ABH FINANCIAL LIMITED

International Financial Reporting Standards
Condensed Consolidated Interim Financial Information (Unaudited)

30 June 2011

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

To the Shareholders and the Board of Directors of ABH Financial Limited:

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of ABH Financial Limited and its subsidiaries as at 30 June 2011 and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

ZAO PricewaterhouseCoopers Audit

ZAO PricewaterhouseCoopers Audit
5 September 2011
Moscow, Russian Federation

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In millions of US Dollars	Note	30 June 2011 (unaudited)	31 December 2010
ASSETS			
Cash and cash equivalents		2 629	3 182
Mandatory cash balances with central banks		367	189
Trading securities	6	2 151	1 426
Repurchase receivables relating to trading securities	6	274	914
Due from other banks		2 346	2 754
Loans and advances to customers	7	19 991	16 795
Investments	8	2 486	2 108
Derivative financial instruments		181	106
Other financial assets		438	368
Other assets		262	287
Premises and equipment		363	304
Deferred tax asset		2	45
TOTAL ASSETS		**31 490**	**28 478**
LIABILITIES			
Due to other banks		1 816	2 097
Customer accounts	9	18 761	16 812
Debt securities issued	10	4 864	4 107
Other debt	11	207	190
Subordinated debt	12	1 497	1 395
Derivative financial instruments		198	163
Other financial liabilities		169	169
Other liabilities		315	327
Deferred tax liability		181	139
TOTAL LIABILITIES		**28 008**	**25 399**
EQUITY			
Share capital	13	1 265	1 265
Fair value reserve for investments available for sale		111	55
Revaluation reserve for premises and equipment		29	30
Cumulative translation reserve		(260)	(331)
Retained earnings		2 336	2 060
Net assets attributable to the Company's owners		**3 481**	**3 079**
Non-controlling interests		**1**	**-**
TOTAL EQUITY		**3 482**	**3 079**
TOTAL LIABILITIES AND EQUITY		**31 490**	**28 478**

This condensed consolidated interim financial information was approved for issue by the Board of Directors of ABH Financial Limited on 5 September 2011 and any further changes require approval of this body.

In millions of US Dollars	**Note**	**Six-Month Period Ended 30 June 2011 (unaudited)**	**Six-Month Period Ended 30 June 2010 (unaudited)**
Interest income		1 294	1 135
Interest expense		(575)	(475)
Expenses directly attributable to leasing and deposit insurance		(21)	(20)
Net margin	14	**698**	**640**
Provision for loan impairment	7	(48)	(168)
Net margin after provision for loan impairment		**650**	**472**
Fee and commission income		282	180
Fee and commission expense		(71)	(53)
Gains less losses arising from trading securities		7	52
Gains less losses arising from interest based derivatives		4	(22)
Gains less losses arising from foreign currencies and precious metals	15	(125)	136
Gains less losses arising from investments		52	35
Losses less gains arising from acquisition of own debts		(2)	(1)
Other provisions		10	8
Other operating income		8	30
Operating expenses		(468)	(403)
Profit before tax		**347**	**434**
Income tax expense		(72)	(138)
Profit for the period		**275**	**296**
Other comprehensive income:			
Available for sale investments:			
- Fair value gains less losses during the period		62	(22)
- Reclassification adjustments for gains included in profit or loss		(6)	-
Effect of translation of the financial statements to US Dollars as presentation currency		189	(100)
Net change in hedge of net investment in foreign operations		(118)	14
Income tax recorded directly in other comprehensive income		-	(3)
Other comprehensive income/(loss) for the period		**127**	**(111)**
Total comprehensive income for the period		**402**	**185**
Profit is attributable to:			
Company's owners		275	295
Non-controlling interests		-	1
Profit for the period		**275**	**296**
Total comprehensive income is attributable to:			
Company's owners		402	184
Non-controlling interests		-	1
Total comprehensive income for the period		**402**	**185**

The notes set out on pages 5 to 31 form an integral part of this condensed consolidated interim financial information.

	Attributable to the Company's owners							
In millions of US Dollars	**Share capital (Note 13)**	**Fair value reserve for invest-ments available for sale**	**Revalua-tion reserve for premises and equipment**	**Cumula-tive transla-tion reserve**	**Retained earnings**	**Total**	**Non-control-ling interests**	**Total equity**
Balance as at 1 January 2010	**1 265**	**54**	**33**	**(304)**	**1 647**	**2 695**	**3**	**2 698**
Profit for the period	-	-	-	-	295	295	1	296
Other comprehensive loss for the period	-	(25)	-	(86)	-	(111)	-	(111)
Total comprehensive income for the period	-	(25)	-	(86)	295	184	1	185
Realised revaluation reserve	-	-	(1)	-	1	-	-	-
Acquisition of non-controlling interest	-	-	-	-	3	3	(3)	-
Balance as at 30 June 2010	**1 265**	**29**	**32**	**(390)**	**1 946**	**2 882**	**1**	**2 883**
Balance as at 1 January 2011	**1 265**	**55**	**30**	**(331)**	**2 060**	**3 079**	**-**	**3 079**
Profit for the period	-	-	-	-	275	275	-	275
Other comprehensive income for the period	-	56	-	71	-	127	-	127
Total comprehensive income for the period	-	56	-	71	275	402	-	402
Realised revaluation reserve	-	-	(1)	-	1	-	-	-
Acquisition of subsidiary	-	-	-	-	-	-	1	1
Balance as at 30 June 2011	**1 265**	**111**	**29**	**(260)**	**2 336**	**3 481**	**1**	**3 482**

In millions of US Dollars	**Six-Month Period Ended 30 June 2011 (unaudited)**	**Six-Month Period Ended 30 June 2010 (unaudited)**
Net cash used in operating activities	**(917)**	**(270)**
Net cash used in investing activities	**(203)**	**(166)**
Net cash from financing activities	**381**	**1 006**
Net (decrease)/increase in cash and cash equivalents	**(739)**	**570**
Cash and cash equivalents at the beginning of the period	3 182	1 966
Effect of exchange rate changes on cash and cash equivalents	186	(139)
Cash and cash equivalents as at the end of the period	**2 629**	**2 397**

1 Introduction

This condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" for the six-month period ended 30 June 2011 for ABH Financial Limited (the "Company") and its subsidiaries (the "Group").

This condensed consolidated interim financial information has been reviewed, not audited.

The Company is a limited liability company originally registered in the British Virgin Islands and since 4 April 2011 registered in the Republic of Cyprus. The Company is wholly owned by ABH Russia Limited, a Cyprus company, which is in turn a wholly owned subsidiary of ABH Holdings S.A. ("ABHH"), a Luxembourg company, owned by six individuals. Mr. Fridman, Mr. Khan and Mr. Kuzmichev (the "Controlling Shareholders") collectively control and own a 77.86% interest in ABHH. None of the Controlling Shareholders individually controls and/or owns a 50% or more interest in ABHH. The Controlling Shareholders also own a 100% interest in CTF Holdings Limited ("CTFH"). ABHH and CTFH are parent companies of Alfa Group.

The Company is registered at Elenion Building, 5 Themistocles Dervis Street, 2nd floor, CY-1066 Nicosia, Cyprus.

The Group comprises three main segments: corporate and investment banking, retail banking and treasury operations (Note 16). The corporate banking, retail banking and treasury operations of the Group are carried out principally by Open Joint Stock Company Alfa-Bank ("Alfa-Bank") and its subsidiaries. The investment banking activities of the Group are carried out mainly by Alfa Capital Holdings (Cyprus) Limited together with certain other subsidiaries. A substantial part of the Group's activities are carried out in the Russian Federation.

Alfa-Bank is a wholly owned subsidiary of the Company. It is registered in the Russian Federation to carry out banking and foreign exchange activities and has operated under a full banking license issued by the Central Bank of the Russian Federation (the "CBRF") since 1991. Alfa-Bank operates in all banking sectors of the Russian financial markets, including interbank, corporate and retail loans and deposits, foreign exchange operations and debt and equity trading. In addition, a complete range of banking services is provided in Russian Roubles ("RR") and foreign currencies to its customers. Alfa-Bank participates in the State deposit insurance scheme. The State Deposit Insurance Agency guarantees repayment of 100% of individual deposits up to RR 0.7 million per individual in case of the withdrawal of a license of a bank or a CBRF imposed moratorium on payments. Alfa-Bank is licensed by the Federal Commission on Securities Market for trading in securities. Alfa-Bank's major subsidiaries comprised Amsterdam Trade Bank N.V. (Netherlands) and OJSC Bank Severnaya Kazna (Russian Federation). In March 2011 Alfa-Bank started the legal merger with OJSC Bank Severnaya Kazna, which was successfully completed in June 2011. As a result of the procedure OJSC Bank Severnaya Kazna ceased to exist as a separate legal entity and all its assets and liabilities were transferred to Alfa-Bank.

Alfa-Bank's registered office is located at 27 Kalanchyovskaya Street, Moscow 107078, Russian Federation. Alfa-Bank's principal place of business is 9 Mashi Poryvaevoy Street, Moscow 107078, Russian Federation.

Alfa-Bank is the parent company of Alfa Capital Holdings (Cyprus) Limited which is primarily involved in the investment banking business including proprietary trading and brokerage activities, investment and merchant banking and asset management. Alfa Capital Holdings (Cyprus) Limited is regulated by the Cyprus Securities and Exchange Commission and licensed principally for brokerage activities and proprietary trading (own trading in shares and debentures). The license entitles Alfa Capital Holdings (Cyprus) Limited to operate both locally (with certain restrictions) and outside Cyprus.

Alfa Capital Holdings (Cyprus) Limited is registered at Elenion Building, 5 Themistocles Dervis Street, 2nd floor, CY-1066 Nicosia, Cyprus.

2 Operating Environment of the Group

The Group, through its operations, has a significant exposure to the economy and financial markets of the Russian Federation.

Russian Federation. The Russian Federation displays certain characteristics of an emerging market, including relatively high inflation and high interest rates.

2 Operating Environment of the Group (Continued)

The continuing recent global financial crisis has had a significant effect on the Russian economy and the financial situation in the Russian financial and corporate sectors significantly deteriorated since mid-2008. In 2010 and 2011 the Russian economy experienced a moderate recovery of economic growth. The recovery was accompanied by a gradual increase of household incomes, lower refinancing rates, stabilisation of the exchange rate of the Russian Rouble against major foreign currencies, and increased money market liquidity levels.

The tax, currency and customs legislation within the Russian Federation is subject to varying interpretations and frequent changes (Note 19). The need for further developments in the bankruptcy laws, the absence of formalised procedures for the registration and enforcement of collateral, and other legal and fiscal impediments continue to contribute to the challenges faced by banks operating in the Russian Federation.

The future economic direction of the Russian Federation is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government, together with tax, legal, regulatory and political developments.

Management determined loan impairment provisions by considering the economic situation and outlook at the end of the reporting period and applied the “incurred loss” model required by the applicable accounting standards. These standards require recognition of impairment losses that arose from past events and prohibit recognition of impairment losses that could arise from future events, no matter how likely those future events are. Refer to Note 4.

Management is unable to predict all developments which could have an impact on the banking sector and wider economy and consequently what effect, if any, they could have on the future financial position of the Group. Management believes it is taking all the necessary measures to support the sustainability and development of the Group’s business.

3 Summary of Significant Accounting Policies

Basis of preparation. This condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2010, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

Changes in accounting policies and presentation. The accounting policies and methods of computation applied in the preparation of this condensed consolidated interim financial information are consistent with those applied in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2010 except as described below.

Hedge accounting. Starting January 2011 the Group started to apply hedge accounting for its existing hedge by foreign currency exchange forward contracts of part of the Group’s net investment in subsidiaries of the Group that have Russian Rouble as a functional currency.

The hedge effectiveness is measured by reference to changes in RR/USD spot rates. Only the change in the fair value of the foreign currency exchange forward contracts due to changes in spot rates is reported in other comprehensive income and the remaining change in the fair value of those contracts is included in profit or loss.

Accumulated hedge gains or losses recorded through other comprehensive income are recycled from other comprehensive income to profit or loss in the periods when the hedged item is disposed of.

Interim period tax measurement. Income tax expense is recognised in this condensed consolidated interim financial information based on Management’s best estimates of the weighted average effective income tax rate expected for the full financial year.

3 Summary of Significant Accounting Policies (Continued)

Changes in presentation. Where necessary, corresponding figures from the annual consolidated financial statements for the year ended 31 December 2010 have been adjusted to conform to the presentation of amounts in this condensed consolidated interim financial information:

	31 December 2010		
In millions of US Dollars	**As presented in the annual consolidated financial statements for the year ended 31 December 2010**	**Reclassification**	**As presented in the condensed consolidated interim financial information for the six-month period ended 30 June 2011**
Consolidated statement of financial position			
Derivative financial instruments	-	106	106
Other financial assets	474	(106)	368
Derivative financial instruments	-	163	163
Other financial liabilities	332	(163)	169

Assets and liabilities related to derivative financial instruments were separately disclosed because of absence in the condensed consolidated interim financial information of further disclosures relating to other financial assets and liabilities.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on Management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in these condensed consolidated interim financial information and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities are:

Impairment of loans and advances. The Group regularly reviews its loan portfolios to assess impairment. In determining whether an impairment loss should be recorded in the condensed consolidated interim statement of comprehensive income, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. A 10% increase or decrease between actual loss experience and the loss estimates will result in an additional or lower charge for loan loss impairment of USD 144 million (six month period ended 30 June 2010: USD 144 million), respectively.

Fair value of financial instruments. The fair values of financial instruments that are not quoted in active markets are determined using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require the Management to make estimates. Changes in assumptions about these factors could affect reported fair values. The fair value of derivative financial instrument as at 30 June 2011 in amount of USD 175 million (31 December 2010: USD 92 million) was determined based on the discounted cash flows ("DCF") models with all significant inputs observable in the market. Assets with carrying amount as at 30 June 2011 of USD 487 million (31 December 2010: USD 497 million) were valued on the basis of indicative quotes provided by reputable brokerage houses or adjusted market quotes. Assets with carrying amount as at 30 June 2011 of USD 206 million (31 December 2010: USD 148 million) were valued using DCF and peer based models.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

Income taxes. There are many transactions and calculations in the ordinary course of business for which the ultimate tax determination is uncertain. The Group records liabilities for completed and anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences impact the current and deferred taxation in the period in which such determination is made. In addition, management applies its judgement in interpretation of existing tax legislation for the purposes of assessment of current and deferred taxation.

Functional currencies of different entities of the Group. Different entities within the Group have different functional currencies, based on the underlying economic conditions of their operations. This determination of what the specific underlying economic conditions are requires judgement. In making this judgement, the Group evaluates among other factors, the location of activities, the sources of revenue, risks associated with activities and denomination of currencies of operations of different entities. Specifically, in determination of the functional currencies of ABH Financial Limited and Alfa Capital Holdings (Cyprus) Limited, the Group based its judgement on the fact that the companies operate internationally on markets mainly influenced by the US Dollar (not Russian Rouble) and their major activities include provision of services to foreign investors. Moreover, the majority of their operations are denominated in US Dollars and also, the US Dollar is the currency in which their business risks and exposures are managed and the performance of their business is measured.

Accounting for subordinated loans from VEB. The Russian government provided assistance to the Russian financial system by instructing the Russian State Corporation Bank Razvitiya i Vneshneekonomicheskoy Deyatelnosti (“VEB”) to grant subordinated loans to selected banks. This was done through Federal Law 173-FZ of 13 October 2008 “On additional measures aimed at supporting the financial system of the Russian Federation”.

On 29 January 2009 the Group received a subordinated loan from VEB in the amount of RR 10 201 million (equivalent of USD 307 million) bearing a fixed interest rate of 8% per annum payable quarterly until maturity on 25 December 2019, followed by the second tranche of that subordinated loan in the amount of RR 231 million (equivalent of USD 8 million) received on 19 October 2009.

In October 2009 the Group received another subordinated loan from VEB in the amount of RR 29 181 million (equivalent of USD 994 million) bearing a fixed interest rate of 9.5% per annum plus a fee of 0.03% per annum, which matures on 25 December 2020. The Group has an option to repay this loan at any time subject to approvals from the CBRF and VEB.

In accordance with the terms of the loan agreements Alfa-Bank is required (i) to maintain a portfolio of loans with a term of not less than six months issued to priority sectors of the economy in Russia in the amount of the January 2009 subordinated loan outstanding; (ii) to maintain a portfolio of loans with a term of not less than one year issued to priority sectors of the economy in Russia in the amount of the October 2009 subordinated loan outstanding at interest rates less than or equal to the CBRF refinancing rate plus three percent; (iii) to obtain approval from VEB for certain significant transactions and (iv) to include VEB nominees in Alfa-Bank’s management bodies. In June 2010 the first deputy CEO of VEB was appointed to the Board of Directors of Alfa-Bank.

Due to its unique terms and conditions, subordinated nature and absence of observable current market transactions providing evidence of a market rate for such instruments, the loans were originally recognized and subsequently carried on the statement of financial position at amortised contractual value.

If there was evidence that the market interest rate for such loans was higher than the contractual interest rates, the amortised contractual value of the loans would have been replaced by (i) amortised value of the loans determined based on the fair value of the loans at the date of origination and (ii) unamortised value of the government grants embedded in such low interest loans; there would have been no impact on the profit or loss for the year since the increased effective interest rates would have been offset by amortisation of the government grants.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

Accounting for change of interest rates on the subordinated loans from VEB. In accordance with amendments to the Federal Law 173-FZ approved in July 2010, since 25 August 2010 the interest rates on the above subordinated loans were reduced from 8% per annum to 6.5% per annum on the loan maturing on 25 December 2019 and from 9.5% to 7.5% on the loan maturing on 25 December 2020. All other terms of these loans remain unchanged.

The Group accounted for such reduction in accordance with IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance". The revised carrying value of the loans as at 25 August 2010 of USD 1 148 million represented the future revised cash flows relating to the loans discounted at the loans' original effective interest rate. The difference in the amount of USD 157 million between the previous and revised carrying value of the loans was recorded at 25 August 2010 as government grant deferred income within other liabilities and is to be amortised through interest expense until the loans' maturity dates.

Accounting for investment in PAO Alfa-Bank Ukraine. During 2010 - 2011 the Group acquired for cash consideration of USD 116 million newly issued shares of PAO Alfa-Bank Ukraine, a subsidiary of ABH Ukraine Group, and simultaneously entered into a sale and purchase agreement with ABH Ukraine Limited, parent of ABH Ukraine Group, which is wholly owned and controlled by ABHH (Note 1), whereby (i) the Group agreed to transfer immediately to ABH Ukraine Limited all voting rights, rights for representation in governance bodies of PAO Alfa-Bank Ukraine and rights for future distributions arising from the shares, (ii) the Group agreed not to transfer the shares to any other party other than ABH Ukraine Limited and (iii) the Group and ABH Ukraine agreed to execute transfer of the shares from the Group to ABH Ukraine Limited at any date indicated by the Group or by ABH Ukraine Limited but before 31 December 2014 and in exchange for payment by ABH Ukraine of USD 116 million consideration. The performance of ABH Ukraine under the above contract is guaranteed by ABHH (Note 1).

The management of the Group concluded that as a result of the above transactions the Group in substance purchased and immediately sold the shares. The balance receivable from ABH Ukraine Limited in the amount of USD 116 million was recorded within other financial assets and carries no interest.

Balances receivable from ABH Ukraine Group. As at 30 June 2011 the Group had significant balances outstanding from ABH Ukraine Group (Note 20). The recent global financial crisis had a significant negative impact on Ukraine and the financial position of ABH Ukraine Group. Taking into account the support of ABH Ukraine Group by its sole shareholder, ABHH, the management of the Group concluded that the balances receivable from ABH Ukraine Group will be repaid in accordance with their contractual terms.

Accounting for investment in ABH Russia Limited. During 2011 the Group acquired for cash consideration of USD 93 million shares of ABH Russia Limited, the immediate parent of the Group, and simultaneously entered into a sale and purchase agreement with ABHH (Note 1), whereby (i) the Group agreed to transfer immediately to ABHH all voting rights, rights for representation in governance bodies of ABH Russia Limited and rights for future distributions arising from the shares, (ii) the Group agreed not to transfer the shares to any other party other than ABHH and (iii) the Group and ABHH agreed to execute transfer of the shares from the Group to ABHH at any date indicated by the Group or by ABHH but before 31 December 2014 and in exchange for payment by ABHH of USD 93 million consideration.

The management of the Group concluded that as a result of the above transactions the Group in substance purchased and immediately sold the shares. The balance receivable from ABHH in the amount of USD 93 million was recorded within other financial assets and carries no interest.

Initial recognition of related party transactions. In the normal course of business the Group enters into transactions with its related parties. IAS 39 requires initial recognition of financial instruments based on their fair values. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analysis.

5 New Accounting Pronouncements

Since the Group published its last annual financial statements, certain new standards and interpretations have been issued which are effective for the annual accounting periods starting on or after 1 January 2012 and which the Group has not early adopted:

IFRS 10, Consolidated financial statements, (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013) replaces all of the guidance on control and consolidation in IAS 27 “Consolidated and separate financial statements” and SIC-12 “Consolidation - special purpose entities”. IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control. This definition is supported by extensive application guidance.

IFRS 11, Joint arrangements, (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013) replaces IAS 31 “Interests in Joint Ventures” and SIC-13 “Jointly Controlled Entities - Non-Monetary Contributions by Ventures”. Changes in the definitions have reduced the number of “types” of joint arrangements to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Equity accounting will be mandatory for participants in joint ventures.

IFRS 12, Disclosure of interest in other entities, (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013) applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity; it replaces the disclosure requirements currently found in IAS 28 “Investments in associates”. IFRS 12 requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity’s interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. To meet these objectives, the new standard requires disclosures in a number of areas, including significant judgements and assumptions made in determining whether an entity controls, jointly controls or significantly influences its interests in other entities, extended disclosures on share of non-controlling interests in group activities and cash flows, summarised financial information of subsidiaries with material non-controlling interests, and detailed disclosures of interests in unconsolidated structured entities.

IFRS 13, Fair value measurement, (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value, and a single source of fair value measurement and disclosure requirements for use across IFRSs.

Amendments to IAS 1, Presentation of financial statements, (issued June 2011, effective for annual periods beginning on or after 1 July 2012) change the disclosure of items presented in other comprehensive income (“OCI”). The amendments require entities to separate items presented in OCI into two groups, based on whether or not they may be recycled to profit or loss in the future. The suggested title used by IAS 1 has changed to ‘statement of profit or loss and other comprehensive income’.

Amended IAS 19, Employee benefits, (issued June 2011, effective for periods beginning on or after 1 January 2013) makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. The changes will affect most entities that apply IAS 19 and may significantly change performance indicators and the volume of disclosures.

The Group is considering the impact of these new pronouncements on the financial information of the Group.

Refer to the annual consolidated financial statements of the Group for the year ended 31 December 2010 for the detailed description of all new accounting pronouncements relevant to the Group.

The last annual financial statements disclosed certain new standards or interpretations which became effective from 1 January 2011 and were adopted in this condensed consolidated interim financial information. The effect of adoption of these new standards or interpretations was not material.

6 Trading Securities and Repurchase Receivables Relating to Trading Securities

In millions of US Dollars	**30 June 2011 (unaudited)**	**31 December 2010**
Debt securities	2 027	1 344
Equity securities	124	82
Total trading securities	**2 151**	**1 426**
Repurchase receivables		
Debt securities	274	909
ADRs and GDRs	-	5
Total repurchase receivables	**274**	**914**
Total trading securities and repurchase receivables relating to trading securities	**2 425**	**2 340**

Repurchase receivables represent trading securities sold under sale and repurchase agreements with other banks. The counterparty financial institutions have a right to resell or pledge these securities.

Trading securities and repurchase receivables relating to trading securities are carried at fair value which also reflects any credit risk related write-downs.

Currency and maturity analyses of trading securities and repurchase receivables are disclosed in Note 18. Information on securities issued by related parties and owned by the Group is disclosed in Note 20.

7 Loans and Advances to Customers

In millions of US Dollars	**30 June 2011 (unaudited)**	**31 December 2010**
Corporate loans	16 744	14 348
Finance lease receivables	930	1 034
Reverse sale and repurchase receivables	573	242
Loans to small and medium-size enterprises (“SMEs”)	389	240
Advances on lease operations	33	25
Total gross loans and advances to corporate customers	**18 669**	**15 889**
Less: Provision for loan impairment	(1 361)	(1 324)
Total loans and advances to corporate customers	**17 308**	**14 565**
Loans to individuals - credit cards and personal instalment loans (“PILs”)	1 123	824
Loans to individuals - consumer loans	874	856
Loans to individuals - mortgage loans	355	355
Reverse sale and repurchase receivables	253	35
Loans to individuals - car loans	155	216
Total gross loans and advances to individuals	**2 760**	**2 286**
Less: Provision for loan impairment	(77)	(56)
Total loans and advances to individuals	**2 683**	**2 230**
Total loans and advances to customers	**19 991**	**16 795**

7 Loans and Advances to Customers (Continued)

As at 30 June 2011 loans and advances to customers in the total amount of USD 151 million (31 December 2010: USD 158 million) were pledged as collateral for financing received from the State Deposit Insurance Agency (Note 11).

Movements in the provision for loan impairment for the six-month period ended 30 June 2011 were as follows:

In millions of US Dollars	Corporate loans	Finance lease receivables	Loans to SMEs	Advances on lease operations	Loans to individuals: Credit cards and PILs	Loans to individuals: Consumer loans	Loans to individuals: Mortgage loans	Loans to individuals: Car loans	Total
Provision for loan impairment as at 1 January 2011	**1 098**	**204**	**20**	**2**	**17**	**24**	**10**	**5**	**1 380**
Provisions during the period	92	(90)	17	1	17	37	4	1	79
Amounts written off as uncollectible	(16)	(23)	-	-	(14)	(22)	(5)	(2)	(82)
Effect of translation to functional currency	(48)	(9)	-	-	-	-	-	-	(57)
Effect of translation to presentation currency	97	14	2	-	2	2	1	-	118
Provision for loan impairment as at 30 June 2011	**1 223**	**96**	**39**	**3**	**22**	**41**	**10**	**4**	**1 438**

Movements in the provision for loan impairment for the six-month period ended 30 June 2010 were as follows:

In millions of US Dollars	Corporate loans	Finance lease receivables	Loans to SMEs	Advances on lease operations	Loans to individuals: Credit cards and PILs	Loans to individuals: Consumer loans	Loans to individuals: Mortgage loans	Loans to individuals: Car loans	Total
Provision for loan impairment as at 1 January 2010	**1 173**	**195**	**26**	**9**	**51**	**17**	**20**	**13**	**1 504**
Provisions during the period	130	42	2	(8)	2	16	3	4	191
Amounts written off as uncollectible	(120)	(28)	-	-	(25)	(9)	(7)	(7)	(196)
Effect of translation to functional currency	6	-	-	-	-	-	-	-	6
Effect of translation to presentation currency	(41)	(6)	(1)	-	(8)	(5)	(1)	(2)	(64)
Provision for loan impairment as at 30 June 2010	**1 148**	**203**	**27**	**1**	**20**	**19**	**15**	**8**	**1 441**

The provision for loan impairment during the six-month period ended 30 June 2011 differs from the amount presented in the condensed consolidated interim statement of comprehensive income due to USD 31 million (six-month period ended 30 June 2010: USD 23 million) recovery during six-month period ended 30 June 2011 of amounts previously written off as uncollectible. This amount was credited directly to the provisions line in the condensed consolidated interim statement of comprehensive income.

7 Loans and Advances to Customers (Continued)

Economic sector risk concentrations within the loans and advances to customers were as follows:

In millions of US Dollars	30 June 2011 (unaudited) Amount	%	31 December 2010 Amount	%
Trade and commerce	3 001	14	2 069	11
Individuals	2 760	13	2 286	13
Construction	2 101	10	2 064	11
Finance and investment companies	1 810	8	1 067	6
Power generation	1 798	8	1 751	10
Ferrous metallurgy	1 723	8	1 470	8
Railway transport	1 342	6	1 471	8
Armament production	1 195	6	964	6
Food industry	970	5	1 055	6
Nuclear industry	725	3	866	5
Oil industry	716	3	618	3
Coal Industry	558	3	193	1
Aviation transport	424	2	391	2
Machinery and metal working	389	2	394	2
Non-ferrous metallurgy	318	2	325	2
Mass media and telecommunications	315	1	212	1
Agriculture	257	1	139	1
Chemistry and petrochemistry	113	1	125	1
Water transport	113	1	54	-
Diamond extraction and processing	80	-	30	-
Natural gas industry	70	-	41	-
Timber industry	43	-	44	-
Other	608	3	546	3
Total gross loans and advances to customers	**21 429**	**100**	**18 175**	**100**

Analysis by credit quality of loans to corporate customers outstanding as at 30 June 2011 was as follows:

In millions of US Dollars	Corporate loans	Finance lease receivables	Reverse sale and repurchase receivables	Loans to SMEs	Advances on lease operations	Total
Gross neither past due nor impaired loans	**15 674**	**703**	**573**	**363**	**33**	**17 346**
Gross past due but not impaired loans	**87**	**58**	**-**	**1**	**-**	**146**
Gross individually impaired loans						
- current	322	129	-	-	-	451
- past due	661	40	-	25	-	726
Gross individually impaired loans	**983**	**169**	**-**	**25**	**-**	**1 177**
Total gross loans and advances	**16 744**	**930**	**573**	**389**	**33**	**18 669**
Provision for loan impairment	(1 223)	(96)	-	(39)	(3)	(1 361)
Total loans and advances to corporate customers	**15 521**	**834**	**573**	**350**	**30**	**17 308**

7 Loans and Advances to Customers (Continued)

The Group created portfolio provisions for impairment losses that were incurred but have not been specifically identified with any individual loan by 30 June 2011. The Group's policy is to classify each loan as "neither past due nor impaired" until specific objective evidence of impairment of the loan is identified. The impairment provisions may exceed the total gross amount of individually impaired loans as a result of this policy and the portfolio impairment methodology.

The amount of loans reported as past due represents the whole balance of such loans while for some of them only some of the individual instalments may be past due. The amount of those past due instalments on loans to corporate customers as at 30 June 2011 was as follows:

In millions of US Dollars	**Corporate loans**	**Finance lease receivables**	**Loans to SMEs**	**Total**
- past due instalments	605	86	22	713
- current portion of past due loans	143	12	4	159
Total past due loans and advances to corporate customers	**748**	**98**	**26**	**872**

Analysis by credit quality of loans to corporate customers outstanding as at 31 December 2010 was as follows:

In millions of US Dollars	**Corporate loans**	**Finance lease receivables**	**Reverse sale and repurchase receivables**	**Loans to SMEs**	**Advances on lease operations**	**Total**
Gross neither past due nor impaired loans	**13 409**	**660**	**242**	**231**	**25**	**14 567**
Gross past due but not impaired loans	**13**	**-**	**-**	**-**	**-**	**13**
Gross individually impaired loans						
- not past due	293	274	-	1	-	568
- past due	633	100	-	8	-	741
Gross individually impaired loans	**926**	**374**	**-**	**9**	**-**	**1 309**
Total gross loans and advances	**14 348**	**1 034**	**242**	**240**	**25**	**15 889**
Provision for loan impairment	(1 098)	(204)	-	(20)	(2)	(1 324)
Total loans and advances to corporate customers	**13 250**	**830**	**242**	**220**	**23**	**14 565**

The amount of loans reported as past due represents the whole balance of such loans while for some of them only some of the individual instalments may be past due. The amount of those past due instalments on loans to corporate customers as at 31 December 2010 was as follows:

In millions of US Dollars	**Corporate loans**	**Finance lease receivables**	**Loans to SMEs**	**Total**
- past due instalments	472	88	8	568
- current portion of past due loans	174	12	-	186
Total past due loans and advances to corporate customers	**646**	**100**	**8**	**754**

7 Loans and Advances to Customers (Continued)

Analysis by credit quality of loans to individuals outstanding as at 30 June 2011 was as follows:

In millions of US Dollars	**Credit cards and PILs**	**Consumer loans**	**Mortgage loans**	**Reverse sale and repurchase receivables**	**Car loans**	**Total**
Gross neither past due nor impaired loans	1 082	815	327	253	144	2 621
Gross past due but not impaired loans	26	28	11	-	7	72
Gross past due and impaired loans	15	31	17	-	4	67
Total gross loans and advances to individuals	**1 123**	**874**	**355**	**253**	**155**	**2 760**
Provision for loan impairment	(22)	(41)	(10)	-	(4)	(77)
Total loans and advances to individuals	**1 101**	**833**	**345**	**253**	**151**	**2 683**

The amount of loans reported as past due represents the whole balance of such loans while for some of them only some of the individual instalments may be past due. The amount of those past due instalments on loans to individuals as at 30 June 2011 was as follows:

In millions of US Dollars	**Credit cards and PILs**	**Consumer loans**	**Mortgage loans**	**Car loans**	**Total**
- past due instalments	9	23	9	3	44
- current portion of past due loans	32	36	19	8	95
Total past due loans and advances to individuals	**41**	**59**	**28**	**11**	**139**

Analysis by credit quality of loans to individuals outstanding as at 31 December 2010 was as follows:

In millions of US Dollars	**Credit cards and PILs**	**Consumer loans**	**Mortgage loans**	**Reverse sale and repurchase receivables**	**Car loans**	**Total**
Gross neither past due nor impaired loans	797	820	329	35	203	2 184
Gross past due but not impaired loans	13	16	6	-	7	42
Gross past due and impaired loans	14	20	20	-	6	60
Total gross loans and advances to individuals	**824**	**856**	**355**	**35**	**216**	**2 286**
Provision for loan impairment	(17)	(24)	(10)	-	(5)	(56)
Total loans and advances to individuals	**807**	**832**	**345**	**35**	**211**	**2 230**

7 Loans and Advances to Customers (Continued)

The amount of loans reported as past due represents the whole balance of such loans while for some of them only some of the individual instalments may be past due. The amount of those past due instalments on loans to individuals as at 31 December 2010 was as follows:

In millions of US Dollars	Credit cards and PILs	Consumer loans	Mortgage loans	Car loans	Total
- past due instalments	12	15	12	2	41
- current portion of past due loans	15	21	14	11	61
Total past due loans and advances to individuals	**27**	**36**	**26**	**13**	**102**

Impaired loans to individuals are those loans which are past by due more than 30 days. The primary factors that the Group considers in determining whether a loan is impaired are the ability of borrowers to service their debt, loans and interest past due status and realisability of related collateral, if any.

Significant risk concentrations of loans and advances to customers are disclosed in Note 17. Currency and maturity analyses of loans and advances to customers are disclosed in Note 18. The information on related party balances is disclosed in Note 20.

8 Investments

In millions of US Dollars	30 June 2011 (unaudited)	31 December 2010
Debt investments available for sale	1 685	1 351
Equity investments available for sale	392	336
Equity investments at fair value through profit and loss	156	97
Investments held to maturity	253	324
Total investments	**2 486**	**2 108**

Equity investments available for sale represent Pamplona Credit Opportunity Fund. Pamplona Credit Opportunity Fund is a multi-strategy credit fund investing in corporate and structured credit with a European focus. The fund is managed by Pamplona Capital Management LLP, an independent investment manager. A member of the Board of Directors of Alfa-Bank is the Chief Executive Officer of Pamplona Management LLP. The Group is an investor in the fund but has no involvement in its management.

Currency and maturity analyses of investments are disclosed in Note 18. The information on securities issued by related parties and owned by the Group is disclosed in Note 20.

9 Customer Accounts

In millions of US Dollars	30 June 2011 (unaudited)	31 December 2010
Commercial organisations		
- Current/settlement accounts	3 693	2 826
- Term deposits	4 247	4 755
Individuals		
- Current/demand accounts	4 525	3 595
- Term deposits	4 655	4 465
State and public organisations		
- Current/settlement accounts	10	10
- Term deposits	1 631	1 161
Total customer accounts	**18 761**	**16 812**

Significant risk concentrations of customer accounts are disclosed in Note 17. Currency and maturity analyses of customer accounts are disclosed in Note 18. The information on related party balances is disclosed in Note 20.

10 Debt Securities Issued

In millions of US Dollars	30 June 2011 (unaudited)	31 December 2010
Promissory notes	1 400	1 785
Notes maturing in 2017	993	985
Notes maturing in 2021	982	-
Notes maturing in 2015	589	554
Euro Medium Term Notes maturing in 2012	346	346
Euro Medium Term Notes maturing in 2013	294	282
Rouble denominated bonds	178	-
Notes issued under the DPR Programme	82	155
Total debt securities issued	**4 864**	**4 107**

Promissory notes comprise of securities in Russian Roubles, US Dollars and Euros issued by the Group with a discount to face value or with interest accrual.

On 24 September 2010 the Group issued USD 1 000 million Notes with maturity date on 25 September 2017 and interest rate of 7.875% p.a. The issue proceeds net of transaction costs were equal to USD 996 million and effective rate at origination was 8.11% p.a. As at 30 June 2011 balance of notes repurchased by the Group on the market amounted to USD 24 million at amortised value (31 December 2010: USD 32 million).

On 28 April 2011 the Group issued USD 1 000 million Notes with maturity date on 28 April 2021 and interest rate of 7.75% p.a. The issue proceeds net of transaction costs were equal to USD 997 million and effective rate at origination was 7.94% p.a. As at 30 June 2011 balance of notes repurchased by the Group on the market amounted to USD 28 million at amortised value.

On 18 March 2010 the Group issued USD 600 million Notes with maturity date on 18 March 2015 and interest rate of 8.0% p.a. The issue proceeds net of transaction costs were equal to USD 597 million and effective interest rate at origination was 8.29% p.a. As at 30 June 2011 balance of notes repurchased by the Group on the market amounted to USD 22 million at amortised value (31 December 2010: USD 57 million).

On 22 June 2004 the Group established a Euro Medium Term Note Programme ("MTN Programme") with a limit of the aggregate principal amount of outstanding notes issued under the MTN Programme of USD 1 000 million which was increased in November 2006 up to USD 2 000 million. Notes issued under MTN Programme are repayable at respective maturity dates.

Details on issuance of the debt securities under MTN Programme in millions of USD were as follows:

Currency of denomi-nation	Nominal value of the issue	Issue proceeds net of transac-tion costs	Amortised cost as at 30 June 2011	Issue date	Maturity date	Coupon per annum, payable semi-annually
USD	500	498	346	25 June 2007	25 June 2012	8.20%
USD	400	398	294	24 June 2008	24 June 2013	9.25%

As at 30 June 2011 balance of notes issued under the MTN Programme and repurchased by the Group on the market amounted to USD 260 million by amortised value (31 December 2010: USD 272 million).

On 2 February 2011 the Group issued RR 5 000 million (equivalent of USD 169 million) bonds with maturity date on 2 February 2016 and interest rate of 8.25% p.a. The issue proceeds net of transaction costs were equal to RR 4 997 million (equivalent of USD 169 million) and effective interest rate at origination was 8.43% p.a. As at 30 June 2011 balance of bonds repurchased by the Group on the market amounted to USD 5 million at amortised value.

Currency and maturity analyses of debt securities issued are disclosed in Note 18.

11 Other Debt

In millions of US Dollars	30 June 2011 (unaudited)	31 December 2010
Loan from the State Deposit Insurance Agency maturing on 9 December 2013	207	190
Other Debt	**207**	**190**

On 9 December 2008 in relation to the acquisition of OJSC Bank Severnaya Kazna the Group received a RR 7 800 million (equivalent of USD 279 million) loan from the State Deposit Insurance Agency. The loan is repayable in 5 instalments: four instalments of RR 1 000 million payable on 9 December each year from 2009 to 2012 and the fifth instalment of RR 3 800 million payable on 9 December 2013. The loan is secured by loans and advances to customers in the amount of USD 151 million (31 December 2010: USD 158 million) (Note 7). Interest at 6.5% p.a. is payable monthly. The Group has an option to repay this loan at any time.

Currency and maturity analyses of other debt are disclosed in Note 18.

12 Subordinated Debt

In millions of US Dollars	30 June 2011 (unaudited)	31 December 2010
Subordinated loan from VEB maturing in 2020	910	834
Subordinated loan from VEB maturing in 2019	337	310
Subordinated notes maturing in 2017 (callable 2012)	250	251
Total subordinated debt	**1 497**	**1 395**

Refer to Note 4 for details of the subordinated loans from VEB.

On 22 February 2007 the Group issued subordinated notes in the amount of USD 300 million. The notes bear a fixed interest rate of 8.635% per annum payable semi-annually from the issuance until 22 February 2012 and a floating interest rate thereafter set at a rate per annum representing the aggregate of the 5-year US Treasury Rate plus 5.46% per annum payable semi-annually until maturity on 22 February 2017. The Group has an option to repay these subordinated notes at nominal on 22 February 2012. The issue proceeds net of transaction costs were equal to USD 299 million and effective interest rate at origination was 9.0% per annum. As at 30 June 2011 the Group had repurchased on the market subordinated notes maturing in 2017 with an amortised value of USD 59 million (31 December 2010: USD 58 million).

Currency and maturity analyses of subordinated debt are disclosed in Note 18.

13 Share Capital

As at 30 June 2011, 31 December 2010, 30 June 2010 and 31 December 2009 authorised, issued and fully paid share capital of ABH Financial Limited comprised 1 264 800 000 ordinary shares. All shares have a nominal value of USD 1 per share and rank equally. Each share carries one vote.

14 Net Margin

In millions of US Dollars	**Six-Month Period Ended 30 June 2011 (unaudited)**	**Six-Month Period Ended 30 June 2010 (unaudited)**
Interest income		
Loans and advances to corporate customers	811	716
Loans and advances to individuals	285	238
Trading securities	86	53
Debt investments available for sale	62	42
Due from other banks	46	78
Debt investments held to maturity	4	4
Other	-	4
Total interest income	**1 294**	**1 135**
Interest expense		
Debt securities issued	(170)	(79)
Term deposits of legal entities	(158)	(145)
Term deposits of individuals	(113)	(119)
Subordinated debt	(65)	(78)
Current/settlement accounts	(33)	(16)
Due to other banks	(30)	(31)
Other debt	(6)	(7)
Total interest expense	**(575)**	**(475)**
Expenses directly attributable to leasing and deposit insurance	(21)	(20)
Net margin	**698**	**640**

Expenses directly attributable to leasing and deposit insurance include property tax and insurance costs relating to the leased assets which are directly attributable to finance leasing operations and regular contributions to the State Deposit Insurance Agency.

Refer to Note 20 for details of related party transactions.

15 Gains less Losses from Foreign Currencies and Precious Metals

In millions of US Dollars	**Six-Month Period Ended 30 June 2011 (unaudited)**	**Six-Month Period Ended 30 June 2010 (unaudited)**
Gains less losses from dealing in foreign currencies	95	(256)
Foreign exchange translation gains less losses	(220)	393
Gains less losses from dealing in precious metals	-	(1)
Total gains less losses arising from foreign currencies and precious metals	**(125)**	**136**

Refer to Note 20 for details of related party transactions.

16 Segment Analysis

The Group's reportable segments are strategic business units that offer different products and services:

- Corporate and investment banking - comprises corporate lending, leasing, corporate deposit services, trade finance operations and structured corporate lending, securities trading, debt and equity capital markets services, derivative products, corporate finance advisory services and merger and acquisition advice.

16 Segment Analysis (Continued)

- Retail banking - comprises retail demand and term deposit services, credit and debit card services, retail lending (including consumer loans and personal instalment loans, car loans and mortgages), money transfers and private banking services.
- Treasury - comprises the Group's wholesale funding, internal funding reallocation, liquidity and risk management activities.

These segments are managed separately because each of them requires formulating a different strategy and uses different operational platforms. The Group evaluates segment performance on the basis of profit or loss before tax. Segment performance is regularly reviewed by the Group's Chief Operating Decision Maker ("CODM"). The CODM has been identified as the members of the Group's Executive Board.

The accounting policies of the operating segments are materially the same as those described in the summary of significant accounting policies except for: (i) the fair value changes in some available for sale securities that are reported within the segments' profits or losses rather than in other comprehensive income; (ii) use of a transfer pricing system, (iii) different classification of certain lines of income and expenses and (iv) some balances and operations are excluded from segment analysis since they are monitored separately and on a less regular basis (including situations when balance is not allocated and related income or expense are allocated for the segment analysis and vice versa). In accordance with the transfer pricing system used by the Group funds are generally reallocated at internal interest rates set by the Treasury Department of the Group, which are determined by reference to market interest rate benchmarks, contractual maturities for loans and observed actual maturities of customer accounts balances.

Segment information for the reportable segments of the Group as at and for the six-month period ended 30 June 2011 is set out below:

In millions of US Dollars	**Corporate and investment banking**	**Retail banking**	**Treasury**	**Total**
Six-Month Period Ended 30 June 2011 (unaudited)				
Segment revenues				
External revenues				
Interest income	848	294	100	1 242
Fee and commission income	79	192	2	273
Other operating income	15	7	-	22
Total external revenues	**942**	**493**	**102**	**1 537**
Interest income from other segments	202	199	1 084	1 485
Total segment revenues	**1 144**	**692**	**1 186**	**3 022**
Interest expense to other segments	(547)	(116)	(814)	(1 477)
Gains less losses from investments	53	-	14	67
Gains less losses from foreign currencies and precious metals	14	1	(103)	(88)
Interest expense	(140)	(128)	(306)	(574)
Provision for loan impairment	(106)	(31)	-	(137)
Fee and commission expenses	(7)	(72)	(1)	(80)
Other provisions	1	-	-	1
Operating expenses	(102)	(186)	(4)	(292)
Allocated operating expenses	(46)	(60)	(4)	(110)
Segment profit before tax	**264**	**100**	**(32)**	**332**
30 June 2011 (unaudited)				
Segment assets	**20 006**	**2 415**	**3 989**	**26 410**
Segment liabilities	**9 577**	**7 172**	**7 767**	**24 516**

Difference of USD 8 million between interest income from other segments and interest expense from other segments is attributable to activities not reviewed by the CODM.

Segment assets and liabilities are reported to the CODM net of inter-segment assets and liabilities.

16 Segment Analysis (Continued)

Segment information for the reportable business segments of the Group for the six-month period ended 30 June 2010 and as at 31 December 2010 is set out below:

In millions of US Dollars	Corporate and investment banking	Retail banking	Treasury	Total
Six-Month Period Ended 30 June 2010 (unaudited)				
Segment revenues				
External revenues				
Interest income	728	241	56	1 025
Fee and commission income	56	120	-	176
Other operating income	37	5	1	43
Total external revenues	**821**	**366**	**57**	**1 244**
Interest income from other segments	170	177	748	1 095
Total segment revenues	**991**	**543**	**805**	**2 339**
Interest expense to other segments	(446)	(118)	(501)	(1 065)
Gains less losses from investments	81	-	15	96
Gains less losses from foreign currencies and precious metals	15	3	117	135
Interest expense	(113)	(110)	(237)	(460)
Provision for loan impairment	(238)	3	-	(235)
Fee and commission expenses	(11)	(40)	(1)	(52)
Other provisions	5	-	-	5
Operating expenses	(77)	(145)	(5)	(227)
Allocated operating expenses	(36)	(46)	(5)	(87)
Segment profit before tax	**171**	**90**	**188**	**449**
31 December 2010				
Segment assets	**16 762**	**2 195**	**5 217**	**24 174**
Segment liabilities	**10 111**	**5 930**	**6 150**	**22 191**

Difference of USD 30 million between interest income from other segments and interest expense from other segments is attributable to activities not reviewed by the CODM.

Segment assets and liabilities are reported to the CODM net of inter-segment assets and liabilities.

16 Segment Analysis (Continued)

A reconciliation of revenue for reportable segments to the Group's total revenue for the period is as follows:

In millions of US Dollars	Six-Month Period Ended 30 June 2011 (unaudited)	Six-Month Period Ended 30 June 2010 (unaudited)
Segment revenues	**3 022**	**2 339**
Interest income from other segments	(1 485)	(1 095)
Subsidiary banks' external revenues	59	61
Other non-reportable segments' unallocated amounts	(3)	17
Revenues related to the Group's business in the Ukraine (monitored separately)	-	8
Gains less losses from interest rate derivatives reported within segment revenues	(9)	15
Total Group's revenues	**1 584**	**1 345**
Interest income	1 294	1 135
Fee and commission income	282	180
Other operating income	8	30
Total Group's revenues	**1 584**	**1 345**

A reconciliation of the profit for reportable segments to the Group's total profit before tax for the period is as follows:

In millions of US Dollars	Six-Month Period Ended 30 June 2011 (unaudited)	Six-Month Period Ended 30 June 2010 (unaudited)
Segments' profit before tax	**332**	**449**
Differences in provision for loan impairment (except related to subsidiary banks)	32	(42)
Provision for loan impairment related to the Group's business in the Ukraine	-	52
Subsidiary banks' profit before tax	17	46
Other non-reportable segments' unallocated results	(9)	(10)
Staff costs accruals unallocated to segments	(18)	(50)
Gains less losses on available for sale investments recorded in the statement of comprehensive income	(7)	(11)
Profit before tax	**347**	**434**

Reportable segments' assets are reconciled to total assets as follows:

In millions of US Dollars	30 June 2011 (unaudited)	31 December 2010
Segments' assets	**26 410**	**24 174**
Items unallocated to segments:		
Assets related to subsidiary banks	2 675	2 362
Cash on hand and settlement accounts with trading systems	792	643
Mandatory cash balances with central banks	367	189
Other financial assets and derivative financial instruments	619	474
Other assets	262	287
Premises and equipment	363	304
Deferred tax asset	2	45
Total Group's assets	**31 490**	**28 478**

16 Segment Analysis (Continued)

Reportable segments' liabilities are reconciled to total liabilities as follows:

In millions of US Dollars	30 June 2011 (unaudited)	31 December 2010
Segments' liabilities	**24 516**	**22 191**
Items unallocated to segments:		
Liabilities related to subsidiary banks	2 629	2 410
Other financial liabilities and derivative financial instruments	367	332
Other liabilities	315	327
Deferred tax liability	181	139
Total Group's liabilities	**28 008**	**25 399**

17 Significant Risk Concentrations

As at 30 June 2011 the ten largest aggregate balances on correspondent and settlement accounts and overnight placements with banks and financial institutions amounted to USD 1 343 million (31 December 2010: USD 1 549 million) or 85.1% (31 December 2010: 94.7%) of the correspondent and settlement accounts and overnight placements.

As at 30 June 2011 the ten largest aggregate balances due from other banks amounted to USD 1 730 million (31 December 2010: USD 2 089 million) or 73.7% (31 December 2010: 75.9%) of total due from other banks.

As at 30 June 2011 aggregate loans and advances to the ten largest borrowers (or groups of related borrowers) amounted to USD 5 904 million (31 December 2010: USD 5 145 million) or 27.6% (31 December 2010: 28.3%) of the gross loans and advances to customers, while aggregate loans and advances to the twenty largest borrowers (or groups of related borrowers) amounted to USD 8 913 million (31 December 2010: USD 8 039 million) or 41.6% (31 December 2010: 44.2%) of the gross loans and advances to customers.

As at 30 June 2011 the ten largest aggregate balances due to other banks amounted to USD 1 043 million (31 December 2010: USD 1 299 million) or 57.4% (31 December 2010: 61.9%) of total due to other banks.

As at 30 June 2011 the ten largest aggregate customer account balances amounted to USD 5 453 million (31 December 2010: USD 4 805 million) or 29.1% (31 December 2010: 28.6%) of the total customer accounts, of which USD 2 762 million (31 December 2010: USD 1 921 million) represented balances outstanding to Alfa Group, its associates, joint ventures and its shareholders (Note 20).

The growth during 2011 of fee and commission income was mainly attributable to retail segment (Note 16).

Refer to Note 20 for details on balances held by the Group with its related parties and balances owed by the Group to its related parties.

18 Financial Risk Management

There were no significant changes to the system of risk management during the six-month period ended 30 June 2011 compared to 2010.

Credit risk. Following the philosophy of the continuous risk management improvement targeted to adopt the Group's policies and procedures for the changing economical environment in the beginning of 2011 the Group has introduced changes to the Corporate Credit Risk Management Policy. Amongst other changes the quantity of possible ratings have been increased, the structure of parameters influencing the final ratings was reassessed, the focus in the internal ratio assignment process has been shifted to the sufficiency of borrowers EBITDA or contract proceedings for the debt servicing.

18 Financial Risk Management (Continued)

Currency risk. In respect of currency risk, the Treasury Department of the Group is responsible for the centralised management of the currency risk of the Group. Asset and Liability Management Committee ("ALCO") sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily by the Treasury Department of the Group based on the management reports provided on open currency position. The Group uses derivatives to manage current and forecast exposures resulting from foreign currencies.

The table below summarizes the Group's exposure to foreign currency exchange rate risk as at 30 June 2011:

In millions of US Dollars	**USD**	**RR**	**EUR**	**Other currencies**	**Non-monetary**	**Total**
Assets						
Cash and cash equivalents	804	1 123	669	33	-	2 629
Mandatory cash balances with central banks	-	343	24	-	-	367
Trading securities	864	1 163	-	-	124	2 151
Repurchase receivables relating to trading securities	103	171	-	-	-	274
Due from other banks	1 649	287	409	1	-	2 346
Loans and advances to customers	6 581	12 538	871	1	-	19 991
Investments	343	1 260	335	-	548	2 486
Derivative financial instruments	17	109	51	4	-	181
Other financial assets	327	96	12	3	-	438
Other assets	9	61	48	-	144	262
Premises and equipment	-	-	-	-	363	363
Deferred tax asset	-	-	-	-	2	2
Total assets	**10 697**	**17 151**	**2 419**	**42**	**1 181**	**31 490**
Liabilities						
Due to other banks	705	843	266	2	-	1 816
Customer accounts	3 082	12 498	3 160	21	-	18 761
Debt securities issued	3 314	1 396	154	-	-	4 864
Other debt	-	207	-	-	-	207
Subordinated debt	250	1 247	-	-	-	1 497
Derivative financial instruments	38	121	35	4	-	198
Other financial liabilities	85	68	15	1	-	169
Other liabilities	88	224	3	-	-	315
Deferred tax liability	-	-	-	-	181	181
Total liabilities	**7 562**	**16 604**	**3 633**	**28**	**181**	**28 008**
Net balance sheet position	**3 135**	**547**	**(1 214)**	**14**	**1 000**	**3 482**
Net balance sheet position less fair value of foreign exchange derivatives	**3 136**	**541**	**(1 233)**	**14**	**1 000**	**3 458**
Foreign exchange derivatives (at nominal value)	**(553)**	**(955)**	**1 538**	**(6)**	**-**	**24**
Net balance sheet and foreign exchange derivatives position as at 30 June 2011	**2 583**	**(414)**	**305**	**8**	**1 000**	**3 482**
Net balance sheet and foreign exchange derivatives position as at 31 December 2010	**2 675**	**(777)**	**286**	**24**	**871**	**3 079**

18 Financial Risk Management (Continued)

Liquidity risk. Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw downs and from margin and other calls on derivative instruments. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. Liquidity risk is managed by the Treasury Department and ALCO of the Group.

The Group seeks to maintain a stable funding base comprising primarily amounts due to corporate and retail customer deposits, debt securities in issue and due to other banks and maintain diversified portfolios of liquid assets in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

The following table represents analysis of carrying amounts of assets and liabilities as at 30 June 2011 by their expected maturities as determined by the Group. This analysis was prepared on the basis of contractual maturities except for adjustments in relation to (i) trading securities and (ii) part of customer accounts. The entire portfolio of trading securities was classified within "demand and less than 1 month" based on the Management's assessment of the portfolio's realisability. Part of current/settlement/demand accounts was reallocated from "demand and less than 1 month" category to baskets with the later maturities. On the basis of past experience the Management believes that (i) diversification of these accounts by number and type of customers and (ii) constant inflow of new deposits indicate that at least these current/demand/settlement accounts would provide a long-term and stable source of funding for the Group.

In millions of US Dollars	**Demand and less than 1 month**	**From 1 to 6 months**	**From 6 to 12 months**	**More than 1 year**	**No stated maturity**	**Total**
Assets						
Cash and cash equivalents	2 629	-	-	-	-	2 629
Mandatory cash balances with central banks	367	-	-	-	-	367
Trading securities	2 151	-	-	-	-	2 151
Repurchase receivables relating to trading securities	173	-	101	-	-	274
Due from other banks	735	1 146	106	359	-	2 346
Loans and advances to customers	2 057	3 148	2 801	11 985	-	19 991
Investments	78	280	156	1 424	548	2 486
Derivative financial instruments	94	28	20	39	-	181
Other financial assets	387	40	-	11	-	438
Other assets	3	115	-	-	144	262
Premises and equipment	-	-	-	-	363	363
Deferred tax asset	-	-	-	-	2	2
Total assets	**8 674**	**4 757**	**3 184**	**13 818**	**1 057**	**31 490**
Liabilities						
Due to other banks	1 045	213	445	113	-	1 816
Customer accounts	4 534	4 541	2 191	7 495	-	18 761
Debt securities issued	71	698	1 069	3 026	-	4 864
Other debt	1	40	5	161	-	207
Subordinated debt	-	36	313	1 148	-	1 497
Derivative financial instruments	125	25	6	42	-	198
Other financial liabilities	134	31	-	4	-	169
Other liabilities	207	34	-	74	-	315
Deferred tax liability	-	-	-	-	181	181
Total liabilities	**6 117**	**5 618**	**4 029**	**12 063**	**181**	**28 008**
Net expected liquidity gap as at 30 June 2011	**2 557**	**(861)**	**(845)**	**1 755**	**876**	**3 482**
Cumulative expected liquidity gap as at 30 June 2011	**2 557**	**1 696**	**851**	**2 606**	**3 482**	
Cumulative expected liquidity gap at 31 December 2010	**3 931**	**1 285**	**241**	**2 295**	**3 079**	

19 Contingencies and Commitments

Legal proceedings**.** From time to time and in the normal course of business legal claims against the Group are received. On the basis of its own estimates and both internal and external professional advice, Management is of the opinion that no material losses will be incurred in respect of those claims and accordingly no provision has been recorded in this condensed consolidated interim financial information as at 30 June 2011 and as at 31 December 2010.

Tax legislation. Significant part of operations of the Group is performed in the Russian Federation. Russian tax and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant authorities.

The Russian tax authorities may be taking a more assertive and sophisticated approach in their interpretation of the legislation and tax examinations. This includes the following guidance from the Supreme Arbitration Court for anti-avoidance claims based on reviewing the substance and business purpose of transactions. Combined with a possible increase in tax collection efforts to respond to budget pressures, the above may lead to an increase in the frequency and level of scrutiny by the tax authorities. In particular, it is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and interest may be assessed.

Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Russian transfer pricing legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of all controllable transactions, provided that the transaction price differs from the market price by more than 20%.

Controllable transactions include transactions with interdependent parties, as determined under the Russian Tax Code, all cross-border transactions (irrespective whether performed between related or unrelated parties), transactions where the price applied by a taxpayer differs by more than 20% from the price applied in similar transactions by the same taxpayer within a short period of time, and barter transactions. There is no formal guidance as to how these rules should be applied in practice. In the past, the arbitration court practice with this respect has been contradictory.

Tax liabilities arising from intercompany transactions are determined using actual transaction prices. It is possible with the evolution of the interpretation of the transfer pricing rules in the Russian Federation and the changes in the approach of the Russian tax authorities, that such transfer prices could potentially be challenged. Given the brief nature of the current Russian transfer pricing rules, the impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial condition and/or the overall operations of the Group.

The Group includes companies incorporated outside of Russia which contribute a significant proportion of the Group's operating results. Tax liabilities of the Group are determined on the assumption that these companies are not subject to Russian profits tax because they do not have a permanent establishment in Russia. Russian tax laws do not provide detailed rules on taxation of foreign companies. It is possible that with the evolution of the interpretation of these rules and the changes in the approach of the Russian tax authorities, the non-taxable status of some or all of the foreign companies of the Group in Russia may be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or overall operations of the entity.

Russian tax legislation does not provide definitive guidance in certain areas. From time to time, the Group adopts interpretations of such uncertain areas that reduce the overall tax rate of the Group. As noted above, such tax positions may come under heightened scrutiny as a result of recent developments in administrative and court practices. The impact of any challenge by the tax authorities cannot be reliably estimated; however, it may be significant to the financial condition and/or the overall operations of the Group.

The Group's Management believes that its interpretation of the relevant legislation is appropriate and the Group's tax, currency legislation and customs positions will be sustained. In addition to the aforementioned risks, the Group estimates that as at 30 June 2011 it had other possible obligations from exposure to other than remote tax risks of up to approximately USD 4 million (31 December 2010: USD 4 million).

19 Contingencies and Commitments (Continued)

Credit related commitments. The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate or cash deposits and therefore carry less risk than a direct borrowing.

Outstanding credit related commitments were as follows:

In millions of US Dollars	**30 June 2011 (unaudited)**	**31 December 2010**
Guarantees issued	1 941	1 443
Import letters of credit	178	130
Export letters of credit	21	32
Total credit related commitments	**2 140**	**1 605**

The total outstanding contractual amount of guarantees and letters of credit does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded.

Movements in the provision for losses on credit related commitments were as follows:

In millions of US Dollars	**Six-Month Period Ended 30 June 2011 (unaudited)**	**Six-Month Period Ended 30 June 2010 (unaudited)**
Provision for losses on credit related commitments as at 1 January	**5**	**13**
Provision for losses on credit related commitments during the period	(1)	(8)
Effect of translation to presentation currency	-	(1)
Provision for losses on credit related commitments as at 30 June	**4**	**4**

Compliance with covenants. In accordance with agreements for attracting long-term financing the Group should comply with financial and non-financial covenants. The most significant covenants are:

- to comply with the ratios and requirements of the CBRF (for Alfa-Bank and OJSC Bank Severnaya Kazna);
- to maintain a ratio of capital to risk-weighted assets as defined by Basel I;
- to maintain a minimum level of net assets;
- to maintain certain levels of credit ratings;
- to ensure that all related party transactions are on an arm's length basis; and
- to maintain a maximum level of long-term debt securities issued.

Management believes that the Group was in compliance with these covenants during six-month period ending 30 June 2011 and during 2010.

20 Related Party Transactions

For the purposes of this condensed consolidated interim financial information, parties are generally considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial or operational decisions as defined by IAS 24 "Related Party Disclosures". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

ABHH (Note 1) and CTF Holdings Limited (Note 1) and their subsidiaries constitute the Alfa Group. Banking transactions are entered into in the normal course of business with significant shareholders, directors, associated companies and companies with which the Group has significant shareholders in common, including other companies in Alfa Group and other related parties. These transactions include settlements, loans, deposit taking, guarantees, trade finance, corporate finance, foreign currency exchange and other transactions. Related party transactions are reflected in the tables below.

The most significant (by volume of transactions) related parties of the Group are Alfa Group, ABH Ukraine Group (a Ukrainian banking subsidiary of ABHH), TNK-BP Limited (an oil and gas company 25% owned by Alfa Group) and Alfa DA Limited.

Alfa DA Limited (''ADA'') and its subsidiaries ("ADA Group") is a sub-holding of Alfa Group established in 2009. ADA's main objective is accumulating and managing non-core assets obtained by the Group and sold to ADA in the course of restructuring of impaired loans to customers. The sale price for these non-core assets is determined by negotiations between the Group and ADA and reflects the fair value of these assets. The purchase of these assets is partially financed by the Group through loans to ADA. ADA is managed by A1 Group, a subsidiary of Alfa Group. ADA's underlying assets form the main source of repayment of liabilities to the Group.

The outstanding balances as at 30 June 2011 and income and expense items as well as other transactions with related parties for the six-month period then ended were as follows:

	30 June 2011 (unaudited) / Six-Month period ended 30 June 2011 (unaudited)					
In millions of US Dollars	**TNK-BP**	**Alfa Group, its associates and shareholders***	**ADA Group and its associates**	**ABH Holdings S.A.**	**ABH Ukraine Group**	**Key management**
Assets						
Trading securities	8	100	-	-	5	-
Investment securities available for sale	22	22	-	-	3	-
Investment securities at fair value through profit and loss	-	2	-	-	-	-
Correspondent accounts with other banks	-	5	-	-	7	-
Term placements with other banks	-	85	-	-	40	-
Subordinated loan	-	-	-	-	130	-
Loans and advances to customers (gross of provision for impairment)	1	816	774	-	-	2
Provision for loan impairment as at 1 January 2011	-	(18)	(252)	-	-	-
Provision for loan impairment during the period	-	(12)	64	-	-	-
Provision for loan impairment as at 30 June 2011	-	(30)	(188)	-	-	-
Receivables	-	19	64	97	116	-

*excluding ABH Holdings S.A., ABH Ukraine Group and ADA Group disclosed separately above.

20 Related Party Transactions (Continued)

	30 June 2011 (unaudited)/Six-Month period ended 30 June 2011 (unaudited)					
In millions of US Dollars	**TNK-BP**	**Alfa Group, its associates and shareholders***	**ADA Group and its associates**	**ABH Holdings S.A.**	**ABH Ukraine Group**	**Key management**
Liabilities						
Correspondent accounts of other banks	-	4	-	-	3	-
Customer accounts						
- Current/settlement accounts	140	726	39	-	6	21
- Term deposits	790	1 058	1	-	2	9
Payables	-	6	2	2	1	25
Income and expense						
Interest income	1	36	22	-	11	-
Interest expense	(12)	(13)	-	-	-	-
Fee and commission income	1	46	-	-	-	-
Fee and commission expense	-	(2)	-	(2)	(1)	-
Gains less losses arising from trading securities	-	-	-	-	2	-
Gains less losses arising from securities available for sale	-	1	-	-	-	-
Gains less losses arising from trading in foreign currencies	6	4	-	-	-	-
Other expenses	-	(7)	-	(1)	-	(12)
Credit related commitments						
Guarantees issued by the Group	36	42	-	-	40	-
Guarantees received by the Group	-	-	427	247	-	-
Import letters of credit	-	10	-	-	9	-

*excluding ABH Holdings S.A., ABH Ukraine Group and ADA Group disclosed separately above.

20 Related Party Transactions (Continued)

The outstanding balances as at 31 December 2010 and income and expense items as well as other transactions for the six-month period ended 30 June 2010 with related parties were as follows:

	31 December 2010 (audited)/Six-Month period ended 30 June 2010 (unaudited)					
In millions of US Dollars	**TNK-BP**	**Alfa Group, its associates and shareholders***	**ADA Group and its associates**	**ABH Holdings S.A.**	**ABH Ukraine Group**	**Key management**
Assets						
Trading securities	-	227	-	-	22	-
Investment securities available for sale	11	22	-	-	4	-
Investment securities at fair value through profit and loss	-	2	-	-	-	-
Correspondent accounts with other banks	-	-	-	-	2	-
Term placements with other banks	-	47	-	-	33	-
Subordinated loan	-	-	-	-	248	-
Loans and advances to customers (gross of provision for impairment)	-	584	842	-	-	1
Provision for loan impairment as at 1 January 2010	-	-	(104)	-	-	-
Provision for loan impairment during the period	-	(40)	89	-	(4)	-
Provision for loan impairment as at 30 June 2010	-	(40)	(15)	-	(4)	-
Receivables	-	15	62	-	93	-
Liabilities						
Correspondent accounts of other banks	-	1	-	-	5	-
Term placements of other banks	-	5	-	-	-	-
Customer accounts						
- Current/settlement accounts	101	433	46	-	7	4
- Term deposits	161	1 173	-	-	-	2
Payables	-	6	-	6	2	51
Income and expense						
Interest income	1	43	13	-	30	-
Interest expense	(5)	(15)	-	-	-	-
Fee and commission income	1	19	-	-	-	-
Gains less losses arising from trading in foreign currencies	(1)	1	(1)	-	-	-
Other income	-	1	-	-	5	-
Other expenses	-	(5)	-	3	-	(15)
Credit related commitments						
Guarantees issued by the Group	28	52	-	-	8	-
Guarantees received by the Group	-	-	388	341	-	-
Import letters of credit	-	2	-	-	32	-

*excluding ABH Holdings S.A., ABH Ukraine Group and ADA Group disclosed separately above.

For the information on investment in Pamplona Credit Opportunity Fund please refer to Note 8.

20 Related Party Transactions (Continued)

Key management of the Group represents members of the Board of Directors and Executive Board of the Group and Alfa-Bank. Key management compensation is presented below:

In millions of US Dollars	30 June 2011 (unaudited)	31 December 2010
Key management compensation accrued as at the reporting date	**25**	**51**
Salaries	**1**	**-**
Bonuses	**24**	**51**
- short-term bonuses	-	13
- long-term bonuses	24	38

In millions of US Dollars	Six-Month Period Ended 30 June 2011 (unaudited)	Six-Month Period Ended 30 June 2010 (unaudited)
Key management compensation expense for the period	**12**	**15**
Salaries	**4**	**3**
Bonuses	**8**	**12**
- short-term bonuses	-	7
- long-term bonuses	8	5

Short-term bonuses represent bonuses payable immediately or shortly after they are accrued, while long-term bonuses represent bonuses payable more than 12 months after the end of the year in which the employee rendered service.