
Net foreign currency revaluation (gain)/loss		(433,703)	116,573
Cash flow from operating activities before changes in operating assets and liabilities		2,433,395	2,998,056
Changes in operating assets and liabilities			
(Increase)/decrease in operating assets:			
Minimum reserve deposit with the Central and National Banks		(413,731)	(729,248)
Financial assets at fair value through profit or loss		1,703,546	1,064,936
Precious metals		(554,031)	(490,005)
Loans and advances to banks		473,735	713,918
Loans to customers		(29,994,351)	(13,765,096)
Purchase of fixed assets for transfer into finance lease		(212,708)	(506,028)
Other assets		652,608	(256,188)
(Decrease)/increase in operating liabilities:			
Deposits from banks		3,440,021	663,131
Customer accounts		1,627,796	596,237
Financial liabilities at fair value through profit or loss		907,281	1,393,028
Other liabilities		(347,589)	(7,128)
Cash outflow from operating activities before taxation		(20,284,028)	(8,324,387)
Income tax paid		(847,225)	(664,550)
Net cash outflow from operating activities		(21,131,253)	(8,988,937)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of fixed assets		(309,775)	(152,074)
Proceeds on sale of fixed assets		48,833	475,993
Purchase of subsidiaries shares, net of cash acquired		(100,601)	-
Purchase of investments available-for-sale, net		(2,668,818)	(145,560)
Net cash (outflow)/inflow from investing activities		(3,030,361)	178,359

CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE 6 MONTHS ENDED 30 JUNE 2006

	Notes	6 months ended 30 June 2006 RUR'000	6 months ended 30 June 2005 RUR'000 (restated)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from subordinated debt		3,000,000	-
Proceeds from debt securities issued, net		1,577,331	1,921,467
Dividends paid		-	(37,820)
Net cash inflows from financing activities		4,577,331	1,883,647
Effect of exchange rate changes on cash and cash equivalents		(2,052,273)	192,038
NET DECREASE IN CASH AND CASH EQUIVALENTS		(21,636,556)	(6,734,893)
CASH AND CASH EQUIVALENTS, beginning of the period	11	66,822,582	41,515,670
CASH AND CASH EQUIVALENTS, end of the period	11	45,186,026	34,780,777

Interest paid and received by the Group during 6 months period ended 30 June 2006 amounted to RUR 6,088,213 thousand and RUR 12,419,235 thousand, respectively.

Interest paid and received by the Group during 6 months period ended 30 June 2005 amounted to RUR 4,998,705 thousand and RUR 9,043,572 thousand, respectively.

On behalf of the Board:

Chairman of the Management Board

1 November 2006
Moscow

Chief Financial Officer

1 November 2006
Moscow

The selected notes on pages 8-44 form an integral part of these financial statements. The Independent Auditors' Report is presented on page 2.

1. ORGANISATION

ROSBANK (initially named "Nezavisimost") is a joint stock bank which was incorporated in the Russian Federation in 1993. Over the subsequent five years, ROSBANK customers were mainly comprised of medium-sized trade, finance and technology companies for which it conducted a variety of activities, including corporate lending, settlement, government bond trading, foreign exchange and money market transactions. In 1998 ROSBANK was acquired by the Interros Group with the initial purpose of providing banking services to Interros Group companies. In 2000 ROSBANK acquired Uneximbank which was merged into ROSBANK and ceased to exist as a legal entity. In 2002 businesses of ROSBANK and Commercial Bank "MFK Bank", specializing in investment banking, were consolidated. In 2003 the Interros Group acquired OVK group – one of Russia's largest retail banking institutions. The integration of OVK with ROSBANK has transformed ROSBANK into a financial institution capable of offering universal services.

ROSBANK is regulated by the Central Bank of the Russian Federation (the "CBR") and conducts its business under license number 2272. ROSBANK is engaged in a full range of banking activities, including commercial and investment banking and custodial services.

The registered office of ROSBANK is located at 11, Masha Poryvaeva Street, Moscow, 107078, Russian Federation.

As of 30 June 2006 ROSBANK had 69 branches in the Russian Federation.

ROSBANK is the parent company of the banking group which consists of the following enterprises as of 30 June 2006:

Name	Country of incorporation	Group's ownership interest/voting rights, %	Type of operations
Rosbank (Switzerland) SA	Switzerland	100/100	Banking
Rosbank International Finance BV	The Netherlands	100/100	Issue of Eurobonds
			Reorganization of UNEXIM
RosInvest SA	Luxembourg	99.97/99.97	Finance Company
Belrosbank	Byelorussia	80.77/80.77	Banking
Russia International Card Finance S.A.	Luxembourg	0/100 (Contractual agreement)	Issue of Eurobonds
Rosbank Finance S.A	Luxembourg	100/100	Issue of Eurobonds
BaikalROSBANK JSC	Russia	90.61/53	Banking
ROSBANK-VOLGA CJSC	Russia	100/100	Banking
RB Finance CJSC	Russia	100/100	Operations with securities
Processing Company NICKEL LLC	Russia	100/100	Processing of card operations
RB LEASING LLC	Russia	40/100	Leasing
INKAHRAN OJSC	Russia	100/100	Cash collection services
Bank Pervoe OVK JSC	Russia	93.18/100	Banking
Bank Sibirskoe OVK JSC	Russia	97.32/100	Banking
Bank Povolzhskoe OVK JSC	Russia	98.04/100	Banking
Bank Centralnoe OVK JSC	Russia	99.91/100	Banking
Bank Dalnevostochnoe OVK JSC	Russia	100/100	Banking
Bank Privolzhskoe OVK LLC	Russia	100/100	Banking
Kapital i zdanie OJSC	Russia	100/100	Real estate operations
Art Heiser LLC	Russia	100/100	Real estate operations
Petrovsky Dom-XXI vek LLC	Russia	100/100	Real estate operations
TOR-Service CJSC	Russia	100/100	Office buildings administration
PMD Service LLC	Russia	100/100	Lease services

Name	Country of incorporation	Group's ownership interest/voting rights, %	Type of operations
TD Druzhba LLC	Russia	100/100	Other services
AVTO LLC	Russia	100/100	Transportation services
RB Securities LLC	Russia	100/100	Operations with securities
AVD LLC	Russia	100/100	Recovery of bad debts
AVD Ekaterinburg LLC	Russia	100/100	Recovery of bad debts
AVD Saratov LLC	Russia	100/100	Recovery of bad debts
Dalnevostotnoe AVD LLC	Russia	100/100	Recovery of bad debts
AVD Krasnoyarsk LLC	Russia	100/100	Recovery of bad debts
AVD St-Peterburg LLC	Russia	100/100	Recovery of bad debts
AVD Krasnodar LLC	Russia	100/100	Recovery of bad debts

In 2006 ROSBANK acquired additional 3.42% of shares of Bank Pervoe OVK JSC and 1.09% of shares of Bank Povolzhskoe OVK JSC from Interros.

In 2003 JSC "Interros estate", the major shareholder of the Group, purchased a controlling interest in OVK group. OVK group consisted of 6 commercial banks and other financial and service companies. The main activity of these banks is retail banking. The management of ROSBANK has commenced the process of integrating the operations of OVK with those of ROSBANK and, on 26 January 2004, the CBR approved ROSBANK's proposed plan of consolidation. The integration of banks as large as OVK group requires extensive management, personnel and monetary resources. The integration was completed at the end of 2005, prior to which time management was faced with modernisation of the OVK group network, integrating its operations and personnel with those of ROSBANK, merging its information technology systems with those of ROSBANK, and implementing group-wide financial and management information systems and controls. OVK group was acquired by ROSBANK and the Group reorganization was completed by the end of 2005.

Interros controlled OVK group and had the ability to obtain economic benefits from the banks since the end of 2003. Therefore, combined financial statements are prepared for 6 months ended 30 June 2005 to ensure comparability with 30 June 2006. Since ROSBANK acquired OVK group and obtained control over it at the end of 2005, the financial statements as of 30 June 2006 were prepared on a consolidated basis.

As of 30 June 2006 and 31 December 2005, the following shareholders owned the issued shares of ROSBANK:

	30 June 2006 %	31 December 2005 %
Shareholder		
KM TECHNOLOGIES (OVERSEAS) LIMITED	80.34%	97.26%
Societe Generale S.A.	10.00%	-
Others	9.66%	2.74%
Total	**100.00%**	**100.00%**

As of 30 June 2006 and 31 December 2005, the ultimate shareholders of the Group are:

	30 June 2006 %	31 December 2005 %
Shareholder		
Mr. Potanin V. O.	39.96%	48.58%
Mr. Prokhorov M. D.	39.96%	48.58%
Societe Generale S.A.	10.00%	-
Others	10.08%	2.84%
Total	**100.00%**	**100.00%**

2. BASIS OF PRESENTATION

Accounting basis

These consolidated interim condensed financial statements of the Group ("financial statements") have been prepared in accordance with International Accounting Standard 34 ("IAS 34"). Accordingly, they do not include all of the information required by IFRS for complete financial statements. These financial statements are presented in thousands of Russian Roubles ("RUR"), unless otherwise indicated. These financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments and fixed assets and according to International Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies" ("IAS 29"). Hyperinflation ceased to exist in Russia from 1 January 2003.

Since the results of the Group operations closely relate to and depend on changing market conditions, the results of The Group operations for the interim period are not necessarily indicative of the results for the year.

These interim condensed consolidated financial statements should be read in conjunction with the complete consolidated and combined financial statements as of 31 December 2005 and for the year then ended. Other than the effect of adoption of new IFRS and revision of existing IAS, as described below, except for restatement disclosed in Note 3, the Group followed the same accounting policies and methods of computation as compared with those applied in the consolidated financial statements at 31 December 2005 and for the year then ended. These financial statements should be read in conjunction with the annual financial statements, which was authorized for issue on 18 April 2006.

Entities incorporated in the Russian Federation maintain their accounting records in accordance with Russian law. Other companies of the Group maintain their accounting records in accordance with statutory accounting standards generally accepted in the countries where they operate. For the purpose of incorporation in the financial statements, the individual financial statements of entities included in the Group prepared under the statutory accounting standards generally accepted in the countries of their origin have been adjusted to conform with IAS 34. These adjustments include certain reclassifications to reflect the economic substance of underlying transactions including reclassifications of certain assets and liabilities, income and expenses to appropriate financial statement captions.

The preparation of financial statements in conformity with IAS 34 requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to change relate to the provisions for impairment losses and the fair value of financial instruments.

Key assumptions

Key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period include:

	30 June 2006 RUR'000	31 December 2005 RUR'000
Loans to customers, less allowance for impairment losses	139,786,473	113,318,224
Investments available-for-sale, less allowance for impairment losses	3,309,214	478,334
Fixed assets, net	6,793,308	6,723,177

Loans to customers and investments available-for-sale are measured at amortised cost/cost less allowance for impairment losses. The estimation of allowance for impairment losses involves an exercise of judgement. It is impracticable to assess the extent of the possible effects of key assumptions or other sources of uncertainty on these balances at the balance sheet date.

Certain fixed assets (buildings) are measured at revalued amounts and the date of the latest appraisal was 31 December 2004. Management believes that the next revaluation of fixed assets existing as of 30 June 2006 would not be materially different in the next financial period from the carrying balance. Next appraisal is due on 31 December 2006.

Discussion of taxation is presented in Note 26.

Functional currency

The functional currency of these financial statements is the Russian Rouble.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation/combination

The financial statements incorporate the financial statements of ROSBANK, entities controlled by ROSBANK (its subsidiaries) and entities under common control made up to the end of each period. Control is achieved where there is the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

For combination purposes, assets, liabilities and all equity balances are added together without any minority interest, except for inter-group balances and transactions as discussed below.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition, unless a business combination involves entities or business under common control. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Goodwill is assessed at least annually for impairment. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the income statement in the period of acquisition.
The minority interest is stated at the minority's proportion of the fair values of assets and liabilities recognised. Subsequently, any losses applicable to minority interest in excess of minority interest are allocated against the interests of the parent. For a business combination involving entities or business under common control, all assets and liabilities of a subsidiary are measured at historical/fair value according to subsidiary stand-alone IFRS financial statements. The residual balance is recognized as "reorganization reserve" in the financial statements.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of individual entities included in the financial statements to bring the accounting policies used into line with those used by the Group.

In translating the financial statements of a foreign subsidiary into the presentation currency for incorporation in the financial statements, the Group follows a translation policy in accordance with International Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates" ("IAS 21") and the following procedures are performed:

- Assets and liabilities, both monetary and non-monetary, of the foreign entity are translated at the closing rate;
- Income and expense items of the foreign entity are translated at exchange rates at the date of respective transactions;
- All resulting exchange differences are classified as equity until the disposal of the investment;
- On disposal of the investment in the foreign entity related exchange differences are recognized in the consolidated income statement.

All intra-group transactions, balances, income and expenses are eliminated on consolidation and combination.

Recognition and measurement of financial instruments

The Group recognizes financial assets and liabilities on its balance sheet when it becomes a party to the contractual obligation of the instrument. Regular way purchase and sale of the financial assets and liabilities, except for investments available-for-sale, are recognized using settlement date accounting. Regular way purchases and sale of investments available-for-sale are recognized using trade date accounting. Regular way purchases of financial instruments that will be subsequently measured at fair value between trade date and settlement date are accounted for in the same way as that for acquired instruments.

Financial assets and liabilities are initially recognized at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss transaction costs that are directly attributable to acquisition or issue of the financial asset or financial liability. The accounting policies for subsequent re-measurement of these items are disclosed in the respective accounting policies set out below.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, unrestricted balances on correspondent and time deposit accounts with the Central bank of the Russian Federation and National Banks, with original maturity within 90 days, loans and advances to banks in countries included in the Organization for Economic Co-operation and Development ("OECD"), except for margin deposits for operations with plastic cards as well as trading government debt securities, which may be converted to cash within a short period of time. For purposes of determining cash flows, the minimum reserve deposits required by the Central bank of the Russian Federation and the National Banks is not included as a cash equivalent due to restrictions on its availability. Starting 1 January 2006 the Group changed accounting policy with regard to exclusion of precious metals from cash and cash equivalents.

Precious metals

Assets and liabilities denominated in precious metals are measured at fair value which is determined at the current rate computed based on the second fixing of the London Bullion Market rates using the RUR/USD exchange rate effective at the date. Changes in the bid prices are recorded in net gain on operations with precious metals in the consolidated income statement.

Loans and advances to banks

In the normal course of business, the Group maintains advances or deposits for various periods of time with other banks. Loans and advances to banks with a fixed maturity term are subsequently measured at amortized cost using the effective interest method. Those that do not have fixed maturities are accounted for under the effective interest method based on expected maturity. Amounts due from credit institutions are carried net of any allowance for impairment losses.

Financial assets/liabilities at fair value through profit or loss

Financial assets/liabilities at fair value through profit or loss represent assets/liabilities acquired/incurred principally for the purpose of selling/settlement in the near term, or it is a part of portfolio of a identified financial instruments that are managed together and for which there is evidence of a recent and actual pattern of short-term profit-taking, or as a derivative, or financial asset/liability which upon initial recognition is designated by the Group at fair value through profit or loss. Financial assets/liabilities at fair value through profit or loss are initially recorded and subsequently measured at fair value. The Group uses quoted market prices to determine fair value for the Group's financial assets/liabilities at fair value through profit or loss. Fair value adjustment on financial assets/liabilities at fair value through profit or loss is recognized in the consolidated income statement for the period.

Repurchase and reverse repurchase agreements

The Group enters into sale and purchase back agreements ("repos") and purchase and sale back agreements ("reverse repos") in the normal course of its business. Repos and reverse repos are utilized by the Group as an element of its treasury management and trading business.

A repo is an agreement to transfer a financial asset to another party in exchange for cash or other consideration and a concurrent obligation to reacquire the financial assets at a future date for an amount equal to the cash or other consideration exchanged plus interest. These agreements are accounted for as financing transactions. Financial assets sold under repo are retained in the financial statements and consideration received under these agreements is recorded as collateralized deposit received.

Assets purchased under reverse repos are recorded in the financial statements as cash placed on deposit which is collateralized by securities and other assets.

In the event that assets purchased under reverse repo are sold to third parties, the results are recorded with the gain or loss included in net gains/ (losses) on respective assets. Any related income or expense arising from the pricing difference between purchase and sale of the underlying assets is recognized as interest income or expense.

Derivative financial instruments

The Group enters into derivative financial instruments to manage currency and liquidity risks and such financial instruments are held primarily for trading purposes. Derivatives entered into by the Group include forwards and swaps.

Derivative financial instruments are initially recorded and subsequently measured at fair value. Most of the derivatives the Group enters into are of a short-term and trading nature. The results of the valuation of derivatives are reported in assets (aggregate of positive market values) or liabilities (aggregate of negative market values), respectively. Both positive and negative valuation results are recognized in the consolidated income statement for the period in which they arise under net gain/(loss) on respective transactions.

Originated loans

Loans originated by the Group are financial assets that are created by the Group by providing money directly to a borrower or by participating in a loan facility.

Loans granted by the Group with fixed maturities 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 income statement as losses on origination of assets. Subsequently, the loan carrying value is measured using the effective interest method. Loans to customers that do not have fixed maturities are accounted for under the effective interest method based on expected maturity. Loans to customers are carried net of any allowance for impairment losses.

Purchased loans

Loans acquired from another lender subsequent to the origination date are either classified as loans or as available-for-sale investments on initial recognition. Purchased loans classified as loans are initially recognized at fair value and subsequently measured at amortised cost using the effective interest method. For purchased loans classified as available-for-sale investments, fair value is based on an active market or on a discounted cash flow ("DCF") model. If market price is not available and the DCF model is not practicable, the price for similar assets is used.

Write off of loans and advances

Loans and advances are written off against allowance for impairment losses when estimated to be uncollectible, including through repossession of collateral. Loans and advances are written off after management has exercised all possibilities available to collect amounts due to the Group and after the Group has sold all available collateral. The excess of cash received on such sale over the outstanding debt is returned to the debtor. The decision on writing off bad debt against allowance for impairment losses for all major, preferential, unsecured and insider loans is required to be confirmed by a procedural document of judicial or notary bodies certifying that at the time of the decision the debt could not be repaid (partially repaid) with the debtor's funds.

Non-accrual loans

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 recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Allowance for impairment losses

The Group establishes an allowance for impairment losses of financial assets that are not carried at fair value when there is objective evidence that a financial asset or group of financial assets is impaired. The allowance for impairment losses is measured as the difference between carrying amounts and the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted at the financial asset's original effective interest rate, for financial assets which are carried at amortised 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 recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. For financial assets carried at cost the allowance for impairment losses is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

The determination of the allowance for impairment losses is based on an analysis of the risk assets and reflects the amount which, in the judgment of management, is adequate to provide for losses incurred. Provisions are made as a result of an individual appraisal of risk assets for financial assets that are individually significant, and an individual or collective assessment for financial assets that are not individually significant.

The change in the allowance for impairment losses is charged to profit and the total of the allowance for impairment losses is deducted in arriving at assets as shown in the balance sheet. Factors that the Group considers in determining whether it has objective evidence that an impairment loss has been incurred include information about the debtors' or issuers' liquidity, solvency and business and financial risk exposures, levels of and trends in delinquencies for similar financial assets, national and local economic trends and conditions, and the fair value of collateral and guarantees. These and other factors may, either individually or taken together, provide sufficient objective evidence that an impairment loss has been incurred in a financial asset or group of financial assets.

It should be understood that estimates of losses involve an exercise of judgment. While it is possible that in particular periods the Group may sustain losses which are substantial relative to the allowance for impairment losses, it is the judgment of management that the allowance for impairment losses is adequate to absorb losses incurred on risk assets, at the balance sheet date.

Finance leases

Leases that transfer substantially all the risks and rewards incident to ownership of an asset. Title may or may not eventually be transferred. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract. The lease classified as finance lease if:

- The lease transfers ownership of the asset to the lessee by the end of the lease term;
- The lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable such that, at the inception of the lease, it is reasonably certain that the option will be exercised;
- The lease term is for the major part of the economic life of the asset even if title is not transferred;
- At the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset; and
- The leased assets are of a specialized nature such that only the lessee can use them without major modifications being made.

The date of initial recognition of the lease is the date from which the lessee is entitled to exercise its right to use the leased asset.

Group as lessor

The Group presents leased assets as loans equal to the net investment in the lease. Finance income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding. Initial direct costs are recognized as expenses when incurred.

Investments available-for-sale

Investments available-for-sale represent debt and equity investments that are intended to be held for an indefinite period of time. Such securities are initially recorded at fair value. Subsequently the securities are measured at fair value, with such re-measurement recognized directly in equity until sold when gain/loss previously recorded in equity recycles through the income statement, plus accrued coupon income recognized in the consolidated income statement for the period as interest income on investment securities. The Group uses quoted market prices to determine the fair value for the Group's investments available-for-sale. If the market for investments is not active, the Group establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the Group uses that technique. Dividends received are included in dividend income in the consolidated income statement.

Non-marketable debt and equity securities are stated at amortized cost and cost, respectively, less impairment losses, unless fair value can be reliably measured.

When there is objective evidence that such securities have been impaired, the cumulative loss previously recognized in equity is removed from equity and recognized in the income statement for the period. Reversals of such impairment losses on debt instruments, which are objectively related to events occurring after the impairment, are recognized in the income statement for the period. Reversals of such impairment losses on equity instruments are not recognized in the income statement.

Fixed assets

Fixed assets, except for buildings, acquired after 1 January 2003 are carried at historical cost less accumulated depreciation and any recognised impairment loss. Fixed assets, acquired before 1 January 2003, except for buildings, are carried at historical cost restated for inflation less accumulated depreciation and any recognised impairment loss. Depreciation on assets under construction and those not placed in service commences from the date the assets are ready for their intended use.

The carrying amounts of fixed assets are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount. An impairment is recognized in the respective period and is included in operating expenses. After the recognition of an impairment loss the depreciation charge for fixed assets 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.

Depreciation of fixed assets is charged on the carrying value of fixed assets and is designed to write off assets over their useful economic lives. It is calculated on a straight line basis at the following annual rates:

Buildings	2%
Leasehold improvements	Over the period of lease
Equipment	20%
Intangible assets	Over useful life of 3-10 years

Buildings held for use in supply of services, or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, determined from market-based evidence by appraisal undertaken by professional valuers, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Three approaches were used to estimate the market value of property:

- The sales comparison approach based on the analysis of sales prices for similar properties in the market;
- The income approach that assumes direct relationship between income generated by the property and its market value; and
- The cost approach under which the value of property equals the replacement cost adjusted for depreciation.

Any revaluation increase arising on the revaluation of such buildings is credited to the fixed assets revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Taxation

Income tax expense represents the sum of the current and deferred tax expense.

The current tax expense is based on taxable profit for the period. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's current tax expense is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on 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, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such 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 tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Countries where the Group operates also have various other taxes, which are assessed on the Group's activities. These taxes are included as a component of operating expenses in the consolidated income statement.

Deposits from banks and customers and subordinated debt

Customer and bank deposits and subordinated debt are initially recognized at fair value, which amounts to the issue proceeds less transaction costs incurred. Subsequently, amounts due are stated at amortized cost and any difference between net proceeds and the redemption value is recognized in the consolidated income statement over the period of the borrowings using the effective interest method.

Debt securities issued

Debt securities issued represent promissory notes, certificates of deposit and debentures issued by the Group. They are accounted for according to the same principles used for customer and bank deposits.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

Financial guarantee contracts issued and letters of credit

Financial guarantee contracts and letters of credit issued by the Group are credit insurance that provides for specified payments to be made to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due under the original or modified terms of a debt instrument. Such financial guarantee contracts and letters of credit issued are initially recognized at fair value. Subsequently they are measured at the higher of (a) the amount recognized as a provision and (b) the amount initially recognized less, where appropriate, cumulative amortization of initial premium revenue received over the financial guarantee contracts or letter of credit issued.

Share capital and share premium

Contributions to share capital and share premium, made before 1 January 2003, are recognized at their cost restated for inflation. Contributions to share capital and share premium made after 1 January 2003 are recognized at cost. Share premium represents the excess of contributions over the nominal value of shares issued. Gains and losses on sales of treasury stock are charged or credited to share premium.

External costs directly attributable to the issue of new shares, other than on a business combination, are deducted from equity net of any related income taxes.

Dividends on ordinary shares are recognized in equity as a reduction in the period in which they are declared. Dividends that are declared after the balance sheet date are treated as a subsequent event under International Accounting Standard 10 “Events after the Balance Sheet Date” (“IAS 10”) and disclosed accordingly.

Retirement and other benefit obligations

The Group does not have any pension arrangements separate from the State pension system of the Russian Federation and other countries, which require current contributions by the Group calculated as a percentage of current gross salary payments. Such expense is charged in the period the related salaries are earned. Upon retirement all retirement benefit payments are made by pension funds selected by employees. In addition, the Group has no post-retirement benefits or other significant compensated benefits requiring accrual.

Recognition of income and expense

Interest income and expense are recognized on an accrual basis using the effective interest method. Interest income also includes income earned on investments in securities. Fee and commission income includes loan origination fees, loan commitment fees and loan servicing fees. Loan origination fees are deferred, together with the related direct costs, and recognized as an adjustment to the effective interest rate of the loan in interest income. 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 in interest income. Where it is unlikely that a loan commitment will lead to a specific lending arrangement, the loan commitment fees are recognized in profit and loss 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 and loss on expiry. Loan servicing fees are recognized as revenue as services are provided. Other income is credited to the consolidated income statement when the related transactions are completed. Commission income for the guarantees issued is deferred and recognised as revenue on a time proportion basis over the period of guarantees. Commission expense for guarantees received is deferred and recognised as expense on a time proportion basis over the period of guarantees. All other commissions are recognized when services are provided.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Russian Roubles at the appropriate spot rates of exchange ruling at the balance sheet date. Foreign currency transactions are accounted for at the exchange rates prevailing on the date of the transaction. Profits and losses arising from these translations are included in net (loss)/gain on foreign exchange operations.

Rates of exchange

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

	30 June 2006	31 December 2005	30 June 2005
RUR/1 US Dollar	27.0789	28.7825	28.6721
RUR/1 Euro	33.9759	34.1850	34.5241
RUR/Gold (1 ounce)	16,612.90	14,765.42	12,532.57
RUR/Platinum (1 ounce)	33,198.73	27,746.33	25,346.14

Offset of financial assets and liabilities

Financial assets and liabilities are offset and reported net on the balance sheet when the Group has a legally enforceable right to set off the recognized amounts and the Group intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. In accounting for a transfer of a financial asset that does not qualify for derecognition, the Group does not offset the transferred asset and the associated liability.

Fiduciary activities

The Group provides trustee services to its customers. Also the Group provides depositary services to its customers that include transactions with securities on their depo accounts. Assets accepted and liabilities incurred under the fiduciary activities are not included in the Group's financial statements. The Group accepts the operational risk on these activities, but the Group's customers bear the credit and market risks associated with such operations.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segments with a majority of revenue earned from sales to external customers and whose revenue, result or assets are ten per cent or more of all the segments are reported separately. Geographical segments of the Group have been reported separately within these consolidated financial statements based on the ultimate domicile of the counterparty, e.g. based on economic risk rather than legal risk of the counterparty.

Adoption of new and revised International Financial Reporting Standards

In 2006 the following interpretations and amendments applicable to the Bank became effective:

- IFRIC 4 “Determining Whether an Arrangement Contains a Lease” (effective 1 January 2006);
- IFRIC 8 “Scope of IFRS 2” (effective 1 May 2006);
- IFRIC 9 “Reassessment of Embedded Derivatives” (effective 1 June 2006);
- Amendment to IAS 39 regarding the financial guarantee contracts (effective 1 January 2006);
- Amendment to IAS 39 regarding the fair value option (effective 1 January 2006).

The effect of these changes on the financial statements of the Bank is not significant.

At the date of authorisation of these financial statements, the following Standards and Interpretations applicable to the Bank were issued but not yet effective:

- IFRS 7 “Financial Instruments: Disclosures” (effective 1 January 2007);
- IFRIC 10 “Interim Financial Reporting and Impairment” (effective 1 November 2006);
- Amendments to IAS 1 regarding disclosure on the Bank’s objectives, policies and processes for managing capital (effective 1 January 2007).

The management is currently assessing the impact of the adoption of these new and revised Standards and Interpretations in future periods.

Restatements and reclassifications

Certain errors were discovered as of 30 June 2005 and the 6 months then ended since previous financial statements as of 30 June 2005 were issued. These errors are due to calculative errors on amortization of commissions on originated loans, interest income, provision for impairment losses on loans to customers, unused vacations provision, insurance deposits expenses and other income. These restatements are presented as follows:

Balance sheet / income statement caption	**30 June 2005 RUR’000 (as previously reported)**	**30 June 2005 RUR’000 (restated)**
Consolidated income statement		
Interest income	9,047,900	8,960,024
Provision for impairment losses on interest bearing assets	(4,768)	(38,131)
Other income	797,875	535,549
Operating expense	(4,677,050)	(4,448,309)

4. NET INTEREST INCOME

	6 months ended 30 June 2006 RUR'000	3 months ended 30 June 2006 RUR'000	6 months ended 30 June 2005 RUR'000	3 months ended 30 June 2005 RUR'000
Interest income				
Interest on loans to individuals	6,629,901	3,803,974	2,993,067	1,546,564
Interest on loans to corporate customers	4,494,657	2,434,153	4,426,026	2,591,486
Interest on loans and advances to banks	939,393	446,661	730,202	179,075
Interest on debt securities	447,929	251,688	780,742	454,894
Interest on reverse repurchase transactions	108,361	42,950	29,987	23,636
Other interest income	30,265	30,265	-	-
Total interest income	12,650,506	7,009,691	8,960,024	4,795,655
Interest expense				
Interest on deposits from individuals	2,346,011	1,173,761	1,847,339	941,607
Interest on corporate customer accounts	2,238,809	863,390	2,661,657	1,874,260
Interest on debt securities issued	834,631	612,008	871,624	281,765
Interest on repurchase transactions	149,233	36,787	26,522	20,415
Interest on deposits from banks	293,562	205,429	407,353	139,443
Total interest expense	5,862,246	2,891,375	5,814,495	3,257,490
Net interest income before provision for impairment losses on interest bearing assets	6,788,260	4,118,316	3,145,529	1,538,165

5. ALLOWANCE FOR IMPAIRMENT LOSSES, OTHER PROVISIONS

The movements in allowance for impairment losses on interest-bearing assets were as follows:

	Loans and advances to banks RUR'000	Loans and advances to customers RUR'000	Total RUR'000
31 December 2004	**12,206**	**4,920,866**	**4,933,072**
Recovery of provision	(12,206)	(82,242)	(94,448)
Provision in acquired subsidiaries at acquisition date	-	16,056	16,056
31 March 2005	**-**	**4,854,680**	**4,854,680**
Provision	21,065	111,514	132,579
30 June 2005	**21,065**	**4,966,194**	**4,987,259**
31 December 2005	**-**	**5,887,635**	**5,887,635**
Provision	-	706,432	706,432
Write-offs	-	(96,876)	(96,876)
30 March 2006	**-**	**6,497,191**	**6,497,191**
Provision	-	767,754	767,754
Write-offs	-	(7,371)	(7,371)
30 June 2006	**-**	**7,257,574**	**7,257,574**

The movements in other provisions were as follows:

	Investments available-for-sale RUR'000	Other assets RUR'000	Provisions for financial guarantees issued, claims and other commitments RUR'000	Total RUR'000
31 December 2004	**127,545**	**34,930**	**252,287**	**414,762**
Provision	7,307	4,590	53,637	65,534
Write-offs	(235)	(32)	(94,468)	(94,735)
31 March 2005	**134,617**	**39,488**	**211,456**	**385,561**
Provision/(recovery of provision)	49,830	(13,648)	38,557	74,739
Write-offs	(51)	-	-	(51)
30 June 2005	**184,396**	**25,840**	**250,013**	**460,249**
31 December 2005	**119,804**	**9,888**	**174,729**	**304,421**
Provision/(recovery of provision)	53,371	(514)	49,070	101,927
Write-offs	(2,624)	(1,649)	(5,830)	(10,103)
31 March 2006	**170,551**	**7,725**	**217,969**	**396,245**
Provision/(recovery of provision)	(65,625)	3,760	(23,240)	(85,105)
Write-offs	(1)	(3,753)	(24)	(3,778)
30 June 2006	**104,925**	**7,732**	**194,705**	**307,362**

Provisions for impairment losses on assets are deducted from the respective assets. Provision for off-balance sheet transactions are recorded in liabilities.

6. NET GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Net gain on financial assets at fair value through profit or loss comprises:

	6 months ended 30 June 2006 RUR'000	3 months ended 30 June 2006 RUR'000	6 months ended 30 June 2005 RUR'000	3 months ended 30 June 2005 RUR'000
Net realised gain/(loss) on operations with financial assets at fair value through profit or loss	198,920	(21,528)	123,476	(295,539)
Net unrealised gain on operations with financial assets at fair value through profit or loss	698,030	166,380	572,422	664,584
Total net gain on financial assets at fair value through profit or loss	**896,950**	**144,852**	**695,898**	**369,045**

7. FEE AND COMMISSION INCOME AND EXPENSE

Fee and commission income and expense comprise:

	6 months ended 30 June 2006 RUR'000	3 months ended 30 June 2006 RUR'000	6 months ended 30 June 2005 RUR'000	3 months ended 30 June 2005 RUR'000
Fee and commission income:				
Settlements	751,390	326,819	1,251,381	881,403
Cash operations	703,401	377,670	278,237	136,459
Credit cards operations	413,984	212,084	103,924	52,065
Depository and securities operations	191,093	116,176	119,140	44,013
Documentary operations	147,217	104,572	96,629	68,083
Foreign exchange operations	41,089	25,629	82,949	21,201
Other operations	55,988	11,393	70,787	36,055
Total fee and commission income	**2,304,162**	**1,174,343**	**2,003,047**	**1,239,279**
Fee and commission expense:				
Credit cards operations	370,003	211,966	200,295	118,355
Foreign exchange operations	42,204	5,120	7,232	2,558
Cash operations	35,062	22,165	35,510	25,649
Settlements	27,777	15,649	138,806	99,056
Depository and securities operations	23,878	1,742	49,751	26,716
Other operations	11,496	1,016	22,830	5,355
Total fee and commission expense	**510,420**	**257,658**	**454,424**	**277,689**

8. OPERATING EXPENSES

	6 months ended 30 June 2006 RUR'000	3 months ended 30 June 2006 RUR'000	6 months ended 30 June 2005 RUR'000	3 months ended 30 June 2005 RUR'000
Salary and bonuses	2,898,438	1,561,071	2,253,858	1,112,497
Operating lease expense	590,194	341,179	347,435	210,113
Repairs and maintenance expense	517,940	323,513	160,615	58,531
Unified social tax contribution	492,171	297,958	397,508	210,628
Taxes, other than income tax	279,319	139,158	228,754	138,537
Security	193,360	107,305	149,487	30,775
Professional services	192,919	157,983	161,493	111,119
Depreciation charge on fixed assets	190,810	88,932	261,743	152,040
Deposit insurance charge	170,471	86,576	105,206	37,455
Advertising and marketing expenses	155,658	120,521	60,767	31,509
Communications	148,543	43,373	104,473	58,545
Expenses on stationery and other office expenses	146,365	115,993	83,322	55,083
Transportation expenses	108,722	60,877	20,216	14,395
Business trip expenses	36,923	9,870	8,612	1,548
Insurance	35,052	24,025	15,773	11,384
Charity expenses	29,456	17,945	6,485	5,257
Representation expenses	11,728	7,977	7,136	3,608
Property disposal expenses	10,491	7,285	1,608	-
Customs duties	9,317	5,365	7,223	4,515
Other	306,752	196,265	66,595	9,735
Total operating expenses	**6,524,629**	**3,713,171**	**4,448,309**	**2,257,274**

9. INCOME TAXES

The Group provides for taxes based on the tax accounts maintained and prepared in accordance with the tax regulations of countries where the Group companies operate and which may differ from International Financial Reporting Standards.

The Group is subject to certain permanent tax differences due to non-tax deductibility of certain expenses and a tax free regime for certain income.

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 of 30 June 2006 and 31 December 2005 relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets and liabilities.

Temporary differences as of 30 June 2006 and 31 December 2005 comprise:

	30 June 2006 RUR'000	31 December 2005 RUR'000
Deferred assets:		
Loans to banks and customers	1,397,048	2,688,684
Other liabilities	495,699	726,833
Other assets	467,516	159,945
Financial liabilities at fair value through profit or loss	288,941	97,850
Deposits from banks and customer accounts	133,138	61,098
Total deferred assets	**2,782,342**	**3,734,410**
Deferred liabilities:		
Fixed assets	3,595,579	3,762,607
Financial assets at fair value through profit or loss	762,977	14,398
Investments available-for-sale	139,515	7,133
Precious metals	131,120	30,226
Debt securities issued	48,360	55,919
Total deferred liabilities	**4,677,551**	**3,870,283**
Net deferred liabilities	(1,895,209)	(135,873)
Deferred tax liabilities at the statutory tax rates	(979,171)	(926,371)
Deferred tax assets at the statutory tax rates	584,771	893,761
Unrecognized deferred tax asset	(584,771)	(893,761)
Net deferred tax liability	**(979,171)**	**(926,371)**

Relationships between tax expenses and accounting profit for the 6 and 3 months ended 30 June 2006 and 2005 are explained as follows:

	6 months ended 30 June 2006 RUR'000	3 months ended 30 June 2006 RUR'000	6 months ended 30 June 2005 RUR'000	3 months ended 30 June 2005 RUR'000
Profit before income tax	**2,202,313**	**1,045,461**	**1,984,326**	**1,232,739**
Tax at the statutory tax rate (24%)	528,555	250,911	476,238	295,857
Change in unrecognized deferred tax asset	(308,990)	5,083	160,161	(43,867)
Tax effect due to different tax rates	9,784	2,465	8,774	815
Tax effect of permanent differences	578,715	52,860	31,716	105,234
Income tax expense	**808,064**	**311,319**	**676,889**	**358,039**
Current income tax expense	783,493	312,359	683,739	377,836
Deferred income tax expense/(recovery)	24,571	(1,040)	(6,850)	(19,797)
Income tax expense	**808,064**	**311,319**	**676,889**	**358,039**

Deferred income tax liability	6 months ended 30 June 2006 RUR'000	Year ended 31 December 2005 RUR'000
Beginning of period	926,371	982,467
Deferred tax expense	24,571	30,344
Deferred tax expense/(recovery) charged to equity	28,229	(86,440)
End of period	**979,171**	**926,371**

10. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

	6 months ended 30 June 2006	3 months ended 30 June 2006	6 months ended 30 June 2005	3 months ended 30 June 2005
Profit				
Net profit attributable to equity holders of the parent for the period (RUR'000)	1,397,830	737,390	1,314,209	826,937
Weighted average number of ordinary shares				
For basic and diluted earnings per share	680,360,538	680,360,538	340,528,420	340,528,420
Earnings per share – basic and diluted (RUR)	2.05	1.08	3.86	2.43

Weighted average number of ordinary shares for earnings per share purposes for the 6 months period ended 30 June 2005 was calculated using the number of ROSBANK's shares issued for respective period as if the Group restructuring had happened at the beginning of the earliest period presented.

11. CASH AND BALANCES WITH THE CENTRAL AND NATIONAL BANKS

	30 June 2006 RUR'000	31 December 2005 RUR'000
Cash	4,617,951	5,974,281
Balances with the Central and National banks	19,717,520	13,481,077
Total cash and balances with the Central and National banks	**24,335,471**	**19,455,358**

The balances with the Central and National banks comprise balances with the Central bank of the Russian Federation, the National Bank of Switzerland and the National Bank of Byelorussia as of 30 June 2006 and 31 December 2005 and include RUR 5,069,812 thousand and RUR 4,656,081 thousand, respectively, which represent the minimum reserve deposits required by the Central and National banks. The Group is required to maintain the reserve balances with Central and National banks at all times. Cash and cash equivalents for the purposes of the statement of cash flows are comprised of the following:

	30 June 2006 RUR'000	31 December 2005 RUR'000	30 June 2005 RUR'000
Loans and advances to banks in OECD countries	23,162,179	46,293,755	21,985,130
Cash and balances with the Central and National banks	24,335,471	19,455,358	15,839,941
Trading government debt securities	2,758,188	5,729,550	1,322,705
	50,255,838	71,478,663	39,147,776
Less minimum reserve deposits	(5,069,812)	(4,656,081)	(4,366,999)
Total cash and cash equivalents	**45,186,026**	**66,822,582**	**34,780,777**

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2006 RUR'000	31 December 2005 RUR'000
Debt securities of corporates	4,210,407	4,511,722
Debt securities of central governments	2,785,579	6,336,185
Debt securities of financial institutions	1,770,674	1,560,753
Debt securities of local authorities	1,503,966	1,919,267
Equity investments	1,096,072	1,166,303
Derivative financial instruments	481,073	182,872
	11,847,771	**15,677,102**

Debt securities of corporates as of 30 June 2006 and 31 December 2005 are mainly represented by Eurobonds of JSC Severstal, JSC Norilsk Nickel, JSC Transaero Finance, JSC Rosvertol, LLC Group Magnezit, LLC Sanvey-Group, Bonds of JSC TVZ, JSC Nutrinvestholding and LLC FK EvrazHolding.

Equity investments as of 30 June 2006 and 31 December 2005 are mainly represented by ordinary shares of GMK Norilsky Nickel, JSC Avtovaz, JSC Comstar – United Telesystems, JSC NPO IRKUT, JSC Gazprom, JSC YUKOS, JSC MMK, JSC Rostelecom and investment in mutual fund Perviy Ipotechniy.

Debt securities of local authorities as of 30 June 2006 and 31 December 2005 are mainly represented by Krasnoyarsk Region Authority, Irkutsk Region Authority, Moscow Region Authority, Kirov Region Authority, Tula Region Authority, Tver Region Authority, Novosibirsk City Authority, Kazan City Authority and Moscow City Authority.

Debt securities of financial institutions as of 30 June 2006 and 31 December 2005 are mainly represented by Bonds of Russia Spread Trust and promissory notes of various Russian banks.

Debt securities of central governments as of 30 June 2006 and 31 December 2005 are mainly represented by Russian Federation Government Eurobonds, T-Bonds of US Department of Treasury, T-bills of MF of Belorussia, OFZ and OVGVZ bonds.

As of 30 June 2006 and 31 December 2005 included in financial assets at fair value through profit or loss is accrued interest income on debt securities is amounting to RUR 172,180 thousand and RUR 145,834 thousand, respectively.

As of 30 June 2006 Bonds of Russian regional and city Authorities, Eurobonds of JSC Severstal and Bonds of the MF of Byelorussia sold under an agreement to repurchase are included in financial assets at fair value through profit or loss.

As of 31 December 2005 T-Bonds of US Department of Treasury and Bonds of the MF of Byelorussia sold under an agreement to repurchase are included in financial assets at fair value through profit or loss.

13. PRECIOUS METALS

	30 June 2006 RUR'000	31 December 2005 RUR'000
Silver	916,720	6,009
Gold	597,719	593,189
Platinum	17,632	378,842
Total precious metals	**1,532,071**	**978,040**

14. LOANS AND ADVANCES TO BANKS

	30 June 2006 RUR'000	31 December 2005 RUR'000
Loans to banks	16,290,832	26,436,710
Advances to banks	10,181,328	24,702,060
Loans under reverse repurchase agreements	3,650,181	2,856,298
Total loans and advances to banks	**30,122,341**	**53,995,068**

As of 30 June 2006 and 31 December 2005 accrued interest income is included in loans to banks amounting to RUR 17,054 thousand and RUR 11,667 thousand, respectively.

As of 30 June 2006 and 31 December 2005 the Group had loans and advances to six and seven banks totalling RUR 19,722,985 thousand and RUR 41,732,678 thousand, respectively, which individually exceeded 10% of the Group's equity.

As of 30 June 2006 and 31 December 2005 the maximum credit risk exposure of loans and advances to banks amounted to RUR 30,122,341 thousand and RUR 53,995,068 thousand, respectively.

As of 30 June 2006 and 31 December 2005 the Group included in loans and advances to banks are loans under reverse repurchase agreements amounting to RUR 3,650,181 thousand and RUR 2,856,298 thousand with maturity within 1 and 2 months, respectively. Such agreements are mainly secured by T-Bonds of US Department of Treasury, T-bills of MF of Belorussia, Russian Federation Government Eurobonds, Eurobonds of JSC Severstal, Ordinary shares of JSC Gazprom, Bonds of Gazprombank, Bonds of Russky Aluminy Financy LLC and Debt securities of local authorities with total fair value of RUR 3,792,373 thousand and 3,320,372 thousand, respectively.

15. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2006		**31 December 2005**	
	Notional amount RUR'000	**Fair Value RUR'000**	**Notional amount RUR'000**	**Fair value RUR'000**
Foreign exchange contracts				
Forwards	22,858,196	(139,555)	5,681,260	10,561
Futures	7,599,785	(44,229)	-	-
Swaps	6,957,117	12,905	6,283,035	(39,571)
Total foreign exchange contracts liability		**(170,879)**		**(29,010)**
Contracts on precious metals				
Forwards	1,110,244	161,361	626,998	90,651
Swaps	2,438,146	69,628	1,317,911	(1,688)
Total contracts on precious metals asset		**230,989**		**88,963**
Contracts on securities				
Forwards	318,475	53,530	-	-
Total contracts on securities liability		**53,530**		**-**
Total		**113,640**		**59,953**

16. LOANS TO CUSTOMERS

	30 June 2006 RUR'000	**31 December 2005 RUR'000**
Originated loans	145,152,737	117,621,245
Net investments in finance lease	1,403,548	1,164,303
Advances on finance lease	355,555	401,502
Loans under reverse repurchase agreements	132,207	18,809
	147,044,047	119,205,859
Less allowance for impairment losses	(7,257,574)	(5,887,635)
Total loans to customers, net	**139,786,473**	**113,318,224**

As of 30 June 2006 and 31 December 2005 accrued interest income is included in originated loans amounting to RUR 1,002,491 thousand and RUR 829,915 thousand, respectively.

	30 June 2006 RUR'000	31 December 2005 RUR'000
Loans collateralized by pledge of vehicles	36,119,241	25,837,845
Loans collateralized by pledge of real estate	11,529,423	9,738,841
Loans collateralized by pledge of securities	7,813,273	2,823,477
Loans collateralized by pledge of equipment	5,925,875	4,598,411
Loans collateralized by corporate guarantees	4,322,279	4,568,907
Loans collateralized by pledge of goods in turnover	3,177,740	6,756,813
Loans collateralized by rights of demand	1,845,986	1,473,511
Loans collateralized by pledge of cash	85,112	2,065,789
Loans collateralized by pledge of combined collateral	-	1,055,276
Loans collateralized by others	480,305	1,006,454
Unsecured loans	75,744,813	59,280,535
	147,044,047	119,205,859
Less allowance for impairment losses	(7,257,574)	(5,887,635)
Total loans to customers, net	**139,786,473**	**113,318,224**

Movements in allowances for impairment losses on loans to customers for the 6 and 3 months ended 30 June 2006 and 2005 are disclosed in Note 5.

	30 June 2006 RUR'000	31 December 2005 RUR'000
Analysis by sector:		
Individuals	70,255,604	55,329,595
Trade	21,455,414	15,590,540
Construction	8,296,816	4,984,402
Ferrous metals manufacturing	5,803,378	1,731,547
Government	5,777,787	5,567,704
Energy industry	5,715,479	5,008,269
Finance	4,644,901	7,389,118
Engineering	4,502,381	3,540,018
Real estate and leasing	3,478,108	3,065,807
Food industry	2,509,175	2,646,703
Defence industry	1,582,429	1,485,229
Oil and gas	1,470,736	494,957
Chemical	1,429,323	679,106
Telecommunications	1,352,786	1,392,228
Precious metals and diamond extraction and manufacturing	1,279,786	1,193,449
Heavy industry	1,097,161	1,922,709
Transport	929,030	1,302,444
Aircraft engineering	764,545	157,952
Manufacturing	717,752	1,230,891
Agriculture	170,965	160,830
Hotel business and services	41,332	37,338
Insurance	7,551	-
Non-ferrous metals manufacturing	-	12,968
Other	3,761,608	4,282,055
	147,044,047	119,205,859
Less allowance for impairment losses	(7,257,574)	(5,887,635)
Total loans to customers, net	**139,786,473**	**113,318,224**

As of 30 June 2006 and 31 December 2005 loans collateralized by pledge of securities purchased under agreement to resell are included in loans to customers are amounting to RUR 132,207 thousand and RUR 18,809 thousand, respectively; the reverse repurchase agreements mature within one month. Such agreements are mainly secured by preferred shares of JSC Transneft and mortgages with total fair value of RUR 161,071 thousand and 18,654 thousand, respectively.

As of 30 June 2006 and 31 December 2005 a substantial amount of loans is granted to companies operating in the Russian Federation, which represents a significant geographical concentration in one region.

As of 30 June 2006 and 31 December 2005 the maximum credit risk exposure of loans to customers amounted to RUR 147,044,047 thousand and RUR 119,205,859 thousand, respectively.

17. INVESTMENTS AVAILABLE-FOR-SALE

	30 June 2006 RUR'000	31 December 2005 RUR'000
Equity investments	3,414,139	482,416
Debt securities	-	115,722
	3,414,139	598,138
Less allowance for impairment losses	(104,925)	(119,804)
Total investments available-for-sale, net	**3,309,214**	**478,334**

As of 30 June 2006 included in equity investments is investment in mortgage investment fund amounting to RUR 2,803,117 thousand, including accrued interest income on such investment of RUR 30,265 thousand.

As of 31 December 2005 interest income on debt securities amounting to RUR 3,303 thousand was accrued and included in securities available-for-sale.

Movement of provision for impairment losses on investments available-for-sale for the 6 and 3 months ended 30 June 2006 and 2005 are disclosed in Note 5.

18. OTHER ASSETS

	30 June 2006 RUR'000	31 December 2005 RUR'000
Taxes, other than income tax, recoverable	430,383	425,215
Due from suppliers and other contractors	400,846	389,147
Non-current assets held-for-sale	65,002	65,002
Assets on spot deals	15,064	8,020
Due from employees	14,707	8,939
Receivable from investments disposal	-	604,433
Receivables from operation with securities	-	60,540
Other	46,748	66,579
	972,750	1,627,875
Less allowance for impairment losses	(7,732)	(9,888)
Total other assets, net	**965,018**	**1,617,987**

Movement of provision for impairment losses on other assets for the 6 and 3 months ended 30 June 2006 and 2005 is disclosed in Note 5.

19. DEPOSITS FROM BANKS

	30 June 2006 RUR'000	31 December 2005 RUR'000
Time deposits from banks	12,004,967	8,295,891
Correspondent accounts of banks	1,234,931	2,212,030
Loans under repurchase agreements	975,871	631,107
Total deposits from banks	**14,215,769**	**11,139,028**

As of 30 June 2006 and 31 December 2005 accrued interest expense is included in deposits from banks amounting to RUR 52,207 thousand and RUR 34,921 thousand, respectively.

As of 30 June 2006 securities sold under the agreement to repurchase represent Bonds of Russian regional and city Authorities, Eurobonds of JSC Severstal and Bonds of the MF of Byelorussia that are included in financial assets at fair value through profit or loss at a fair value of RUR 1,154,325 thousand.

As of 31 December 2005 securities sold under the agreement to repurchase represent T-Bonds of US Department of Treasury and Bonds of the MF of Byelorussia that are included in financial assets at fair value through profit or loss at a fair value of RUR 606,635 thousand.

20. CUSTOMER ACCOUNTS

Customer accounts comprise:

	30 June 2006 RUR'000	31 December 2005 RUR'000
Time deposits	96,406,706	111,941,812
Repayable on demand	50,734,209	37,119,082
Total customer accounts	**147,140,915**	**149,060,894**

As of 30 June 2006 and 31 December 2005 accrued interest expense is included in customer accounts amounting to RUR 1,270,560 thousand and RUR 1,098,155 thousand, respectively.

As of 30 June 2006 and 31 December 2005 customer accounts amounted to RUR 375,846 thousand and RUR 133,896 thousand, respectively, were held as security against letters of credit issued and other transaction related contingent obligations. As of 30 June 2006 and 31 December 2005 customer accounts amounted to RUR 23,809 thousand and RUR 18,756 thousand, respectively, were held as security against guarantees issued.

21. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2006 RUR'000	31 December 2005 RUR'000
Short position on securities purchased	2,503,155	1,717,722
Derivative financial instruments	367,433	122,919
Total financial liabilities at fair value through profit or loss	**2,870,588**	**1,840,641**

As of 30 June 2006 and 31 December 2005 the following assets were sold under repurchase agreements with a fair value as follows:

	30 June 2006 RUR'000	31 December 2005 RUR'000
T-Bonds of US Department of Treasury	2,353,510	1,005,645
Eurobonds of JSC Severstal	112,983	121,610
Shares of JSC Gazprom	24,015	-
Bonds of Krasnoyarsk region Authority	12,647	-
Eurobonds of the German Government	-	297,317
Eurobonds of the Russian Federation	-	293,150
Total liabilities sold under repurchase agreements (short position)	**2,503,155**	**1,717,722**

22. DEBT SECURITIES ISSUED

	30 June 2006 RUR'000	31 December 2005 RUR'000
Discount bearing promissory notes	8,283,480	8,759,724
Eurobonds due in 2009	5,902,254	8,104,939
Eurobonds due in 2007	4,172,779	4,436,034
Interest bearing promissory notes	4,072,665	1,148,687
Bonds due in 2009	2,473,387	832,555
Adjustable Rate Guaranteed Bonds due in 2012	783,277	744,093
Discount/interest free promissory notes	590,685	1,995,126
Certificates of deposit	-	23,049
Total debt securities issued	**26,278,527**	**26,044,207**

As of 30 June 2006 and 31 December 2005 accrued interest expense is included in debt securities issued amounting to RUR 261,080 thousand and RUR 678,711 thousand, respectively.

The Group issued Eurobonds due in 2009 collateralized by future receivables on credit card settlements.

Discount/interest free promissory notes are issued for settlement purposes, on demand, at nominal value.

23. OTHER LIABILITIES

	30 June 2006 RUR'000	31 December 2005 RUR'000
Unused vacations provision	392,272	205,932
Taxes, other than income tax, payable	166,233	71,133
Payable to suppliers, contractors and purchasers	94,201	128,823
Deposit insurance charge liability	86,494	74,977
Liability on spot deals	17,074	4,448
Dividends payable	8,705	10,368
Creditors on other operations	8,672	34,107
Accrued bonuses and salary	3,661	455,228
Creditors on operations with securities and precious metals	166	15,704
Other	47,314	38,591
Total other liabilities	**824,792**	**1,039,311**

24. SUBORDINATED DEBT

	Currency	Maturity date year	Interest rate %	30 June 2006 RUR'000
Subordinated debt of KM TECHNOLOGIES (OVERSEAS) LIMITED	RUR	2016	8	3,000,000
Total subordinated debt				**3,000,000**

In the event of bankruptcy or liquidation of the Group, repayment of this debt is subordinate to repayment of ROSBANK's liabilities to all other creditors.

25. SHARE CAPITAL

As of 30 June 2006 and 31 December 2005 nominal share capital authorized, issued and fully paid comprised 680,360,538 ordinary shares with par value of RUR 10 each. All shares are ranked equally and carry one vote.

As of 30 June 2006 and 31 December 2005 share premium of RUR 9,177,470 thousand represents the excess of contributions received in share capital over the nominal value of shares issued.

The Group's reserves distributable among shareholders are limited to the amount of its reserves as disclosed in its statutory accounts. As of 30 June 2006 and 31 December 2005 non-distributable reserves are represented by a general reserve fund, which is created as required by statutory regulations in respect of general banking risks, including future losses and other unforeseen risks or contingencies. The reserve has been created in accordance with statutes of individual entities that provide for the creation of a reserve for these purposes.

26. FINANCIAL COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group is a party to financial instruments with off-balance sheet risk in order to meet the needs of its customers. These instruments, involving varying degrees of credit risk, are not reflected in the balance sheet.

Allowance for impairment losses on letters of credit and guarantees amounted to RUR 194,705 thousand and RUR 174,729 thousand as of 30 June 2006 and 31 December 2005, respectively.

As of 30 June 2006 and 31 December 2005, letters of credit and other transactions related to contingent obligations covered by cash amounted to RUR 375,846 thousand and RUR 133,896 thousand, respectively and guarantees issued covered by cash amounted to RUR 23,809 thousand and RUR 18,756 thousand, respectively.

The risk-weighted amount is obtained by applying a credit conversion factor and counterparty risk weightings according to principles employed by the Basle Committee on Banking Supervision.

As of 30 June 2006 and 31 December 2005, the nominal or contract amounts and risk-weighted amounts were:

	30 June 2006		31 December 2005	
	Nominal amount	Risk weighted amount	Nominal amount	Risk weighted amount
Contingent liabilities and credit commitments				
Guarantees issued and similar commitments	9,529,107	9,505,298	7,726,434	7,707,678
Letters of credit and other transaction related contingent obligations	1,979,786	801,970	1,627,705	746,905
Commitments on loans and unused credit lines	29,967,560	9,915,750	18,446,050	4,359,949
Total contingent liabilities and credit commitments	**41,476,453**	**20,223,018**	**27,800,189**	**12,814,532**

Capital commitments – As of 30 June 2006 and 31 December 2005 the Group has commitments for capital expenditure on finance lease outstanding amounting to RUR 1,840,271 thousand and RUR 872,475 thousand respectively.

Operating lease commitments – Where the Group is the lessee, the future minimum lease payments under non cancellable operating leases are as follows:

	30 June 2006 RUR'000	31 December 2005 RUR'000
Not later than 1 year	509,939	1,027,430
Later than 1 year and not later than 5 years	1,132,951	1,052,024
Later than 5 years	852,803	457,910
Total operating lease commitments	**2,495,693**	**2,537,364**

Fiduciary activities – In the normal course of its business, the Group enters into agreements with limited rights on decision making with clients for asset management in accordance with specific criteria established by clients. The Group may be liable for losses due to its gross negligence or wilful misconduct until such funds or securities are returned to the client. The maximum potential financial risk of the Group at any given moment is equal to the volume of the clients' funds plus/minus any unrealized income/loss on the client's position. In the judgment of management, as of 30 June 2006 and 31 December 2005 the maximum potential financial risk on securities accepted by the Group on behalf of its clients does not exceed RUR 4,864,412 thousand and RUR 7,393,671 thousand, respectively.

The Group also provides depositary services to its customers. As of 30 June 2006 and 31 December 2005, the Group had customer securities totalling 4,359,945,710 items and 3,283,527,374 items, respectively, in its nominal holder accounts.

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

Taxes – Due to the presence in Russian commercial legislation, and tax legislation in particular, of provisions allowing more than one interpretation, and also due to the practice developed in a generally unstable environment by the tax authorities of making arbitrary judgments of business activities, if a particular treatment based on management's judgment of the Group's business activities were to be challenged by the tax authorities, the Group may be assessed additional taxes, penalties and interest. Such uncertainty may relate to valuation of financial instruments, loss and impairment provisions and market level for a deal's pricing. The Group believes that it has already made all tax payments, and therefore no allowance has been made in the financial statements. Tax years remain open to review by the tax authorities for three years.

Pensions and retirement plans – Employees receive pension benefits in accordance with the laws and regulations of the respective countries. As of 30 June 2006 and 31 December 2005, the Group was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

Operating environment – The Group's principal business activities are within the Russian Federation. Laws and regulations affecting the business environment in the Russian Federation are subject to rapid changes and the Group's assets and operations could be at risk due to negative changes in the political and business environment.

27. SUBSEQUENT EVENTS

On 28 September 2006 Societe Generale and Interros have announced the decision of acquisition by Societe Generale of a second 10% stake in Rosbank from Interros (KM Technologies Overseas Limited) for USD 317 million, a similar price as for the first 10% stake, thereby increasing Societe Generale's holding to 20% less 1 share.

In addition, Societe Generale has signed a call option with Interros on 30% + 2 shares of Rosbank, which will enable it to take control of the bank by the end of 2008. The strike price for the further 30% + 2 shares of Rosbank equals to USD 1,700 million.

Between 2006 and the date of execution of the call option, Societe Generale will be represented on Rosbank's Board of Directors by Philippe Citerne, Director and co-CEO, and Jean-Louis Mattei, Head of International Retail Banking, and will advise the Bank on its risk and finance policies.

28. TRANSACTIONS WITH RELATED PARTIES

Related parties or transactions with related parties, as defined by IAS 24 "Related party disclosures", represent:

(a) Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group. (This includes holding companies, subsidiaries and fellow subsidiaries);
(b) Associates – enterprises in which the Group has significant influence and which is neither a subsidiary nor a joint venture of the investor;
(c) Individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group;
(d) Key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including directors and officers of the Group (also non-executive directors and close members of the families of such individuals);
(e) Enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (c) or (d) or over which such a person is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the Group and enterprises that have a member of key management in common with the Group;
(f) Parties with joint control over the Group;
(g) Joint ventures in which the Group is a venturer; and
(h) Post-employment benefit plans for the benefit of employees of the Group, or of any entity that is a related party to the Group.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The Group had the following transactions outstanding with related parties:

	30 June 2006 RUR'000		**31 December 2005 RUR'000**	
	Related party transactions	**Total category as per financial statement caption**	**Related party transactions**	**Total category as per financial statement caption**
Financial assets at fair value through profit or loss	475,552	11,847,771	974,382	15,677,102
- shareholders	6,526		974,382	
- other related parties	469,026		-	
Loans to banks and customers, gross	6,286,816	177,166,388	3,436,265	173,200,927
- key management personnel of the Group	22,872		30,909	
- other related parties	6,263,944		3,405,356	
Allowance for impairment losses	170,373	7,257,574	169,450	5,887,635
- key management personnel of the Group	620		1,524	
- other related parties	169,753		167,926	
Other assets, net	839	965,018	29,891	1,617,987
- other related parties	839		29,891	
Deposits from banks	22,598	14,215,769	-	11,139,028
- other related parties	22,598		-	
Customer accounts	43,235,419	147,140,915	38,471,040	149,060,894
- shareholders	2,046,174		8,266	
- key management personnel of the Group	468,499		141,880	
- other related parties	40,720,746		38,320,894	
Other provisions	48,330	194,705	62,459	174,729
- key management personnel of the Group	162		159	
- other related parties	48,168		62,300	
Other liabilities	111	824,792	7,043	1,039,311
- other related parties	111		7,043	
Subordinated debt	3,000,000	3,000,000	-	-
- shareholders	3,000,000		-	
Commitments on loans and unused credit lines	177,698	29,967,560	276,068	18,446,050
- key management personnel of the Group	3,335		-	
- other related parties	174,363		276,068	
Letters of credit and other transaction related contingent obligations	23,987	1,979,786	268,780	1,627,705
- other related parties	23,987		268,780	
Guarantees issued and similar commitments	2,416,513	9,529,107	2,989,317	7,726,434
- key management personnel of the Group	8,090		7,627	
- other related parties	2,408,423		2,981,690	
Guarantees received	3,603,686	161,099,676	1,309,985	169,340,991
- other related parties	3,603,686		1,309,985	

Included in the income statement for the 6 months ended 30 June 2006 and 2005 are the following amounts which arose due to transactions with related parties:

	6 months ended 30 June 2006 RUR'000		6 months ended 30 June 2005 RUR'000	
	Related party transactions	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**
Interest income	350,311	12,650,506	851,269	8,960,024
- key management personnel of the Group	1,346		672	
- shareholders	-		6,845	
- other related parties	348,965		843,752	
Interest expense	1,526,166	5,862,246	1,231,255	5,814,495
- key management personnel of the Group	21,542		19,013	
- shareholders	64,303		63,851	
- other related parties	1,440,321		1,148,391	
(Provision)/recovery of provision for impairment losses	23,605	(1,474,186)	(147,938)	(38,131)
- shareholders	10		-	
- key management personnel of the Group	993		(409)	
- other related parties	22,602		(147,529)	
Net gain on financial assets at fair value through profit or loss	36,336	896,950	225,857	695,898
- shareholders	(4,749)		4,907	
- other related parties	41,085		220,950	
Net gain (loss) on sale of investments available-for-sale	-	14,195	32,129	307,916
- shareholders	-		-	
- key management personnel of the entity	-		-	
- other related parties	-		32,129	
Net (loss)/gain on foreign exchange operations	22,083	235,239	15,914	377,410
- shareholders	(3,665)		-	
- key management personnel of the entity	-		-	
- other related parties	25,748		15,914	
Fee and commission income	440,924	2,304,162	415,563	2,003,047
- shareholders	8,639		269	
- key management personnel of the Group	31		39	
- other related parties	432,254		415,255	
Fee and commission expense	99,534	510,420	103,866	454,424
- other related parties	97,286		103,866	
- shareholders	2,248		-	
- key management personnel of the Group	-		-	
Dividend income	7,391	42,368	-	19,222
- other related parties	7,391		-	
Other income	9,821	503,021	24,692	535,549
- other related parties	9,802		24,678	
- shareholders	19		14	

	6 months ended 30 June 2006 RUR'000		6 months ended 30 June 2005 RUR'000	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Operating expense	87,623	6,524,629	111,982	4,448,309
- key management personnel of the Group	39,737		33,631	
- other related parties	47,886		78,351	
Key management personnel compensation	39,737	2,898,438	33,631	2,253,858
- short-term employee benefits	39,737		33,631	

Included in the income statement for the 3 months ended 30 June 2006 and 2005 are the following amounts which arose due to transactions with related parties:

	3 months ended 30 June 2006 RUR'000		3 months ended 30 June 2005 RUR'000	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Interest income	183,477	7,009,691	620,431	4,795,655
- key management personnel of the Group	604		288	
- shareholders	-		6,845	
- other related parties	182,873		613,298	
Interest expense	1,137,399	2,891,375	744,921	3,257,490
- key management personnel of the Group	17,599		15,181	
- shareholders	64,303		63,851	
- other related parties	1,055,497		665,889	
(Provision)/recovery of provision for impairment losses	20,595	(767,754)	(204,847)	(132,579)
- shareholders	-		-	
- key management personnel of the Group	885		(92)	
- other related parties	19,710		(204,755)	
Net gain on financial assets at fair value through profit or loss	(114,157)	144,852	(6,472)	369,045
- shareholders	(4,749)		(1,891)	
- other related parties	(109,408)		(4,581)	
Net gain (loss) on sale of investments available-for-sale	-	14,195	32,129	281,667
- shareholders	-		-	
- key management personnel of the entity	-		-	
- other related parties	-		32,129	
Net (loss)/gain on foreign exchange operations	22,083	273,741	15,914	297,087
- shareholders	(3,665)		-	
- key management personnel of the entity	-		-	
- other related parties	25,748		15,914	

	3 months ended 30 June 2006 RUR'000		3 months ended 30 June 2005 RUR'000	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Fee and commission income	298,148	1,174,343	251,692	1,239,279
- shareholders	8,270		253	
- key management personnel of the Group	18		31	
- other related parties	289,860		251,408	
Fee and commission expense	52,118	257,658	65,817	277,689
- other related parties	49,870		65,817	
- shareholders	2,248		-	
- key management personnel of the Group	-		-	
Other income	9,162	103,481	23,307	268,758
- other related parties	9,143		23,293	
- shareholders	19		14	
Operating expense	61,266	3,713,171	52,391	2,257,274
- key management personnel of the Group	16,989		13,264	
- other related parties	44,277		39,127	
Key management personnel compensation	20,932	1,561,071	17,096	1,112,497
- short-term employee benefits	20,932		17,096	

29. FAIR VALUE OF FINANCIAL INSTRUMENTS

Estimated fair value disclosures of financial instruments is made in accordance with the requirements of IAS 32 “Financial Instruments: Disclosure and Presentation” and IAS 39 “Financial Instruments: Recognition and Measurement”. 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 a forced or liquidation sale.

The fair value of financial assets and liabilities compared with the corresponding carrying amount in the balance sheet of the Group is presented below:

	30 June 2006		31 December 2005	
	Carrying value, RUR'000	Fair value, RUR'000	Carrying value, RUR'000	Fair value, RUR'000
Cash and balances with the Central and National banks	24,335,471	24,335,471	19,455,358	19,455,358
Financial assets at fair value through profit or loss	11,847,771	11,847,771	15,677,102	15,677,102
Loans and advances to banks	30,122,341	30,122,341	53,995,068	53,995,068
Deposits from banks	14,215,769	14,215,769	11,139,028	11,139,028
Customer accounts	147,140,915	147,140,915	149,060,894	149,060,894
Financial liabilities at fair value through profit or loss	2,870,588	2,870,588	1,840,641	1,840,641
Debt securities issued	26,278,527	26,299,585	26,044,207	26,112,669
Subordinated debt	3,000,000	1,902,108	-	-

The fair value of loans to customers and investments available-for-sale can not be measured reliably as it is not practicable to obtain market information or apply any other valuation techniques on such instruments.

30. REGULATORY MATTERS

Quantitative measures established by regulation to ensure capital adequacy require the Group to maintain minimum amounts and ratios (as set forth in the table below) of total (8%) and tier 1 capital (4%) to risk weighted assets.

The ratio was calculated according to the principles employed by the Basle Committee by applying the following risk estimates to the assets and off-balance sheet commitments net of allowances for impairment losses:

Estimate	Description of position
0%	Cash and balances with the Central and National banks
0%	State debt securities
20%	Loans and advances to banks for up to 1 year
100%	Loans to customers
100%	Guarantees
50%	Obligations and commitments on unused loans with initial maturity of over 1 year
100%	Other assets

Capital amounts and ratios	Actual amount in RUR thousand	For capital adequacy purposes amount in RUR thousand	Ratio for capital adequacy purposes	Minimum required ratio
As of 30 June 2006				
Total capital	24,265,870	27,250,504	14.9%	8%
Tier 1 capital	21,276,731	21,276,731	11.6%	4%
As of 31 December 2005				
Total capital	22,820,266	22,804,843	15.6%	8%
Tier 1 capital	19,827,152	19,827,152	13.6%	4%

As of 30 June 2006 the Group included in the computation of Total capital for capital adequacy purposes subordinated debt received, limited to 50% of Tier 1 capital. In the event of bankruptcy or liquidation of the Group, repayment of this debt is subordinate to repayment of the Group’s liabilities to all other creditors.

31. SEGMENT REPORTING

The Group’s primary format for reporting segment information is business segments. Most operations of the Group are concentrated in the Russian Federation.

Business segments – The Group is organised on the basis of two main business segments:

- Retail banking – representing individuals’ customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages and private banking.
- Corporate banking – representing direct debt facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products as well as transactions with small and medium enterprises.

In addition, ROSBANK’s headquarters, regional centres, administrative operations and certain other business operations, including inter-bank financial markets and financial institutions services and custody and depositary services, are reported separately under segment reporting as unallocated.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of the balances sheet, but excluding items such as taxation and borrowings. Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis.

Segment information about these businesses is presented below.

	Retail banking	**Corporate banking**	**Unallocated**	**30 June 2006 Consolidated amount RUR'000**
External operating income	4,309,006	2,851,945	1,582,813	8,743,764
Income/(expense) from other segments	(227,893)	1,170,874	(942,981)	-
Total operating income	4,081,113	4,022,819	639,832	8,743,764
Operating expenses	(3,210,934)	(880,607)	(2,433,088)	(6,524,629)
Operating profit	870,179	3,142,212	(1,793,256)	2,219,135
Other provisions	-	(25,830)	9,008	(16,822)
Profit before income tax	870,179	3,116,382	(1,784,248)	2,202,313
Income tax expense	-	-	(808,064)	(808,064)
Net profit	870,179	3,116,382	(2,592,312)	1,394,249
Segment assets	68,655,184	75,391,317	75,729,629	219,776,130
Segment liabilities	58,339,771	91,803,117	45,367,372	195,510,260
Other segment items				
Depreciation expense	(93,902)	(25,753)	(71,155)	(190,810)
Interest income	6,629,901	4,494,657	1,525,948	12,650,506
Interest expense	(2,346,011)	(2,238,809)	(1,277,426)	(5,862,246)
(Provisions)/recovery of provision for impairment losses on interest bearing assets	(1,603,460)	129,274	-	(1,474,186)
Fee and commission income	1,357,830	890,344	55,988	2,304,162
Fee and commission expense	(35,062)	(463,862)	(11,496)	(510,420)
Other income	305,808	40,341	156,872	503,021
Loans to customers, less allowance for impairment losses	65,289,733	74,496,740	-	139,786,473
Fixed assets, net	3,343,158	916,870	2,533,280	6,793,308
Customer accounts	58,339,771	88,801,144	-	147,140,915

	Retail banking	Corporate banking	Unallocated	3 months ended 30 June 2006 Consolidated amount RUR'000
External operating income	2,678,300	1,738,715	256,512	4,673,527
Income/(expense) from other segments	(226,634)	386,265	(159,631)	-
Total operating income	2,451,666	2,124,980	96,881	4,673,527
Operating expenses	(1,813,640)	(513,096)	(1,386,435)	(3,713,171)
Operating profit	638,026	1,611,884	(1,289,554)	960,356
Other provisions	-	23,240	61,865	85,105
Profit before income tax	638,026	1,635,124	(1,227,689)	1,045,461
Income tax expense	-	-	(311,319)	(311,319)
Net profit	638,026	1,635,124	(1,539,008)	734,142
Other segment items				
Depreciation expense	(43,269)	(12,436)	(33,227)	(88,932)
Interest income	3,803,974	2,434,153	771,564	7,009,691
Interest expense	(1,173,761)	(863,390)	(854,224)	(2,891,375)
(Provisions)/recovery of provision for impairment losses on interest bearing assets	(355,735)	(412,019)	-	(767,754)
Fee and commission income	377,669	819,773	(23,099)	1,174,343
Fee and commission expense	(1,581)	(244,581)	(11,496)	(257,658)
Other income	27,734	4,779	70,968	103,481

Cash flow from:	Retail banking	Corporate banking	Unallocated	6 months ended 30 June 2006 RUR'000 Total
Operating activities	(13,363,986)	(15,002,569)	7,235,302	(21,131,253)
Investing activities	(128,416)	(35,218)	(2,866,727)	(3,030,361)
				(24,161,614)

	Retail banking	Corporate banking	Unallocated	6 months ended 30 June 2005 for income statement items/ 31 December 2005 for balance sheet items Consolidated amount RUR'000
External operating income	3,215,736	1,386,672	1,970,500	6,572,908
Income from other segments	248,542	1,147,058	(1,395,600)	-
Total operating income	3,464,278	2,533,730	574,900	6,572,908
Operating expenses	(2,190,851)	(604,026)	(1,653,432)	(4,448,309)
Operating profit	1,273,427	1,929,704	(1,078,532)	2,124,599
Other provisions	-	(92,194)	(48,079)	(140,273)
Profit before income tax	1,273,427	1,837,510	(1,126,611)	1,984,326
Income tax expense	-	-	(676,889)	(676,889)
Net profit	1,273,427	1,837,510	(1,803,500)	1,307,437
Segment assets	55,243,270	62,252,007	95,561,325	213,056,602
Segment liabilities	57,159,985	91,900,909	41,175,442	190,236,336
Other segment items				
Depreciation expense	(128,912)	(35,541)	(97,290)	(261,743)
Interest income	2,993,067	4,426,026	1,540,931	8,960,024
Interest expense	(1,847,339)	(2,661,657)	(1,305,499)	(5,814,495)
(Provisions)/recovery of provision for impairment losses on interest bearing assets	392,280	(442,617)	12,206	(38,131)
Fee and commission income	1,737,720	125,114	140,213	2,003,047
Fee and commission expense	(394,230)	(60,194)	-	(454,424)
Other income	334,238	-	201,311	535,549
Loans to customers, less allowance for impairment losses	51,967,184	61,351,040	-	113,318,224
Fixed assets, net	3,276,086	900,967	2,546,124	6,723,177
Customer accounts	57,159,985	91,900,909	-	149,060,894

	Retail banking	Corporate banking	Unallocated	3 months ended 30 June 2005 Consolidated amount RUR'000
External operating income	1,993,838	188,405	1,382,509	3,564,752
Income from other segments	127,229	587,186	(714,415)	-
Total operating income	2,121,067	775,591	668,094	3,564,752
Operating expenses	(1,128,490)	(311,527)	(817,257)	(2,257,274)
Operating profit	992,577	464,064	(149,163)	1,307,478
Other provisions	-	(38,557)	(36,182)	(74,739)
Profit before income tax	992,577	425,507	(185,345)	1,232,739
Income tax expense	-	-	(358,039)	(358,039)
Net profit	992,577	425,507	(543,384)	874,700
Other segment items				
Depreciation expense	(75,720)	(20,896)	(55,424)	(152,040)
Interest income	1,546,564	2,591,486	657,605	4,795,655
Interest expense	(941,607)	(1,874,260)	(441,623)	(3,257,490)
(Provisions)/recovery of provision for impairment losses on interest bearing assets	424,661	(569,446)	12,206	(132,579)
Fee and commission income	1,075,122	77,408	86,749	1,239,279
Fee and commission expense	(240,906)	(36,783)	-	(277,689)
Other income	130,004	-	138,754	268,758

Cash flow from:	Retail banking	Corporate banking	Unallocated	6 months ended 30 June 2005 RUR'000 Total
Operating activities	(4,511,831)	(8,657,028)	4,179,922	(8,988,937)
Investing activities	159,534	43,984	(25,159)	178,359
				(8,810,578)