ROSBANK Group

Independent Accountants' Report

Combined and Consolidated
Financial Statements
9 Months Ended 30 September 2005
(Unaudited)

ROSBANK GROUP

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2005

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

Management is responsible for the preparation of the combined and consolidated financial statements that present fairly the financial position of the Group as of 30 September 2005, the results of its operations, cash flows and changes in equity for the 9 months then ended, in accordance with International Financial Reporting Standards ("IFRS").

In preparing the combined and consolidated 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 IFRS have been followed, subject to any material departures disclosed and explained in the combined financial statements; and
- Preparing the combined and consolidated 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 combined and consolidated financial statements of the Group comply with 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 combined and consolidated financial statements for the 9 months ended 30 September 2005 were authorised for issue on 5 December 2005 by the Chairman of the Management Board of the ROSBANK.

On behalf of the Management Board:

Chairman

5 December 2005
Moscow

Chief Financial Officer

5 December 2005
Moscow

Deloitte.

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REVIEW REPORT

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

We have reviewed the accompanying combined and consolidated balance sheet of ROSBANK Group (hereinafter – the "Group") as of 30 September 2005, the related combined and consolidated income statement and combined and consolidated statements of cash flows and changes in equity for the 9 months then ended (the "financial statements"). These financial statements are the responsibility of the Group's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with International Standard on Review Engagements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

As further discussed in Note 2, the Group has not presented corresponding figures for the 9 months ended 30 September 2004 in the accompanying combined and consolidated income statement, statement of changes in equity and statement of cash flow and information on segment reporting and earnings per share which, in our opinion, is not in compliance with International Financial Reporting Standards.

Based on our review, except for the matters stated in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying financial statements are not presented fairly in all material respects in accordance with International Financial Reporting Standards.

Without further qualifying our opinion, we draw your attention to Note 2 which discusses the special purpose of the accompanying financial statements. We also draw your attention to Note 3 which discusses restatements made to the financial statements.

Deloitte & Touche

5 December 2005
Moscow

COMBINED AND CONSOLIDATED INCOME STATEMENT FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2005

	Notes	9 months ended 30 September 2005 RUR'000 (unaudited)	Year ended 31 December 2004 RUR'000 (restated)
Interest income	4,29	14,866,172	15,637,271
Interest expense	4,29	(8,176,980)	(7,194,872)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		6,689,192	8,442,399
Provision for impairment losses on interest bearing assets	5	(431,849)	(1,543,846)
NET INTEREST INCOME		6,257,343	6,898,553
Net gain on financial assets at fair value through profit or loss	6	1,436,469	517,338
Net gain on foreign exchange operations		234,748	250,886
Net gain on precious metals operations		14,813	93,802
Fee and commission income	7,29	2,727,456	3,970,064
Fee and commission expense	7	(629,102)	(742,981)
Dividend income		34,526	11,737
Other income	8	616,195	798,795
NET NON-INTEREST INCOME		4,435,105	4,899,641
OPERATING INCOME		10,692,448	11,798,194
OPERATING EXPENSES	9,29	(7,289,501)	(8,389,667)
OPERATING PROFIT		3,402,947	3,408,527
Other provisions	5	(96,505)	(131,221)
PROFIT BEFORE INCOME TAX		3,306,442	3,277,306
Income tax expense	10	(1,224,957)	(951,996)
NET PROFIT		2,081,485	2,325,310
Attributable to:			
Equity holders of the parent		2,055,660	2,327,064
Minority interest		25,825	(1,754)

On behalf of the Management Board:

Chairman

5 December 2005
Moscow

Chief Financial Officer

5 December 2005
Moscow

The notes on pages 8-49 form an integral part of these financial statements. The Independent Accountants' Report is presented on page 2.

COMBINED AND CONSOLIDATED BALANCE SHEET
AS OF 30 SEPTEMBER 2005

	Notes	30 September 2005 RUR'000 (unaudited)	31 December 2004 RUR'000 (restated)
ASSETS:			
Cash and balances with Central and National banks	11	14,678,320	28,367,163
Financial assets at fair value through profit or loss	12,29	13,242,171	10,821,284
Precious metals in vault	13	981,360	69,342
Loans and advances to banks, less allowance for impairment losses	14,29	38,508,271	21,003,058
Loans to customers, less allowance for impairment losses	16,29	103,433,567	79,742,316
Investments available-for-sale, less allowance for impairment loss	17,29	2,214,315	2,075,546
Fixed assets purchased for transfer into finance lease		736,072	-
Fixed assets, less accumulated depreciation	18	6,537,173	6,791,256
Income tax assets	10	235,912	327,866
Other assets, less allowance for impairment losses	19	817,965	735,592
Total assets		**181,385,126**	**149,933,423**
LIABILITIES AND EQUITY			
LIABILITIES:			
Deposits from banks	20,29	8,890,527	8,618,844
Customer accounts	21,29	123,208,233	101,220,183
Financial liabilities at fair value through profit or loss	22	1,342,721	31,699
Debt securities issued	23	27,866,814	19,901,584
Other provisions	27	199,528	252,287
Income tax liabilities	10	1,110,521	1,089,306
Other liabilities	24	1,078,391	943,952
		163,696,735	132,057,855
Subordinated debt	25,29	1,450,000	1,450,000
Total liabilities		**165,146,735**	**133,507,855**
EQUITY:			
Share capital	26	7,890,762	8,083,306
Share premium	26	6,445,058	6,445,058
Translation reserve		(78,938)	(62,387)
Revaluation reserve		3,043,830	3,095,261
Accumulated deficit		(1,196,735)	(1,229,819)
Equity attributable to equity holders of the parent		16,103,977	16,331,419
Minority interest		134,414	94,149
Total equity		**16,238,391**	**16,425,568**
TOTAL LIABILITIES AND EQUITY		**181,385,126**	**149,933,423**

On behalf of the Management Board:

Chairman

5 December 2005
Moscow

Chief Financial Officer

5 December 2005
Moscow

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ROSBANK GROUP

COMBINED AND CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2005

	Share capital RUR'000	Share premium RUR'000	Translation reserve RUR'000	Revaluation reserve RUR'000	Accumulated deficit RUR'000	Equity attributable to equity holders of the parent RUR'000	Minority interest RUR'000	Total equity RUR'000
31 December 2003	8,162,743	6,445,058	(120,636)	-	(3,295,818)	11,191,347	92,395	11,283,742
Changes in translation reserve	-	-	58,249	-	-	58,249	-	58,249
Revaluation of fixed assets (net of deferred tax of RUR 930,367 thousand)	-	-	-	3,095,261	-	3,095,261	-	3,095,261
Dividends declared	-	-	-	-	(299,665)	(299,665)	-	(299,665)
Group reorganisation	(79,437)	-	-	-	38,600	(40,837)	3,508	(37,329)
Net profit	-	-	-	-	2,480,079	2,480,079	(1,754)	2,478,325
31 December 2004 (as previously reported)	8,083,306	6,445,058	(62,387)	3,095,261	(985,268)	16,575,970	94,149	16,670,119
Restatements (see Note 3)	-	-	-	-	(244,551)	(244,551)	-	(244,551)
31 December 2004 (restated)	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	-	-	(16,551)	-	-	(16,551)	-	(16,551)
Fixed assets disposal (net of deferred tax recovery of RUR 127,130 thousand)	-	-	-	(51,431)	51,431	-	-	-
Dividends declared	-	-	-	-	(2,187,115)	(2,187,115)	-	(2,187,115)
Group reorganisation	(192,544)	-	-	-	113,108	(79,436)	14,440	(64,996)
Net profit	-	-	-	-	2,055,660	2,055,660	25,825	2,081,485
30 September 2005 (unaudited)	7,890,762	6,445,058	(78,938)	3,043,830	(1,196,735)	16,103,977	134,414	16,238,391

On behalf of the Management Board:

Chairman

5 December 2005
Moscow

Chief Financial Officer

5 December 2005
Moscow

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COMBINED AND CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2005

	Notes	9 months ended 30 September 2005 RUR'000 (unaudited)	Year ended 31 December 2004 RUR'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		3,306,442	3,277,306
Provision for impairment losses on interest bearing assets		431,849	1,543,846
Other provision		96,505	131,221
Depreciation charge on fixed assets		318,360	268,996
Fixed assets impairment		5,107	239
Net change in replacement value of derivatives and spot deals		(36,555)	13,183
Net change in interest and other accruals		424,051	507,401
Net change in amortized commission income		131,814	212,213
Unrealized foreign currency revaluation loss/(gain)		75,160	(56,539)
Cash flow from operating activities before changes in operating assets and liabilities		4,752,733	5,897,866
Changes in operating assets and liabilities			
(Increase)/decrease in operating assets:			
Minimum reserve deposit with the Central and National banks		(627,062)	4,556,625
Loans and advances to customers		(22,312,006)	(22,270,502)
Loans and advances to banks		(2,549,785)	(422,376)
Financial assets at fair value through profit or loss		3,465,017	226,864
Other assets		395,377	(285,618)
Increase/(decrease) in operating liabilities:			
Deposits from banks		(1,170,025)	1,100,966
Customer accounts		20,668,929	26,516,555
Other liabilities		1,129,582	211,506
Cash inflow from operating activities before taxation		3,752,760	15,531,886
Income tax paid		(984,658)	(1,404,787)
Net cash inflow from operating activities		2,768,102	14,127,099
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of fixed assets		(299,706)	(779,765)
Purchase of fixed assets for transfer into finance lease		(346,697)	-
Proceeds on sale of fixed assets		251,317	141,960
Net (purchase)/sale of investment securities		(54,141)	5,798,670
Net cash (outflow)/inflow from investing activities		(449,227)	5,160,865
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from debt securities issued		6,672,277	1,951,072
Proceeds from subordinated debt		-	1,450,000
Dividends paid		(2,177,409)	(299,665)
Net cash inflows from financing activities		4,494,868	3,101,407

COMBINED AND CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2005 (CONTINUED)

	Notes	9 months ended 30 September 2005 RUR'000 (unaudited)	Year ended 31 December 2004 RUR'000
NET INCREASE IN CASH AND CASH EQUIVALENTS		6,813,743	22,389,371
Effect of foreign exchange rate changes		283,855	(448,202)
CASH AND CASH EQUIVALENTS, beginning of the period	11	41,585,012	19,643,843
CASH AND CASH EQUIVALENTS, end of the period	11	48,682,610	41,585,012

Interest received and paid by the Group during the 9 months ended 30 September 2005 amounted to RUR 14,146,511 thousand and RUR 7,033,268 thousand, respectively.

Interest received and paid by the Group during the year ended 31 December 2004 amounted to RUR 15,882,926 thousand and RUR 6,925,623 thousand, respectively.

On behalf of the Management Board:

Chairman
5 December 2005
Moscow

Chief Financial Officer
5 December 2005
Moscow

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1. ORGANISATION

ROSBANK 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 to provide banking services to the Interros Group companies. In 2000 ROSBANK acquired Uneximbank which was merged into ROSBANK and ceased to exist as a legal entity. In 2002 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 institution. The integration of OVK with ROSBANK is the way to transform ROSBANK into universal financial institution.

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.

ROSBANK has 76 branches in the Russian Federation.

ROSBANK is a parent company of the banking group which consists of the following enterprises:

Name	Country of incorporation	ROSBANK's ownership interest/voting power, %	Type of operations
Rosbank (Switzerland) SA	Switzerland	100/100	Banking
Rosbank International Finance BV	The Netherlands	100/100	Issue of Eurobonds
RosInvest SA	Luxembourg	99.97/99.97	Reorganisation of UNEXIM Bank
Belrosbank	Byelorussia	50.00002/50.00002	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	90.14/90.14	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	85/100	Cash collection services

The following enterprises were included in the financial statements as such entities are under common control of ROSBANK's shareholders (Interros). Such entities will be acquired by ROSBANK by 31 December 2005 as part of OVK group acquisition.

		Interros's ownership interest/ voting power, %	
Bank Pervoe OVK	Russia	90/100	Banking
Bank Sibirskoe OVK	Russia	96.27/100	Banking
Bank Povolzhskoe OVK	Russia	97.54/100	Banking
Bank Centralnoe OVK	Russia	99.08/100	Banking
Bank Dalnevostochnoe OVK	Russia	100/100	Banking
Bank Privolzhskoe OVK	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
TD Druzhba LLC	Russia	100/100	Other services
AVTO LLC	Russia	100/100	Transportation services
RB Securities LLC	Russia	100/100	Operations with securities

All of the above entities form ROSBANK GROUP (the "Group"), that is the Interros banking group, and are currently working under one brand "ROSBANK GROUP".

In 2003 JSC "Interros estate", the major shareholder of the Group, purchased controlling interest in OVK group. OVK group consists 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 acquisition 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 is expected to be completed by the end of 2005, prior to which time management will be 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 will be acquired by ROSBANK and Group reorganisation will be completed by the end of 2005.

As at 30 September 2005, the following shareholders owned the issued shares of ROSBANK:

Shareholder	**%**
CJSC "Interros estate"	95.79%
Other	4.21%
Total	100.00%

2. BASIS OF PRESENTATION

Accounting basis

These combined and consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the purpose to present reorganisation of the Group and preparation of comparative information for 2006, except as stated below ("financial statements"). These financial statements are presented in thousands of Russian Roubles ("RUR"), unless otherwise indicated. These financial statements have been prepared on accrual basis of accounting and 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").

Rosbank and all banks of OVK group, which represent substantial part of ROSBANK GROUP, prepare stand-alone/consolidated financial statements according to IFRS for their individual reporting purposes.

In accordance with International Financial Reporting Standards, the accompanying financial statements should contain corresponding figures for the previous period: the combined and consolidated income statement, combined and consolidated statement of cash flows, and combined and consolidated statement of changes in equity for 9 months ended 30 September 2004 and the relevant notes to the financial statements. Instead the Group has presented financial information for the year ended 31 December 2004, which is a departure from IFRS.

The Group has not followed the requirements of IAS 14 "Segment Reporting" and IAS 33 "Earnings per Share" in preparation of the financial statements.

Entities incorporated in the Russian Federation maintain their accounting records in accordance with the 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 financial statements prepared under the statutory accounting standards generally accepted in the countries of their origin have been adjusted to conform with IFRS.

The preparation of financial statements in conformity with IFRS 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.

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.

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. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. 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 income statement in the period of acquisition. The minority interest is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent.

The results of subsidiaries acquired or disposed of during the year are included in the combined and 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 done:

- Assets and liabilities, both monetary and non-monetary, of the foreign entity are translated at closing rate;
- Income and expense items of the foreign entity are translated at exchange rates at the dates of 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 combined and consolidated income statement.

Financial statements of CB Belrosbank that operates in a hyperinflationary economy are restated in accordance with IAS 29 and translated into the functional currency at closing rates for the purpose of inclusion into the financial statements.

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

Investments in other subsidiaries and associates

Investments in corporate shares where the Group owns more than 20% of share capital, but non-consolidation of such companies does not significantly affect the financial statements of the Group as a whole, as well as investments in corporate shares where the Group owns less than 20% of share capital, are accounted for at fair value or at approximate fair value. If such value cannot be estimated, investments are accounted for at cost. Management periodically assesses realizability of the carrying values of such investments and provides valuation allowances, if necessary. Such investments are accounted for as investments available-for-sale.

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 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 Government trading debt securities and precious metals, which may be converted to cash within a short period of time. For purposes of determining cash flows, the minimum reserve deposit required by the Central Bank of the Russian Federation and National Banks is not included as a cash equivalent due to restrictions on its availability.

Precious metals

Assets and liabilities denominated in precious metals are translated 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 (loss)/gain on operations with precious metals in the 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 carried at cost. 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/settling them in the near term, or it is a part of portfolio of 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 it is a derivative (except if it is designated and effective hedging instrument), or financial assets/liabilities which upon initial recognition were designated by the Group as 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. When reliable market prices are not available or if liquidating the Group's position would reasonably be expected to impact market prices, fair value is determined by reference to price quotations for similar instruments traded in different markets or management's estimates of the amounts that can be realized from an orderly disposition over a period of time, assuming current market conditions. Fair value adjustment on financial assets/liabilities at fair value through profit or loss is recognized in 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 collaterized deposit received.

Assets purchased under reverse repos are recorded in the financial statements as cash placed on deposit which is collaterized 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, swaps and options.

Derivative financial instruments are initially recorded and subsequently measured at fair. Fair values are obtained from the interest rates model. Most of the derivatives the Group enters into are of a short-term and speculative 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 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 in accordance with the policy stated above. The difference between the nominal amount of consideration given and the amortized cost of loans issued at lower than market terms is recognized in the period the loan is issued as initial recognition adjustment discounting using market rates at inception and included in the income statement as losses on origination of assets. Subsequently, the carrying amount of such loans is adjusted for amortization of the losses on origination and the related income is recorded as interest income within the income statement using the effective interest method. Loans to customers that do not have fixed maturities are carried at cost. Loans to customers are carried net of any allowance for impairment losses.

Purchased loans

Loans acquired from another lender subsequently to the original date are either classified as loans or as available-for-sale investments. 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 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 in case of uncollectibility of loans and advances, 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 decision on writing off bad debt against allowance for impairment losses for all major, preferential, unsecured and insider loans should necessarily be confirmed with 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 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 adjusted 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 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 the risk assets.

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 investments are initially recorded at fair value. Subsequently the investments are measured at fair value, with such re-measurement recognized directly in equity until sold when gain/loss previously recorded in equity recycles through income statement, plus accrued coupon income recognized in combined and 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 such quotes do not exist, management estimation is used. Dividends received are included in dividend income in the combined and consolidated income statement.

Non-marketable debt and equity securities are stated at amortized cost and cost, respectively, less impairment losses, unless there are other appropriate and workable methods of reasonably estimating their fair value.

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 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 income statement for the period. Reversals of such impairment losses on equity instruments are not recognized in income statement.

Fixed assets

Fixed assets, except for buildings as discussed below, 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.

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 and other real estate	2%
Furniture and computer equipment	20%

Till the end of 2004 buildings were carried at historical cost restated for inflation less accumulated depreciation and any recognised impairment loss.

As at 31 December 2004 the accounting policy was changed and 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.

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.

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 combined and 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 combined 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 combined and consolidated income statement.

Deposits from banks and customers

Customer and bank deposits 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 combined and 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 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 guarantees contracts issued and letters of credit

Financial guarantees contracts issued 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 guarantees contracts issued and letters of credits are initially recognized at fair value. Subsequently they are measured at the higher of (a) the amount recognized as provision and (b) the amount initially recognized less, where appropriate, cumulative amortization of initial premium revenue received over the financial guarantee contracts issued or letter of credit.

Contingent assets

Contingent assets from financial guarantees received arises when the Bank has indicators of incurred loss because a specified debtor fails to make payment when due under the original or modified terms of a debt instrument. The contingent asset is disclosed where an inflow of economic benefits is probable. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs.

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 the 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 Bank does not have any pension arrangements separate from the State pension system of the Russian Federation and other countries, which requires current contributions by employer 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 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. Where it is probable that a loan commitment will lead to a specific lending arrangement, the loan commitment fees are deferred, together with the related direct costs, and recognized as an adjustment to the effective interest rate of the resulting loan. Where it is unlikely that a loan commitment will lead to a specific lending arrangement, the loan commitment fees are recognized in 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 the services are provided. Other income is credited to combined and consolidated income statement when the related transactions are completed. Commission income for 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 at the date of the transaction. Profits and losses arising from these translations are included in net 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 September 2005	31 December 2004
RUR/1 US Dollar	28.4989	27.7487
RUR/1 Euro	34.3811	37.8104
RUR/Gold (1 ounce)	13,487.10	12,087.33
RUR/Platinum (1 ounce)	26,475.48	23,850.01

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.

Changes in accounting policy

The Group has changed its accounting policy on regular way purchases and sale of investments available-for-sale effective 1 July 2005 from settlement date accounting to trade date accounting. This change results in the financial statements providing reliable and more relevant information about the effect of transactions, other events or conditions on the Group's financial position, financial performance and cash flows. The effect of such change is immaterial.

Restatements and reclassifications

As of 30 September 2005 certain errors were discovered as of 30 June 2005 and the 6 months then ended and 31 December 2004 and the year then ended since previous financial statements as of 30 June 2005 were issued. As of 30 June 2005 the error is due to understatement of provision for impairment losses on loans to customers and overstatement of loans to customers in acquired subsidiaries amounting to RUR 30,386 thousand. As of 31 December 2004 these errors are due to overstatement of loan and advances to banks and deposits from banks, amortization of commissions on originated loans, interest income and expense, fee and commission income and expense, understatement of loans to customers, unused vacations provision and insurance deposits expenses. These restatements are presented as follows:

Balance sheet / income statement caption	**31 December 2004 RUR'000 (as previously reported)**	**31 December 2004 RUR'000 (restated)**
Combined and consolidated income statement		
Interest income	16,012,094	15,637,271
Interest expense	(7,532,176)	(7,194,872)
Fee and commission income	4,011,754	3,970,064
Fee and commission expense	(784,671)	(742,981)
Operating expense	(8,274,171)	(8,389,667)

Balance sheet / income statement caption	31 December 2004 RUR'000 (as previously reported)	31 December 2004 RUR'000 (restated)
Combined and consolidated balance sheet		
Loans and advances to banks, less allowance for impairment losses	21,764,498	21,003,058
Loans to customers, less allowance for impairment losses	78,890,853	79,742,316
Deposits from banks	8,738,415	8,618,844
Other liabilities	755,385	943,952
Accumulated deficit	(985,268)	(1,229,819)

Certain reclassification were made as of 31 December 2004 and for the year then ended to provide reliable and more relevant information about the effect of transactions, other events or conditions of the Group's financial position and performance, since previous financial statements as of 30 June 2005 were issued. These reclassifications are presented as follows:

Balance sheet caption 31 December 2004	Amount of reclassification RUR'000
Loans to customers, less allowance for impairment losses	209,594
Other assets, less allowance for impairment losses	(209,594)
Customer accounts	55,984
Other liabilities	(55,984)

Adoption of new standards

The Group has applied IFRS 4 "Insurance Contracts" for its financial statements as of 30 September 2005 and for nine months then ended. The International Accounting Standards Board has issued a number of new IFRS standards and interpretations as well as significantly amended many existing International Accounting Standards in preparation for the adoption of IFRS by listed companies in the European Union in 2005. These changes would become effective for accounting periods beginning on or after 1 January 2006. The Group has not completed its assessment of the effect of changes on its financial position and results of operations reported under IFRS, except as discussed above.

4. NET INTEREST INCOME

Net interest income comprises:

	9 months ended 30 September 2005 RUR'000	Year ended 31 December 2004 RUR'000
Interest income		
Interest on loans to corporate customers	6,993,277	9,524,642
Interest on loans to individuals	5,914,070	4,578,464
Interest on loans and advances to banks	1,038,558	338,367
Interest on debt securities	873,277	1,165,684
Interest on reverse repurchase transactions	46,990	18,351
Amortization of discount of loans to customers	-	11,763
Total interest income	**14,866,172**	**15,637,271**

	9 months ended 30 September 2005 RUR'000	Year ended 31 December 2004 RUR'000
Interest expense		
Interest on corporate customer accounts	3,509,430	3,315,796
Interest on deposits from individuals	2,941,902	2,439,637
Interest on debt securities issued	1,138,201	1,123,127
Interest on deposits from banks	587,447	316,312
Total interest expense	**8,176,980**	**7,194,872**
Net interest income before provision for impairment losses on interest bearing assets	**6,689,192**	**8,442,399**

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 2003	**75,758**	**3,314,705**	**3,390,463**
(Recovery of provision)/provision	(63,352)	1,607,198	1,543,846
Write-offs of assets	(200)	(1,037)	(1,237)
31 December 2004	**12,206**	**4,920,866**	**4,933,072**
(Recovery of provision)/provision	(12,206)	444,055	431,849
Provision in acquired subsidiaries	-	16,056	16,056
30 September 2005	-	**5,380,977**	**5,380,977**

The movements in other provisions were as follows:

	Investment securities RUR'000	Other assets RUR'000	Provisions for guarantees, claims and other commitments RUR'000	Total RUR'000
31 December 2003	**113,984**	**26,166**	**357,602**	**497,752**
Provision	13,911	12,325	104,985	131,221
Write-offs	(350)	(3,561)	(210,300)	(214,211)
31 December 2004	**127,545**	**34,930**	**252,287**	**414,762**
Provision/(recovery of provision)	58,649	(3,853)	41,709	96,505
Write-offs	(235)	(2,246)	(94,468)	(96,949)
30 September 2005	**185,959**	**28,831**	**199,528**	**414,318**

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:

	9 months ended 30 September 2005 RUR'000	Year ended 31 December 2004 RUR'000
Net realised gain on operations with financial assets at fair value through profit or loss	558,356	1,187,232
Net unrealised gain/(loss) on operations with financial assets at fair value through profit or loss	878,113	(669,894)
Total net gain on financial assets at fair value through profit or loss	**1,436,469**	**517,338**

7. FEE AND COMMISSION INCOME AND EXPENSES

Fee and commission income and expense comprise:

	9 months ended 30 September 2005 RUR'000	Year ended 31 December 2004 RUR'000
Fee and commission income:		
Settlements	1,617,646	2,004,545
Cash operations	467,456	656,782
Depository and securities operations	200,421	429,787
Foreign exchange operations	144,156	151,135
Documentary operations	107,356	179,340
Credit cards operations	106,177	364,036
Intermediary services	2,893	80,721
Other operations	81,351	103,718
Total fee and commission income	**2,727,456**	**3,970,064**
Fee and commission expense:		
Settlements	365,615	546,257
Foreign exchange operations	88,689	7,794
Securities operations	56,959	27,636
Cash operations	54,608	77,303
Credit cards operations	27,164	51,404
Other	36,067	32,587
Total fee and commission expense	**629,102**	**742,981**

8. OTHER INCOME

Other income for nine months ended 30 September 2005 and the year ended 31 December 2004 includes penalties received on lending transactions amounting to RUR 308,879 thousand and RUR 284,950 thousand, respectively, and rental income received for nine months ended 30 September 2005 and the year ended 31 December 2004 amounting to RUR 142,425 thousand and RUR 311,718 thousand, respectively.

9. OPERATING EXPENSES

Operating expenses comprise:

	9 months ended 30 September 2005 RUR'000	Year ended 31 December 2004 RUR'000
Salary and bonuses	3,610,108	4,478,633
Operating lease expense	640,143	468,833
Unified social tax contribution	601,198	796,784
Taxes, other than income tax	395,267	325,786
Repairs and maintenance expense	325,587	383,149
Depreciation charge on fixed assets	318,360	268,996
Professional services fees	292,111	372,039
Security costs	212,966	219,870
Deposit insurance charge	176,772	21,658
Telecommunication service expenses	187,414	172,539
Expenses on stationery and other office expenses	122,194	135,631
Advertising and marketing expenses	129,369	189,623
Insurance	22,823	33,425
Business trip expenses	21,998	24,523
Representation expenses	15,927	19,303
Charity expenses	15,515	18,624
Penalties paid	9,368	24,609
Customs duties	6,675	10,423
Fixed assets impairment	5,107	239
Bank cards services	3,075	26,124
Other	177,524	398,856
Total operating expenses	**7,289,501**	**8,389,667**

10. 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.

As of 30 September 2005 and 31 December 2004 income tax assets and liabilities comprise of the following:

	30 September 2005 RUR'000	31 December 2004 RUR'000
Income tax assets:		
Current tax	235,912	327,866
Income tax liabilities:		
Current tax	234,860	106,839
Deferred tax	875,661	982,467
Total income tax liabilities	**1,110,521**	**1,089,306**

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 at 30 September 2005 and 31 December 2004 relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

Temporary differences as at 30 September 2005 and 31 December 2004 comprise:

	30 September 2005 RUR'000	31 December 2004 RUR'000
Deferred assets:		
Loans to banks and customers	2,875,198	2,085,900
Other liabilities	499,850	569,941
Investments available-for-sale	178,501	15,880
Other assets	165,917	98,171
Financial liabilities at fair value through profit or loss	-	31,699
Financial assets at fair value through profit or loss	-	47,034
Total deferred assets	**3,719,466**	**2,848,625**
Deferred liabilities:		
Fixed assets	3,642,703	4,321,601
Financial assets at fair value through profit or loss	256,236	-
Financial liabilities at fair value through profit or loss	91,842	-
Debt securities issued	186,649	-
Deposits from banks and customer accounts	1,483	15,947
Total deferred liabilities	**4,178,913**	**4,337,548**
Net deferred liabilities	(459,447)	(1,488,923)
Deferred tax liabilities at the statutory tax rate (24%)	(875,661)	(982,467)
Deferred tax assets at the statutory tax rate (24%)	765,394	625,126
Less: valuation allowance	(765,394)	(625,126)
Net deferred tax liability	**(875,661)**	**(982,467)**

Relationships between tax expenses and accounting profit for the 9 months ended 30 September 2005 and the year ended 31 December 2004 are explained as follows:

	9 months ended 30 September 2005 RUR'000	Year ended 31 December 2004 RUR'000
Profit before income tax	**3,306,442**	**3,277,306**
Tax at the statutory tax rate (24%)	793,546	786,553
Change in valuation allowance	140,268	7,257
Tax effect due to different tax rates	4,578	(948)
Tax effect of permanent differences	286,565	159,134
Income tax expense	**1,224,957**	**951,996**
Current income tax expense	1,204,633	987,693
Deferred income tax expense/(recovery)	20,324	(35,697)
Income tax expense	**1,224,957**	**951,996**

Deferred income tax liability	9 months ended 30 September 2005 RUR'000	Year ended 31 December 2004 RUR'000
Beginning of period	982,467	87,797
Deferred tax expense/(recovery)	20,324	(35,697)
Deferred tax (recovery)/expense on fixed assets revaluation charged to equity	(127,130)	930,367
End of period	875,661	982,467

11. CASH AND BALANCES WITH CENTRAL AND NATIONAL BANKS

	30 September 2005 RUR'000	31 December 2004 RUR'000
Cash	4,153,985	4,259,798
Balances with Central and National banks	10,524,335	24,107,365
Total cash and balances with Central and National banks	**14,678,320**	**28,367,163**

The balances with Central and National banks comprise of balances with the Central Bank of the Russian Federation, the National Bank of Switzerland and the National Bank of Byelorussia as of 30 September 2005 and 31 December 2004 and include RUR 4,264,813 thousand and RUR 3,637,751 thousand, respectively, which represent the minimum reserve deposits required by Central and National banks. The Group is required to maintain the reserve balance 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 September 2005 RUR'000	31 December 2004 RUR'000
Loans and advances to banks in OECD countries	30,451,790	15,596,179
Cash and balances with Central and National banks	14,678,320	28,367,163
Trading government debt securities	6,835,953	1,190,079
Precious metals in vault	981,360	69,342
	52,947,423	45,222,763
Less minimum reserve deposits	(4,264,813)	(3,637,751)
Total cash and cash equivalents	**48,682,610**	**41,585,012**

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2005 RUR'000	31 December 2004 RUR'000
Debt securities of central government	6,841,485	1,201,672
Debt securities of corporates	3,824,824	4,880,813
Debt securities of local authorities	1,161,403	1,617,361
Debt securities of financial institutions	1,000,799	1,275,016
Equity securities	306,845	1,769,259
Positive replacement value of derivatives	106,815	77,163
	13,242,171	**10,821,284**

	% rate to nominal	30 September 2005 RUR'000	% rate to nominal	31 December 2004 RUR'000
Debt securities:				
Corporates:				
Citigroup Global Markets Dt. DL-Notes 04 (14) Reg.S Severstal	9%	845,330	-	-
Eurobonds of JSC Norilsk Nickel	7%	499,888	7%	467,705
Bonds of LLC Neftegazovaya Kompaniya Itera	14%	334,599	14%	1,106,353
Bonds of JSC Roshlebproduct	12%	283,138	12%	1,206,959
Eurobonds of JSC Salavatnefteorgsintez	9%	191,743	-	-
Bonds of JSC Salyut-Energiya	14%	164,548	14%	925,453
Bonds of JSC NPK Irkut	16%	141,612	-	-
Eurobonds of JSC Vympelcom	8%-10%	124,634	-	-
Eurobonds of LLC EurazHolding	11%	123,963	-	-
Bonds of MIG Finance	16%	102,721	16%	182,307
Bonds of JSC Ochakovo	9%	100,160	-	-
Bonds of JSC Rossiskie Ghelezhnye Dorogi	7%-8%	97,876	-	-
Bonds of LLC Roskhleboproduct	12.37%	85,643	-	-
Bonds of LLC Promtraktor-Finance	11%	83,890	-	-
Bonds of JSC Chelyabinsky Metallurgichesky Kombinat	11%	58,052	11%	13,316
Bonds of JSC Salavatnefteorgsintez	10%	54,528	10%	151,282
Bonds of JSC YuTK	12%	53,868	12%	42,200
Bonds of JSC RTK-Leasing	10%	53,194	-	-
Bonds of JSC NPO Irkut	9%	50,094	-	-
Bonds of LLC Russky Aluminy Finance	7%	50,089	-	-
Bonds of JSC Chelyabinsky Truboprokatny Zavod	10%	43,379	-	-
Bonds of TD Mechel	11%-12%	42,525	-	-
Bonds of JSC Mechel	-	37,432		
Bonds of JSC Eastline	12%	35,628	-	-
Eurobonds of JSC Sibneft	11%	33,553	-	-
Bonds of JSC Inprom	12%-13%	31,674	-	-
Bonds of JSC OMK	9%	30,792	-	-
Bonds of JSC TMK	11%	27,432	-	-
Bonds of LLC Torgoviy Dom Euroset	16%	21,422	-	-
Bonds of JSC NPO Saturn	12%	15,046	-	-
Bonds of JSC Gazprom	8%	6,371	-	-
Bonds of JSC Uglemet-trading	-	-	12%	225,385
Credit Linked Notes of JSC Salavatnefteorgsintez	-	-	8%	181,570
Bonds of SU-155 Capital	-	-	12%	180,935
Eurobonds of JSC Sistema	-	-	9%	101,985
Promissory notes of Byelorussian companies	-	-	0%-16%	49,486
Eurobonds of MMK Finance			10%	20,501
Bonds of LLC TD Evroset	-	-	16%	15,524
Bonds of Mairinvest	-	-	12%	5,057
Bonds of JSC MGTS	-	-	10%	2,566
Bonds of Russian Aluminium Finance	-	-	10%	2,229
		3,824,824		**4,880,813**
Local authorities:				
Bonds of Moscow Region Authority	10%-11%	371,724	-	-
Bonds of Moscow City Authority	10%	195,875	10%	94,992
Bonds of Khabarovsk Region Authority	12.00%	124,185	12-13%	145,107
Bonds of Irkutsk Region Authority	10%-11%	96,211	12%	178,022
Bonds of Kazan City Authority	11%	64,894	-	-
Bonds of Republic of Sakha (Yakutia) Authority	10%	63,723	-	-
Bonds of Krasnoyarsk Region Authority	10%-11%	59,864	10-11%	203,314
Bonds of Novosibirsk City Authority	5%-13%	55,113	13-16%	406,760
Bonds of Yaroslavl Region Authority	10%-13%	44,750	11%	3,694
Bonds of Voronezh Region Authority	13%	43,217	13%	75,628
Bonds of Yakutia Region Authority	10%-14%	20,126	10-14%	220,684
Bonds of Krasnoyarsk City Authority	13%	18,840	3-11%	152,925

	% rate to nominal	30 September 2005 RUR'000	% rate to nominal	31 December 2004 RUR'000
Bonds of Novosibirsk City Authority	5%-13%	2,881	-	-
Bonds of Chuvashia Region Authority	-	-	10-12%	132,850
Bonds of St-Petersburg City Authority	-	-	9-10%	3,385
		1,161,403		**1,617,361**
Central government:				
OFZ bonds	6%-10%	6,677,373	8%-10%	587,736
T-bills of MF of Byelorussia	11% -33%	95,473	11%-33%	586,812
OVGVZ bonds	3%	61,109	3%	24,443
Short-term bonds of NB of Byelorussia	11%- 17%	6,750	-	-
RF Government Eurobonds	8%-10%	780	5%	2,681
		6,841,485		**1,201,672**
Financial institutions:				
Bonds of Russia Spread Trust	8%	882,382	-	-
Promissory notes of JSC Impexbank	9%	118,417	-	-
Promissory notes of JSC Vneshtorgbank	-	-	7%	1,229,600
Promissory notes of Byelorussian banks	-	-	-	45,416
		1,000,799		**1,275,016**

As at 30 September 2005 and 31 December 2004 included in financial assets at fair value through profit or loss is accrued interest income on debt securities amounting to RUR 200,737 thousand and RUR 39,069 thousand, respectively.

As at 30 September 2005 and 31 December 2004 included in financial assets at fair value through profit or loss are Eurobonds of JSC Severstal and Bonds of MF of Byelorussia sold under the agreement to repurchase (note 20).

	30 September 2005 RUR'000	31 December 2004 RUR'000
Equity securities:		
Ordinary shares of GMK Norilsk Nickel	79,100	1,437,014
Ordinary shares of JSC Avtovaz	72,032	77,610
Ordinary shares of JSC YUKOS	43,862	6,701
Ordinary shares of RAO UES	44,124	135,539
ADR on shares of JSC Lukoil	16,558	-
Ordinary shares of JSC Lukoil	16,430	1,894
Ordinary shares of JSC NPO IRKUT	9,686	36,287
Ordinary shares of JSC Rostelecom	8,467	4,810
ADR on shares of RAO UES	5,529	-
Ordinary shares of JSC Sayano-Shushenskaya GES	3,182	-
ADR on shares of JSC YUKOS	2,189	793
Ordinary shares of GUM	2,056	1,134
Preferred shares of RAO UES	1,718	1,204
Preferred shares of JSC Sberbank	1,365	25,730
Ordinary shares of MGTS	417	299
ADR on shares of GMK Norilsky Nickel	-	12,209
Ordinary shares of Easter Prop. Hold	-	2,517
Ordinary shares of Deutsche Telekom	-	1,395
Ordinary shares of JSC Surgutneftegaz	-	23,996
Other	130	127
	306,845	**1,769,259**

13. PRECIOUS METALS IN VAULT

	30 September 2005 RUR'000	31 December 2004 RUR'000
Platinum	536,389	41,122
Gold	444,971	28,220
	981,360	**69,342**

14. LOANS AND ADVANCES TO BANKS

	30 September 2005 RUR'000	31 December 2004 RUR'000
Loans to banks	25,716,954	10,877,243
Advances to banks	10,694,121	9,684,449
Loans under reverse repurchase agreements	2,061,332	439,279
Accrued interest income on loans and advances to banks	35,864	14,293
	38,508,271	21,015,264
Less allowance for impairment losses	-	(12,206)
Total loans and advances to banks, net	**38,508,271**	**21,003,058**

Movements in allowances for impairment losses and advances to banks for the 9 months ended 30 September 2005 and the year ended 31 December 2004 are disclosed in Note 5.

As of 30 September 2005 and 31 December 2004 the Group had loans and advances to eight and three counterparties totalling RUR 28,805,275 thousand and RUR 9,758,038 thousand, respectively, which individually exceeded 10% of the Group's equity.

As at 30 September 2005 and 31 December 2004 the maximum credit risk exposure of loans and advances to banks amounted to RUR 38,508,271 thousand and RUR 21,015,264 thousand, respectively.

As at 30 September 2005 and 31 December 2004 the Group included in loans and advances to banks loans under reverse repurchase agreements amounting to RUR 2,061,332 thousand and RUR 439,279 thousand with maturity between 1 and 3 months. Such agreements are secured with the following assets:

	30 September 2005 RUR'000	31 December 2004 RUR'000
United States treasury bills	1,517,187	-
Eurobonds of the Russian Federation	297,112	-
Ordinary shares of Gazprom OAO	247,033	74,032
Bonds of YTK OAO	-	274,395
Municipal bonds of Voronezh region	-	50,096
Municipal bonds of Nobosibirsk City	-	40,756
	2,061,332	**439,279**

15. DERIVATIVE FINANCIAL INSTRUMENTS

	30 September 2005				31 December 2004			
		Fair values		Net fair value		Fair values		Net fair value
	Notional principal RUR'000	Asset RUR'000	Liability RUR'000	RUR'000	Notional principal RUR'000	Asset RUR'000	Liability RUR'000	RUR'000
Foreign exchange contracts								
Forwards								
Positive replacement value	3,984,030	4,022,057	(3,984,030)	38,027	1,683,516	1,737,391	(1,683,516)	53,875
Negative replacement value	4,604,629	4,569,331	(4,604,629)	(35,298)	2,712,304	2,696,686	(2,712,304)	(15,618)
Swaps								
Positive replacement value	1,455,237	1,460,815	(1,455,237)	5,578	-	-	-	-
Negative replacement value	2,610,459	2,587,152	(2,610,459)	(23,307)	-	-	-	-
Total foreign exchange contracts asset/ (liabilities)	**12,654,355**	**12,639,355**	**(12,654,355)**	**(15,000)**	**4,395,820**	**4,434,077**	**(4,395,820)**	**38,257**
Contracts on precious metals								
Forwards								
Positive replacement value	502,324	537,990	(502,324)	35,666	37,678	38,044	(37,678)	366
Negative replacement value	564,419	560,950	(564,419)	(3,469)	16,587	16,009	(16,587)	(578)
Swaps								
Positive replacement value	587,268	610,540	(587,268)	23,272	565,566	587,091	(565,566)	21,525
Negative replacement value	895,214	892,363	(895,214)	(2,851)	248,961	233,660	(248,961)	(15,301)
Total contracts on precious metals asset/(liabilities)	**2,549,225**	**2,601,843**	**(2,549,225)**	**52,618**	**868,792**	**874,804**	**(868,792)**	**6,012**
Contracts on securities								
Forwards								
Positive replacement value	149,010	153,282	(149,010)	4,272	261,723	263,120	(261,723)	1,397
Negative replacement value					905	703	(905)	(202)
Total contracts on securities asset/ (liabilities)	**149,010**	**153,282**	**(149,010)**	**4,272**	**262,628**	**263,823**	**(262,628)**	**1,195**

16. LOANS TO CUSTOMERS

	30 September 2005 RUR'000	31 December 2004 RUR'000
Originated loans	90,803,284	82,184,113
Purchased loans	16,019,284	1,978,673
Advances on finance lease	366,552	-
Net investments in finance lease	571,254	-
Loans under reverse repurchase agreements	15,598	-
Accrued interest income on loans to customers	1,038,572	500,396
	108,814,544	84,663,182
Less allowance for impairment losses	(5,380,977)	(4,920,866)
Total loans to customers, net	**103,433,567**	**79,742,316**

	30 September 2005 RUR'000	31 December 2004 RUR'000
Loans collateralized by pledge of equipment	23,413,009	13,679,944
Loans collateralized by pledge of goods in turnover	8,066,421	8,346,983
Loans collateralized by pledge of real estate	7,204,082	4,266,178
Loans collateralized by corporate guarantees	6,234,908	1,168,421
Loans collateralized by pledge of securities	758,083	2,165,947
Loans collateralized by cash	369,418	105,990

	30 September 2005 RUR'000	31 December 2004 RUR'000
Loans collateralized by combined collateral	48,377	3,606,396
Loans collateralized by others	3,354,075	-
Unsecured loans	58,327,599	50,822,927
Accrued interest income on loans to customers	1,038,572	500,396
	108,814,544	84,663,182
Less allowance for loan losses	(5,380,977)	(4,920,866)
Total loans to customers, net	**103,433,567**	**79,742,316**

Movements in allowances for impairment losses for the 9 months ended 30 September 2005 and the year ended 31 December 2004 are disclosed in Note 5.

	30 September 2005 RUR'000	31 December 2004 RUR'000
Analysis by sector:		
Individuals	43,012,456	28,219,273
Finance	12,148,857	2,259,501
Trade	8,956,948	9,665,154
Construction	7,058,021	4,190,881
Defence industry	5,992,778	-
Government	5,353,969	4,017,510
Energy industry	4,628,414	2,513,579
Ferrous metals manufacturing	4,099,985	3,535,256
Real estate and leasing	3,631,415	2,938,746
Food industry	2,342,637	2,871,462
Telecommunications	1,637,633	2,709,963
Manufacturing	1,261,515	3,221,334
Precious metals and diamond extraction and manufacturing	1,043,318	1,053,493
Chemical	913,403	508,482
Transport	793,736	816,734
Agriculture	722,841	765,831
Oil and gas	306,364	2,450,494
Hotel business	89,674	-
Non-ferrous metals manufacturing	38,279	167,336
Heavy industry	7,976	1,410,967
Insurance	-	40,000
Engineering	-	3,523,925
Aircraft engineering	-	4,342,416
Other	3,735,753	2,940,449
Accrued interest income on loans and advances to customers	1,038,572	500,396
	108,814,544	84,663,182
Less allowance for loan losses	(5,380,977)	(4,920,866)
Total loans to customers, net	**103,433,567**	**79,742,316**

As of 30 September 2005 and 31 December 2004 the Group had loans to three and six customers totalling RUR 9,926,534 thousand and RUR 13,825,515 thousand, respectively, which individually exceeded 10% of the Group's equity.

As of 30 September 2005 and 31 December 2004 included in loans and advances to customers are loans of RUR 712,473 thousand and RUR 1,693,718 thousand, respectively, pledged under advances received from the National Bank of Byelorussia of RUR 712,473 thousand and RUR 1,273,123 thousand, respectively.

As of 30 September 2005 and 31 December 2004 a significant amount of loans is granted to companies operating in the Russian Federation, which represents significant geographical concentration in one region.

As of 30 September 2005 and 31 December 2004 the maximum credit risk exposure of loans to customers amounted to RUR 108,814,544 thousand and RUR 84,663,182 thousand, respectively.

The components of net investment in finance lease as of 30 September 2005 are as follows:

	30 September 2005 RUR'000
Minimum lease payments	802,430
Less: unearned finance income	(231,176)
Net investment in finance lease	**571,254**
Current portion	269,503
Long-term portion	301,751
Net investment in finance lease	**571,254**

The minimum lease payments due from customers under finance lease as of 30 September 2005 are as follows:

	30 September 2005 RUR'000
Not later than 1 year	386,910
Later than 1 year and not later than 5 years	415,520
Total minimum lease payments	**802,430**

17. INVESTMENTS AVAILABLE-FOR-SALE

	30 September 2005 RUR'000	31 December 2004 RUR'000
Equity securities	1,309,600	1,307,889
Debt securities	958,320	818,984
Non-consolidated subsidiaries and associates	132,354	76,218
	2,400,274	2,203,091
Less allowance for impairment losses	(185,959)	(127,545)
Total investments available-for-sale, net	**2,214,315**	**2,075,546**

Movement of provision for impairment losses on investment securities for the 9 month ended 30 September 2005 and the year ended 31 December 2004 are disclosed in Note 5.

On 26 October 2005 the Group signed an agreement with a third party to sell investments into Monchebank with carrying value of RUR 221,914 thousand for approximately RUR 604 mln.

As of 30 September 2005 and 31 December 2004 included in securities available-for-sale was accrued interest income on debt securities amounting to RUR 17,533 thousand and RUR 19,287 thousand, respectively.

Non-consolidated subsidiaries and associates comprise:

	Country	Industry	Share of ownership	30 September 2005 RUR'000	Share of ownership	31 December 2004 RUR'000
Subsidiaries						
JSC KUI Yamal	Russia	Finance	75%	25,149	75%	25,149
LLC Security Agency Shield Plus	Russia	Security	100%	300	100%	300
LLC OP Regional detective agency	Russia	Security	100%	110	100%	110
LLC Trapeznaya	Russia	Catering	100%	50	100%	50
LLC Processing company Nickel	Russia	Plastic cards and processing	-	-	100%	10
CJC RB Finance	Russia	Finance	-	-	100%	10
				25,609		**25,629**
Associates						
LLC Customs Card	Russia	Finance	30%	56,000	-	-
JSC Tverskaya 16	Russia	Real estate	20%	26,260	20%	26,260
LLC Interbank Loan Union	Russia	Finance	40%	10,766	40%	10,766
JSC National Registration Company	Russia	Finance	20%	9,394	20%	9,394
NPF Sibirsky Mezhregionalniy	Russia	Other	32%	3,400	32%	3,400
LLC Aris Us-Market	Russia	Other	50%	650	50%	650
LLC Technoexpluatatcia	Russia	Services	20%	275	-	-
JSC NKO Inkahran	Russia	Other	-	-	20%	100
JSC Rosinspektorat	Russia	Other	-	-	28%	13
BSS Baykal Sprint System	Russia	Services	-	-	20%	6
				106,745		**50,589**

Currently, it is not possible to reasonably estimate the fair value of equity securities and investments listed above, therefore these investments are stated at cost less allowance for impairment (if any). The above subsidiaries and associates were not consolidated in the financial statements and/or accounted for under equity method as such non-consolidation/accounting would not have had a material effect on the financial statement taken as a whole.

18. FIXED ASSETS

	Buildings RUR'000	Equipment, construction in progress RUR'000	Total RUR'000
At cost/restated cost/revalued amount			
31 December 2004	5,731,578	1,945,951	7,677,529
Additions	89,986	289,654	379,640
Disposals	(235,535)	(260,054)	(495,589)
Impairment	(5,787)	-	(5,787)
Group reorganization	-	40,531	40,531
30 September 2005	5,580,242	2,016,082	7,596,324

	Buildings	Equipment, construction in progress	Total
	RUR'000	RUR'000	RUR'000
Accumulated depreciation			
31 December 2004	-	886,273	886,273
Charge for the period	75,794	242,566	318,360
Disposals	(1,213)	(161,135)	(162,348)
Impairment	(680)	-	(680)
Group reorganization	-	17,546	17,546
30 September 2005	73,901	985,250	1,059,151
Net book value			
30 September 2005	5,506,341	1,030,832	6,537,173
31 December 2004	5,731,578	1,059,678	6,791,256

Buildings were revalued as of 31 December 2004 amounted to RUR 4,025,628 thousand (net of deferred tax of RUR 930,367 thousand).

19. OTHER ASSETS

	30 September 2005 RUR'000	31 December 2004 RUR'000
Due from suppliers and other contractors	379,317	640,464
Taxes, other than income tax, recoverable	246,227	24,062
Collateral for securitisation deal	71,443	-
Financial assets on spot deals	38,689	7,614
Due from employees	10,692	11,891
Debtors on operations with precious metals	1,724	-
Receivables from operation with securities	1,073	1,166
Other	97,631	85,325
	846,796	770,522
Less allowance for losses on other assets	(28,831)	(34,930)
Total other assets, net	**817,965**	**735,592**

Movement of provision for impairment losses on other assets for the 9 month ended 30 September 2005 and the year ended 31 December 2004 is disclosed in Note 5.

20. DEPOSITS FROM BANKS

	30 September 2005 RUR'000	31 December 2004 RUR'000
Time deposits of banks	7,099,293	7,871,655
Correspondent accounts of banks	1,373,728	700,917
Loans under repurchase agreements	363,488	11,027
Accrued interest expenses	54,018	35,245
Total deposits from banks	**8,890,527**	**8,618,844**

As of 30 September 2005 securities sold under the agreement to repurchase represent Eurobonds of JSC Severstal and Bonds of MF of Byelorussia that are included in financial assets at fair value through profit or loss at the fair value of RUR 355,699 thousand and RUR 5,532 thousand, respectively. As of 31 December 2004 securities sold under the agreement to repurchase represent Bonds of MF of Byelorussia that are included in financial assets at fair value through profit or loss at the fair value of RUR 11,593 thousand.

21. CUSTOMER ACCOUNTS

Customer accounts comprise:

	30 September 2005 RUR'000	31 December 2004 RUR'000
Time deposits	86,697,035	73,219,976
Repayable on demand	35,494,644	27,405,006
Accrued interest expense on customer accounts	1,016,554	595,201
Total customer accounts	**123,208,233**	**101,220,183**

	30 September 2005 RUR'000	31 December 2004 RUR'000
Analysis by industry:		
Individuals	49,511,198	36,705,481
Finance	29,969,692	11,165,656
Oil and gas	9,895,697	6,580,775
Ferrous metallurgy	5,008,541	5,427,568
Building construction	4,018,934	2,377,385
Trading	3,790,260	5,316,705
Precious metals and diamond extraction and manufacturing	3,195,895	562,023
Housing	2,501,530	2,622,980
Insurance	2,407,759	838,688
Real estate dealership	1,974,105	2,023,570
Non-ferrous metallurgy	1,563,974	16,446,644
Electric power	1,510,720	244,205
Transportation	933,439	353,300
Professional services	877,855	757,122
Regional government	667,712	733,228
Social organizations	599,893	106,958
Mechanical engineering	584,341	636,613
Communications	427,824	1,407,351
Hotel business	408,035	751,744
Public health and tourism	340,150	377,874
Culture and art	262,431	141,555
Geology	192,370	347,525
Food industry	190,230	22,268
Agriculture	165,086	177,540
Leasing	138,163	29,818
Aircraft industry	104,769	610,280
Publishing	62,812	120,543
Information technology	62,231	112,038
Supply and production distribution	48,820	22,288
Services	-	990,677
Energy	-	122,384
Forest	-	60,941
Manufacturing	-	26,223
Other	777,213	2,405,032
Accrued interest expense on customer accounts	1,016,554	595,201
Total customer accounts	**123,208,233**	**101,220,183**

22. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2005 RUR'000	31 December 2004 RUR'000
Liabilities sold under repurchase agreements (short position)	1,277,796	-
Negative replacement value of derivatives	64,925	31,699
	1,342,721	**31,699**

As at 30 September 2005 the following assets were sold under repurchase agreements with the fair value as follows:

	30 September 2005 RUR'000
United States Treasury Bills	1,028,668
Eurobonds of Russian Federation	249,128
	1,277,796

23. DEBT SECURITIES ISSUED

	30 September 2005 RUR'000	31 December 2004 RUR'000
Discount bearing promissory notes	11,187,446	7,608,637
Eurobonds due in 2009	8,424,153	6,135,760
Bonds due in 2007	4,230,284	-
Discount/interest free promissory notes	1,567,322	1,916,381
Adjustable Rate Guaranteed Bonds due in 2012 (short position)	824,351	1,095,334
Bonds due in 2009	565,882	1,910,292
Interest bearing promissory notes	193,375	696,211
Certificates of deposit	4,000	372,554
Accrued interest expense on debt securities issued	870,001	166,415
	27,866,814	**19,901,584**

The Group issued Eurobonds amounting to USD 300,000 thousand, pledged by future receivables on credit cards settlements. Discount/interest free promissory notes are issued for settlement purposes, on demand, at nominal value.

24. OTHER LIABILITIES

	30 September 2005 RUR'000	31 December 2004 RUR'000
Unused vacations provision	207,442	163,203
Unamortized commissions on originated loans	191,504	59,690
Creditors on operations with securities and precious metals	151,539	16,649
Accrued bonuses and salary	150,464	383,073
Payable to suppliers, contractors and purchasers	86,437	77,658
Creditors on operations with foreign currency	83,742	14,022
Deposit insurance charge liability	67,657	21,658
Taxes, other than income tax, payable	54,373	51,140

	30 September 2005 RUR'000	31 December 2004 RUR'000
Creditors on other operations	28,708	42,966
Financial liability on spot deals	24,172	-
Dividends payable	9,706	-
Creditors on letters of credit for foreign operations	-	5,270
Other	22,647	108,623
Total other liabilities	**1,078,391**	**943,952**

25. SUBORDINATED DEBT

	Currency	Maturity date year	Interest Rate %	30 September 2005 RUR'000	31 December 2004 RUR'000
Subordinated debt of CJSC Interros Estate	RUR	2010	8	850,000	850,000
Subordinated debt of CJSC Interros Estate	RUR	2012	10	600,000	600,000
Total subordinated debt				**1,450,000**	**1,450,000**

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

26. SHARE CAPITAL

As of 30 September 2005 and 31 December 2004 nominal share capital authorized, issued and fully paid comprised of the following:

	ROSBANK	OVK banks	Other companies	Total
Nominal	3,405,284	502,250	406,332	4,313,866
Inflation adjustments	2,072,895	1,148,335	355,666	3,576,896
Total 30 September 2005	5,478,179	1,650,585	761,998	7,890,762
Nominal	3,405,284	499,304	443,603	4,348,191
Inflation adjustments	2,072,895	1,139,053	523,167	3,735,115
Total 31 December 2004	5,478,179	1,638,357	966,770	8,083,306

Share premium of RUR 6,445,058 thousand represents the excess of contributions received in share capital over the nominal value of shares issued.

ROSBANK GROUP' shareholders authorized the following payment of dividends for the year 2004 and first quarter of 2005:

	Number of shares	Par value of share (RUR)	Dividend payment per share (RUR) for the year 2004	for the first quarter of 2005	Total amount of dividends authorized (RUR, thousand)
Rosbank	340,528,420	10	1.00	-	340,528
1 OVK	100,000,000	1	1.57	-	157,000
Povolzhskoe OVK	306,000	100	281.79	-	86,228
Sibirskoe OVK	7,500,000	10	48.79	9.19	434,816
Central OVK	600,000	100	917.58	-	550,548
Dalnevostochny OVK	112,844,600	1	2.85	2.29	580,022

Privolzhskoe OVK is a limited liability company. 100% share capital of the bank is owned by one shareholder. Distribution to the shareholder for the year 2004 and first quarter of 2005 amounted to RUR 37,973 thousand.

Dividends amounting to RUR 2,177,409 thousands were paid to shareholders in the 3rd quarter of 2005.

The Group's reserves distributable among shareholders are limited to the amount of its reserves as disclosed in statutory accounts. As of 30 September 2005 and 31 December 2004, non-distributable reserves are represented by a general reserve fund, which is created as required by the 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.

27. 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.

Provision for losses on letters of credit and guarantees amounted to RUR 199,528 thousand and RUR 252,287 thousand as of 30 September 2005 and 31 December 2004, respectively.

As of 30 September 2005 and 31 December 2004 letters of credit and other transaction related contingent obligations covered by cash amounted to RUR 314,354 thousand and RUR 872,389 thousand, respectively and guarantees issued covered by cash amounted to RUR 32,050 thousand and RUR 102,651 thousand, respectively.

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

As at 30 September 2005 and 31 December 2004, the nominal or contract amounts and risk-weighted amounts were:

	30 September 2005		31 December 2004	
	Nominal amount	**Risk weighted amount**	**Nominal amount**	**Risk weighted amount**
Contingent liabilities and credit commitments				
Guarantees issued and similar commitments	7,726,648	7,694,598	7,347,678	7,245,027
Letters of credit and other transaction related contingent obligations	2,243,608	964,627	1,837,605	482,608
Commitments on loans and unused credit lines	14,311,513	4,156,938	17,273,441	4,239,610
Total contingent liabilities and credit commitments	**24,281,769**	**12,816,163**	**26,458,724**	**11,967,245**

Capital commitments – The Group had no material commitments for capital expenditure outstanding as at 30 September 2005.

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

	30 September 2005 RUR'000	**31 December 2004 RUR'000**
Not later than 1 year	607,692	433,250
Later than 1 year and not later than 5 years	1,714,105	864,427
Later than 5 years	37,991	47,682
Total operating lease commitments	**2,359,788**	**1,345,359**

Fiduciary activities – In the normal course of its business the Group enters into agreements with limited right on decision making with clients for their assets 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 September 2005 and 31 December 2004 the maximum potential financial risk on securities accepted by the Group on behalf of its clients does not exceed RUR 5,772,242 thousand and RUR 719,474 thousand, respectively.

The Group also provides depositary services to its customers. As of 30 September 2005 and 31 December 2004, the Group had customer securities totalling 6,402,999,850 items and 6,462,105,404 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 judgment of business activities, if a particular treatment based on Management's judgment of the Group's business activities was to be challenged by the tax authorities, the Group may by assessed additional taxes, penalties and interest. Such uncertainty may relate to valuation of financial instruments, loss and impairment provisions and market level for deals' 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 at 30 September 2005 and 31 December 2004, 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.

28. SUBSEQUENT EVENTS

On 22 August 2005 at the extraordinary shareholders' meeting the shareholders of ROSBANK decided to increase share capital of ROSBANK by issuing 340,528,420 ordinary shares of a nominal value of RUR 10 each. Subsequently 339,832,118 shares issued were distributed and paid-in at RUR 26.2 per share.

29. 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 venture; 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 as of 30 September 2005 and 31 December 2004:

	30 September 2005		**31 December 2004**	
	Related party transactions RUR'000	**Total category as per financial statements caption RUR'000**	**Related party transactions RUR'000**	**Total category as per financial statements caption RUR'000**
Loans and advances to banks, gross	36,091	38,508,271	22,268	21,015,264
Financial assets at fair value through profit or loss	90,518	13,242,171	1,983,938	10,821,284
Loans to customers, gross	7,901,919	108,814,544	2,445,095	84,663,182
Allowance for loans to customers	217,214	5,380,977	225,913	4,920,866
Investments available-for-sale, gross	640,865	2,400,274	690,523	2,203,091
Allowance for impairment losses	20,981	185,959	4,506	127,545
Deposits from banks	509,655	8,890,527	125,891	8,618,844
Customer accounts	22,583,961	123,208,233	22,171,680	101,220,183
Subordinated debt	1,450,000	1,450,000	1,450,000	1,450,000
Commitments on loans and unused credit lines	154,785	14,311,513	1,705,165	17,273,441
Guarantees issued and similar commitments	4,969,107	7,726,648	6,434,510	7,347,678

The Group has interest income accrued with respect to loans and advances granted to related parties totalling RUR 14,050 thousand and RUR 6,508 thousand, respectively, as of 30 September 2005 and 31 December 2004, respectively.

The Group has interest expense accrued with respect to deposits and advances received from related parties, totalling RUR 200,402 thousand and RUR 174,628 thousand as of 30 September 2005 and 31 December 2004, respectively.

Included in the income statement for the 9 months ended 30 September 2005 and the year ended 31 December 2004 are the following amounts which arose due to transactions with related parties:

	9 months ended 30 September 2005		**Year ended 31 December 2004**	
	Related party transactions	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**
	RUR'000	**RUR'000**	**RUR'000**	**RUR'000**
Interest income	794,362	15,108,404	1,554,054	15,637,271
Interest expense	1,421,754	8,419,212	1,386,959	7,194,872
Fee and commission income	520,035	2,727,456	537,087	3,970,064
Operating expenses	55,952	7,289,501	61,595	8,389,667

Transactions with related parties entered by the Group during the 9 months ended 30 September 2005 and the year ended 31 December 2004 and outstanding as of 30 September 2005 and 31 December 2004 were made in the normal course of business and mostly under arm-length conditions.

30. 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 forced or liquidation sale. As no readily available published price quotations in an active market exists for a large part of the Group's financial instruments, judgment is necessary in arriving at fair value using a valuation technique, based on current economic conditions and specific risks attributable to the instrument. The estimates presented herein are not necessarily indicative of the amounts the Group could realize in a market exchange from the sale of its full holdings of a particular instrument.

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 September 2005		**31 December 2004**	
	Current value, RUR'000	**Fair value, RUR'000**	**Current value, RUR'000**	**Fair value, RUR'000**
Cash and balances with Central and National banks	14,678,320	14,678,320	28,367,163	28,367,163
Financial assets at fair value through profit or loss	13,242,171	13,242,171	10,821,284	10,821,284
Loans and advances to banks	38,508,271	38,508,271	21,003,058	21,003,058
Deposits from banks	8,890,527	8,890,527	8,618,844	8,618,844
Customer accounts	123,208,233	123,208,233	101,220,183	101,220,183
Financial liabilities at fair value through profit or loss	1,342,721	1,342,721	31,699	31,699
Debt securities issued	27,866,814	27,866,814	19,901,584	19,901,584
Subordinated debt	1,450,000	1,450,000	1,450,000	1,450,000

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.

31. 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 bank of the Russian Federation
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 the 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 September 2005				
Total capital	16,238,391	17,663,242	13.0%	8%
Tier 1 capital	13,194,561	13,194,561	9.8%	4%
As of 31 December 2004				
Total capital	16,425,568	17,850,419	16.1%	8%
Tier 1 capital	13,330,307	13,330,307	12.0%	4%

As of 30 September 2005 and 31 December 2004 the Group included in the computation of Total capital for Capital adequacy purposes the 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 the repayments of the Group’s liabilities to all other creditors.

32. RISK MANAGEMENT POLICIES

Management of risk is fundamental to the Group’s banking business and is an essential element of the Group’s operations. The main risks inherent to the Group’s operations are those related to credit exposures, liquidity and market movements in interest rates and foreign exchange rates. A description of the Group’s risk management policies in relation to those risks follows.

The Group manages the following risks:

Liquidity risk

Liquidity risk refers to the availability of sufficient funds to meet deposit withdrawals and other financial commitments associated with financial instruments as they actually fall due.

Liquidity and cash flow risks are managed by the Treasury department. Strategic decisions and overall risk monitoring is provided by the Management Board and Credit Committee.

Treasury department makes weekly forecasts about payment position of the Bank. Treasury department manages assets/liabilities structure (maturities up to 7 days). Treasury department manages and controls current payment position of the Bank. Combined Economic Department (CED) assesses excess/lack of liquidity. CED makes analytic reports about assets/liabilities maturity structure every week which is a basic tool for liquidity risk analysis. CED also analyzes and forecasts liquidity condition (maturities more than 7 days) in case of bad market situation, creditors and debtors' delinquencies. CED calculates internal liquidity limits and Central Bank obligatory ratios.

Cash flow interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments.

Interest rate is managed within the limit framework as established in accordance with the standards set by the Group. Interest rate risks are controlled via regular interest rate gap reporting. The Group does not perform hedging activities thus no risk management policy for hedging transactions has been developed.

The following table presents an analysis of interest rate risk and thus the potential of the Group for gain or loss. Effective average interest rates are presented by categories of financial assets and liabilities to determine interest rate exposure and effectiveness of the interest rate policy used by the Group.

	30 September 2005		31 December 2004	
	RUR	**USD**	**RUR**	**USD**
ASSETS				
Financial assets at fair value through profit or loss	10.0%	3.8%	9.2%	6.4%
Loans and advances to banks, less allowance for impairment losses	9.4%	3.3%	8.1%	2.1%
Loans and advances to customers, less allowance for impairment losses	17.7%	12.3%	15.4%	11.5%
Investments available-for-sale, less allowance for impairment loss	-	8.8%	9.1%	-
LIABILITIES				
Deposits from banks	7.5%	4.1%	10.9%	3.9%
Customer accounts	6.3%	5.2%	8.9%	5.0%
Debt securities issued	9.1%	2.9%	9.2%	5.9%
Subordinated debt	8.8%	-	8.8%	-

The analysis of interest rate and liquidity risk on balance sheet transactions is presented in the following table:

	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Over 5 years	Overdue	Maturity undefined	30 September 2005 RUR thousand Total
ASSETS								
Interest bearing assets								
Financial assets at fair value through profit or loss	12,828,511	-	-	-	-	-	-	12,828,511
Loans and advances to banks	26,101,028	1,275,168	207,783	224,565	40,354	-	-	27,848,898
Loans to customers, less allowance for impairment losses	13,129,475	24,613,051	32,376,187	31,651,929	563,853	358,803	-	**102,693,298**
Investments available-for-sale, less allowance for impairment loss	-	399	957,921	-	-	-	-	958,320
Total interest bearing assets	**52,059,014**	**25,888,618**	**33,541,891**	**31,876,494**	**604,207**	**358,803**	**-**	**144,329,027**
Cash and balances with Central and National banks	10,413,507	-	-	-	-	-	4,264,813	14,678,320
Financial assets at fair value through profit or loss	363,313	15,828	34,519	-	-	-	-	413,660
Precious metals in vault	981,360	-	-	-	-	-	-	981,360
Loans and advances to banks	10,646,730	-	12,643	-	-	-	-	10,659,373
Loans to customers, less allowance for impairment losses	509,555	-	-	-	-	230,714	-	**740,269**
Investments available-for-sale, less allowance for impairment loss	-	-	1,176,170	79,825	-	-	-	1,255,995
Fixed assets purchased for transfer into finance lease	-	-	-	736,072	-	-	-	736,072
Fixed assets, less accumulated depreciation	-	-	-	-	-	-	6,537,173	6,537,173
Income tax assets	-	-	235,912	-	-	-	-	235,912
Other assets, less allowance for impairment losses	52,178	246,227	448,117	71,443	-	-	-	817,965
Total non- interest bearing assets	**22,966,643**	**262,055**	**1,907,361**	**887,340**	**-**	**230,714**	**10,801,986**	**37,056,099**
TOTAL ASSETS	**75,025,657**	**26,150,673**	**35,449,252**	**32,763,834**	**604,207**	**589,517**	**10,801,986**	**181,385,126**
LIABILITIES								
Interest bearing liabilities								
Deposits from banks	2,580,028	3,387,978	2,132,087	530,490	-	-	-	8,630,583
Customer accounts and subordinated debt	25,460,288	19,986,917	37,263,186	13,024,991	4,479,243	-	-	100,214,625
Financial liabilities at fair value through profit or loss	882,121	395,675	-	-	-	-	-	1,277,796
Debt securities issued	1,848,584	3,456,120	5,734,991	14,186,324	1,073,473	-	-	26,299,492
Total interest bearing liabilities	**30,771,021**	**27,226,690**	**45,130,264**	**27,741,805**	**5,552,716**	**-**	**-**	**136,422,496**
Deposits from banks	259,944	-	-	-	-	-	-	259,944
Customer accounts	24,443,608	-	-	-	-	-	-	24,443,608
Financial liabilities at fair value through profit or loss	38,411	26,514	-	-	-	-	-	64,925
Debt securities issued	1,566,596	725	-	-	1	-	-	1,567,322
Other provisions	18,011	8,172	96,153	75,239	1,953	-		199,528
Income tax liabilities	-	23,561	211,299	-	-	-	875,661	1,110,521
Other liabilities	695,271	88,218	202,357	92,388	157	-	-	**1,078,391**
Total non-interest bearing liabilities	**27,021,841**	**147,190**	**509,809**	**167,627**	**2,111**	**-**	**875,661**	**28,724,239**
TOTAL LIABILITIES	**57,792,862**	**27,373,880**	**45,640,073**	**27,909,432**	**5,554,827**	**-**	**875,661**	**165,146,735**
Liquidity gap	17,232,795	(1,223,207)	(10,190,821)	4,854,402	(4,950,620)			
Interest sensitivity gap	21,287,993	(1,338,072)	(11,588,373)	4,134,689	(4,948,509)			
Cumulative interest sensitivity gap	21,287,993	19,949,921	8,361,548	12,496,237	7,547,728			
Cumulative interest sensitivity gap as a percentage of total assets	11.7%	11.0%	4.6%	6.9%	4.2%			

	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Over 5 years	Overdue	Maturity undefined	31 December 2004 RUR thousand Total
ASSETS								
Interest bearing assets								
Financial assets at fair value through profit or loss	8,974,862	-	-	-	-	-	-	8,974,862
Loans and advances to banks, less allowance for impairment losses	12,048,869	1,627,066	151,264	-	-	-	-	13,827,199
Loans to customers, less allowance for impairment losses	14,228,507	8,021,206	27,036,525	24,312,668	5,524,311	-	-	**79,123,217**
Investments available-for-sale, less allowance for impairment loss	-	-	816,370	-	-	-	-	816,370
Total interest bearing assets	**35,252,238**	**9,648,272**	**28,004,159**	**24,312,668**	**5,524,311**	-	-	**102,741,648**
Cash and balances with Central and National banks	24,729,412	-	-	-	-	-	3,637,751	28,367,163
Financial assets at fair value through profit or loss	1,846,422	-	-	-	-	-	-	1,846,422
Precious metals in vault	69,342	-	-	-	-	-	-	69,342
Loans and advances to banks, less allowance for impairment losses	7,150,576	-	25,283	-	-	-	-	7,175,859
Loans to customers, less allowance for impairment losses	260,686	-	-	-	-	358,413	-	**619,099**
Investments available-for-sale, less allowance for impairment loss	-		1,182,958	76,218	-	-	-	1,259,176
Fixed assets, less accumulated depreciation	-	-	-	-	-	-	6791256	**6,791,256**
Income tax assets	-	-	327,866	-	-	-	-	**327,866**
Other assets, less allowance for impairment losses	115,672	103,890	268,100	123,800	123,718	412	-	735,592
Total non- interest bearing assets	**34,172,110**	**103,890**	**1,804,207**	**200,018**	**123,718**	**358,825**	**10,429,007**	**47,191,775**
TOTAL ASSETS	**69,424,348**	**9,752,162**	**29,808,366**	**24,512,686**	**5,648,029**	**358,825**	**10,429,007**	**149,933,423**
LIABILITIES								
Interest bearing liabilities								
Deposits from banks	2,585,314	409,665	3,920,322	847,639	-	-	-	**7,762,940**
Customer accounts and subordinated debt	32,730,377	14,266,963	19,056,373	3,065,691	6,223,758	-	-	**75,343,162**
Debt securities issued	560,560	1,461,992	5,614,004	9,291,938	1,056,709	-	-	**17,985,203**
Total interest bearing liabilities	**35,876,251**	**16,138,620**	**28,590,699**	**13,205,268**	**7,280,467**	-	-	**101,091,305**
Deposits from banks	855,904	-	-	-	-	-	-	855,904
Customer accounts	27,327,021	-	-	-	-	-	-	27,327,021
Financial liabilities at fair value through profit or loss	14,234	3,100	14,365	-	-	-	-	31,699
Debt securities issued	1,636,526	104,113	175,742	-	-	-	-	**1,916,381**
Other provisions	13,694	116,852	74,627	47,114	-	-		252,287
Income tax liabilities	-	-	158,939	-	-	-	930,367	1,089,306
Other liabilities	529,455	35,069	379,428	-	-	-	-	**943,952**
Total non-interest bearing liabilities	**30,376,834**	**259,134**	**803,101**	**47,114**	**-**	**-**	**930,367**	**32,416,550**
TOTAL LIABILITIES	**66,253,085**	**16,397,754**	**29,393,800**	**13,252,382**	**7,280,467**	**-**	**930,367**	**133,507,855**
Liquidity gap	3,171,263	(6,645,592)	414,566	11,260,304	(1,632,438)			
Interest sensitivity gap	(624,013)	(6,490,348)	(586,540)	11,107,400	(1,756,156)			
Cumulative interest sensitivity gap	(624,013)	(7,114,361)	(7,700,901)	3,406,499	1,650,343			
Cumulative interest sensitivity gap as a percentage of total assets	(0.4%)	(4.7%)	(5.1%)	2.3%	1.1%			

Substantially all of the Bank's interest earnings assets and interest bearing liabilities are at fixed rates of interest.

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

The maturity of time deposits of individuals is based on contractual terms. However, time deposits can be withdrawn by individuals on demand.

Currently, a considerable part of customer deposits are repayable on demand. However, the fact that these deposits are diversified by the number and type of customers and the Bank's previous experience indicate that deposits are stable and long-term source of finance for the Bank.

Currency risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. The Management Board sets limits on the level of exposure by currencies (primarily US Dollar), by branches and in total. These limits also comply with the minimum requirements of the Central Bank of the Russian Federation.

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

	RUR	**USD** 1 USD = 28.4989 RUR	**EUR** 1 EUR = 34.3811 RUR	**Precious metals**	**Other currency**	**30 September 2005 RUR thousand Total**
ASSETS						
Cash and balances with Central and National banks	12,790,217	1,333,196	484,824	-	70,083	14,678,320
Financial assets at fair value through profit or loss	10,155,195	2,922,210	2,593	39,263	122,910	13,242,171
Precious metals in vault	-	-	-	981,360	-	981,360
Loans and advances to banks, less allowance for impairment losses	5,483,034	29,969,073	2,908,192	15,620	132,352	38,508,271
Loans to customers, less allowance for impairment losses	64,685,109	37,319,893	1,148,573	-	279,992	103,433,567
Investments available-for-sale, less allowance for impairment loss	2,101,749	42,105	352	-	70,109	2,214,315
Fixed assets purchased for transfer into finance lease	736,072	-	-	-	-	736,072
Fixed assets, less accumulated depreciation	6,523,684	12	-	-	13,477	6,537,173
Income tax assets	235,912	-	-	-	-	235,912
Other assets, less allowance for impairment losses	665,787	123,717	10,098	-	18,363	817,965
TOTAL ASSETS	**103,376,759**	**71,710,206**	**4,554,632**	**1,036,243**	**707,286**	**181,385,126**
LIABILITIES						
Deposits from banks	422,825	6,342,569	193,131	1,828,617	103,385	8,890,527
Customer accounts and subordinated debt	72,210,092	47,209,166	4,338,225	205,246	695,504	124,658,233
Debt securities issued	12,196,154	15,340,274	323,544	-	6,842	27,866,814
Financial liabilities at fair value through profit or loss	5,320	1,315,506	-	4,681	17,214	1,342,721
Other provisions	105,176	87,217	5,429	-	1,706	199,528
Income tax liabilities	1,099,334	-	11,187	-	-	1,110,521
Other liabilities	443,015	180,512	18,649	53,042	383,173	**1,078,391**
TOTAL LIABILITIES	**86,481,916**	**70,475,244**	**4,890,165**	**2,091,586**	**1,207,824**	**165,146,735**
OPEN BALANCE SHEET POSITION	**16,894,843**	**1,234,962**	**(335,533)**	**(1,055,343)**	**(500,538)**	

Derivative financial instruments and spot contracts

Fair value of derivative financial instruments and spot contracts are included in the currency analysis presented above and the following table presents further analysis of currency risk by types of derivative financial instruments and spot contracts as at 30 September 2005:

	RUR	USD 1 USD = 28.4989 RUR	EUR 1 EUR = 34.3811 RUR	Precious metals	Other currency	30 September 2005 RUR thousand Total
Accounts payable on spot and derivative contracts	(16,432,207)	(17,312,080)	(2,484,041)	(127,034)	(2,892,431)	(39,247,793)
Accounts receivable on spot and derivative contracts	11,644,176	21,031,636	4,727,539	1,519,708	381,141	39,304,200
NET SPOT AND DERIVATIVE FINANCIAL INSTRUMENTS POSITION	(4,788,031)	3,719,556	2,243,498	1,392,674	(2,511,290)	
TOTAL OPEN POSITION	12,106,812	4,954,518	1,907,965	337,331	(3,011,828)	

	RUR	USD 1 USD = 27.7487 RUR	EUR 1 EUR = 37.8104 RUR	Precious metals	Other currency	31 December 2004 RUR thousand Total
ASSETS						
Cash and balances with Central and National banks	26,862,277	1,010,916	377,774	-	116,196	28,367,163
Financial assets at fair value through profit or loss	9,266,246	793,229	22,338	-	739,471	10,821,284
Precious metals in vault	-	-	-	69,342	-	69,342
Loans and advances to banks, less allowance for impairment losses	1,281,616	15,376,111	3,186,005	584,453	574,873	21,003,058
Loans to customers, less allowance for impairment losses	45,667,693	33,308,875	589,586	-	176,162	79,742,316
Investments available-for-sale, less allowance for impairment loss	2,075,477	-	-	-	69	2,075,546
Fixed assets, less accumulated depreciation	6,776,834	-	-	-	14,422	6,791,256
Income tax assets	327,866	-	-	-	-	327,866
Other assets, less allowance for impairment losses	584,195	88,164	15,480	-	47,753	735,592
TOTAL ASSETS	**92,842,204**	**50,577,295**	**4,191,183**	**653,795**	**1,668,946**	**149,933,423**
LIABILITIES						
Deposits from banks	728,720	6,450,124	322,893	1,100,131	16,976	8,618,844
Customer accounts and subordinated debt	55,907,689	42,157,712	3,345,323	34,711	1,224,748	102,670,183
Financial liabilities at fair value through profit or loss	11,757	19,942	-	-	-	31,699
Debt securities issued	10,710,442	8,936,883	254,023	-	236	19,901,584
Other provisions	85,607	143,553	10,172	-	12,955	252,287
Income tax liabilities	1,089,306	-	-	-	-	1,089,306
Other liabilities	809,218	87,803	26,158	-	20,773	**943,952**
TOTAL LIABILITIES	**69,342,739**	**57,796,017**	**3,958,569**	**1,134,842**	**1,275,688**	**133,507,855**
OPEN BALANCE SHEET POSITION	23,499,465	(7,218,722)	232,614	(481,047)	393,258	

Derivative financial instruments and spot contracts

Fair value of the derivatives are included in the currency analysis presented above and the following table presents further analysis of currency risk by types of derivative contracts as of 31 December 2004:

	RUR	USD 1 USD = 27.7487 RUR	EUR 1 EUR = 37.8104 RUR	Precious metals	Other currency	31 December 2004 RUR thousand Total
Accounts payable on spot and derivative contracts	(12,725,092)	(4,786,172)	(283,171)	-	(611,676)	(18,406,111)
Accounts receivable on spot and derivative contracts	2,372,443	13,528,052	18,905	537,050	1,988,717	18,445,167
NET POSITION ON DERIVATIVE FINANCIAL INSTRUMENTS	(10,352,649)	8,741,880	(264,266)	537,050	1,377,041	
TOTAL OPEN POSITION	**13,146,816**	**1,523,158**	**(31,652)**	**56,003**	**1,770,299**	

According to Regulation of the CBR N41 for the open currency position calculation purposes the Bank could exclude the contribution to share capital made in foreign currency (US dollars) of RUR equivalent of USD 148,776 thousand from total assets in the respective currency.

Market risk

Market risk is assessed by CED using value at risk (VAR) methodology. VAR is calculated based on internationally accepted approach. CED provides daily market risk evaluation and prepares a report for the Board of Directors at least 2 times a month. The Group performs back testing of the adequacy of the methodology at least every 3 months with reference to current market terms to ensure that deviations for all statistical parameters included in the calculation are within expected values. Based on statistics for preceding nine months and maturities of debt securities, the Group produces a model securities portfolio, calculates a proportion of different types of securities in the portfolio and the overall risk of the portfolio which is viewed as a standard portfolio proportion in current terms. In order to decrease risks Bank sets the following limits: open position limit, stop-loss limit and structure limits. CED daily assesses current risks of the Bank and proposes limits for Liquidity, Risks and Pricing Committee. Currency position control provides data to CED, which calculates open currency position (OCP) every day based on accounting data, and to Operations Registration Department, which calculates OCP every day according to CBR requirements. A stop-loss instrument is used to prevent unexpected significant losses resulting from fluctuations in the securities portfolio. The stop-loss limits are set for accumulated losses for a day and for a month as a percentage of investments. The month stop-loss limit is set at 3/2 of a daily limit. No operations are allowed after the loss reaches the stop-loss limit. Daily limit utilization is determined from realized and unrealized mark-to-market adjustment. Market prices used are based on quotations in REUTERS and by brokers of Tradition, ADIX, Eurobroker, Garban.

Credit risk

Credit activities are conducted in accordance with the regulatory framework set by the Central Bank of the Russian Federation as well as internationally accepted criteria. Credit Policy is defined by the Group's Management Board and the Credit Committee. Credit Risk is taken based on the principles of risk adequacy, adequacy of profitability and strategic rationale. Credit operations conducted by the Group include term loans, credit lines, overdraft facilities, syndications, documentary operations and other operations involving credit risk. The credit procedure is structured in line with a strict segregation of duties, based on the approved Credit Manual of the Group.

The Credit Committee is a standing body of the Group, authorized to take decisions on all issues relating to the credit operations of the Group. Its task is to ensure design and implementation of the single credit policy of the Group and its branches.

The Credit Committee consider issues regarding the assumption of credit risks for transactions within relevant limit (there are separate limits for corporate clients, financial institutions and individuals) established and revised on an annual basis by the Board and/or for which the period does not exceed 12 months.

The assumption of credit risks for transactions exceeding relevant limit established by the Board and/or for which the period exceeds 12 months is considered by the Board.

Credit risk management and control are conducted using differentiated multilevel complex approach to evaluation of credit applications. Credit control is carried out at all stages of credit work and credit portfolio structuring. Credit risk policy is conducted in accordance with the following internal documents:

- Banking credit policy;
- Direction for credit operations.

The following methods of credit risk management are used:

- Complex credit risk analysis;
- Approval of credit risk limits for individuals and groups of clients;
- Control over maturity structure of assets:
- Limit and decision-making control;
- Planning spread between cash inflow and outflow, plan vs. actual analysis;
- Analysis of borrower's financial position, monitoring of financial position of guarantors;
- Current banking assets monitoring for management decisions-making.

Credit risk is evaluated by the following Departments:

- Credit operations Department – complex analysis of the risk level;
- Credit Committee – credit limit determination;
- Project financing and control department – independent risk level evaluation of specific deals;
- Combined Economic Department – standards and essential rate of reserve maintenance.

The procedure for credit risk assumption comprises:

- Gathering of essential documents;
- Assessment of reliability and completeness of documents;
- Complex analysis of all risks which may occur;
- Making decisions about credit risk assumption;
- Legal capacity control of clients and their representatives.

Geographical concentration

The geographical concentration of assets and liabilities is set out below:

	Russia	Other CIS countries	OECD countries	Other non-OECD countries	30 September 2005 RUR thousand Total
ASSETS					
Cash and balances with Central and National banks	14,642,506	30,440	5,374	-	14,678,320
Financial assets at fair value through profit or loss	13,090,057	102,223	34,890	15,001	13,242,171
Precious metals in vault	981,360	-	-	-	981,360
Loans and advances to banks, less allowance for impairment losses	6,588,354	85,439	30,713,791	1,120,687	38,508,271
Loans to customers, less allowance for impairment losses	96,128,683	3,267,498	2,100,148	1,937,238	103,433,567
Investments available-for-sale, less allowance for impairment loss	2,141,671	72,246	398	-	2,214,315
Fixed assets purchased for transfer into finance lease	736,072	-	-	-	736,072
Fixed assets, less accumulated depreciation	6,523,708	8,576	4,889	-	6,537,173
Income tax assets	235,912	-	-	-	235,912
Other assets, less allowance for impairment losses	804,938	10,112	2,225	690	817,965
TOTAL ASSETS	**141,873,261**	**3,576,534**	**32,861,715**	**3,073,616**	**181,385,126**
LIABILITIES					
Deposits from banks	3,440,979	1,999,073	2,148,755	1,301,720	8,890,527
Customer accounts and subordinated debt	97,013,574	1,480,480	2,296,771	23,867,408	124,658,233
Debt securities issued	14,271,570	6,842	13,588,402	-	27,866,814
Financial liabilities at fair value through profit or loss	300,830	-	1,041,891	-	1,342,721
Other provisions	125,215	56,895	-	17,418	199,528
Income tax liabilities	1,099,334	-	11,187	-	1,110,521
Other liabilities	1,064,910	7,787	5,580	114	**1,078,391**
TOTAL LIABILITIES	**117,316,412**	**3,551,077**	**19,092,586**	**25,186,660**	**165,146,735**
NET POSITION	**24,556,849**	**25,457**	**13,769,129**	**(22,113,044)**	

	Russia	Other CIS countries	OECD countries	Other non-OECD countries	31 December 2004 RUR thousand Total
ASSETS					
Cash and balances with Central and National banks	28,264,632	96,460	6,071	-	28,367,163
Financial assets at fair value through profit or loss	10,134,010	682,920	4,354	-	10,821,284
Precious metals in vault	69,342	-	-	-	69,342
Loans and advances to banks, less allowance for impairment losses	3,885,090	1,172,528	15,723,071	222,369	21,003,058
Loans to customers, less allowance for impairment losses	72,368,172	728,906	2,651,483	3,993,755	79,742,316
Investments available-for-sale, less allowance for impairment loss	2,075,546	-	-	-	2,075,546
Fixed assets, less accumulated depreciation	6,776,834	8,412	6,010	-	6,791,256
Income tax assets	327,866	-	-	-	327,866
Other assets, less allowance for impairment losses	711,720	22,022	1,850	-	735,592
TOTAL ASSETS	**124,613,212**	**2,711,248**	**18,392,839**	**4,216,124**	**149,933,423**
LIABILITIES					
Deposits from banks	2,930,790	1,633,841	3,112,888	941,325	8,618,844
Customer accounts and subordinated debt	87,845,487	1,512,313	5,959,837	7,352,546	102,670,183
Debt securities issued	12,669,487	1,003	7,231,094	-	19,901,584
Financial liabilities at fair value through profit or loss	16,013	-	15,686	-	31,699
Other provisions	106,434	115,599	30,254	-	252,287
Income tax liabilities	1,089,306	-	-	-	1,089,306
Other liabilities	924,294	2,556	17,102	-	**943,952**
TOTAL LIABILITIES	**105,581,811**	**3,265,312**	**16,366,861**	**8,293,871**	**133,507,855**
NET POSITION	**19,031,401**	**(554,064)**	**2,025,978**	**(4,077,747)**	