ABH FINANCIAL LIMITED

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

30 June 2012

CONTENTS

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 2012 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 2012
Moscow, Russia

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In millions of US Dollars	Note	30 June 2012 (unaudited)	31 December 2011
ASSETS			
Cash and cash equivalents		3 089	2 707
Mandatory cash balances with central banks		321	316
Trading securities	6	1 025	1 206
Repurchase receivables relating to trading securities	6	1 131	568
Due from other banks		2 211	2 242
Loans and advances to customers	7	22 932	21 804
Investments	8	1 678	1 381
Derivative financial instruments		318	226
Other financial assets		314	350
Other assets		362	221
Premises and equipment		475	340
Deferred tax asset		2	4
TOTAL ASSETS		**33 858**	**31 365**
LIABILITIES			
Due to other banks		3 447	2 384
Customer accounts	9	19 234	18 254
Debt securities issued	10	4 351	4 619
Syndicated and other debt	11	395	396
Subordinated debt	12	1 313	1 335
Derivative financial instruments		277	344
Other financial liabilities		521	189
Other liabilities		305	353
Deferred tax liability		117	56
TOTAL LIABILITIES		**29 960**	**27 930**
EQUITY			
Share capital	13	1 265	1 265
Fair value reserve for investments available for sale		(8)	(15)
Revaluation reserve for premises and equipment		26	28
Cumulative translation reserve		(504)	(416)
Retained earnings		3 118	2 572
Net assets attributable to the Company's owners		**3 897**	**3 434**
Non-controlling interests		**1**	**1**
TOTAL EQUITY		**3 898**	**3 435**
TOTAL LIABILITIES AND EQUITY		**33 858**	**31 365**

This condensed consolidated interim financial information was approved for issue by the Board of Directors of ABH Financial Limited on 5 September 2012 and any further changes require approval of this body.

In millions of US Dollars	**Note**	**Six-Month Period Ended 30 June 2012 (unaudited)**	**Six-Month Period Ended 30 June 2011 (unaudited)**
Interest income		1 407	1 294
Interest expense		(620)	(575)
Expenses directly attributable to leasing and deposit insurance		(20)	(21)
Net margin	14	**767**	**698**
Provision for loan impairment	7	140	(48)
Net margin after provision for loan impairment		**907**	**650**
Fee and commission income		337	282
Fee and commission expense		(90)	(71)
Gains less losses arising from trading securities		(23)	7
Gains less losses arising from interest based derivatives		2	4
Gains less losses arising from foreign currencies and precious metals	15	8	(125)
Gains less losses arising from investments		8	52
Losses less gains arising from acquisition of own debt		(3)	(2)
Other provisions		(1)	10
Other operating income		10	8
Operating expenses		(484)	(468)
Profit before tax		**671**	**347**
Income tax expense		(127)	(72)
Profit for the period		**544**	**275**
Other comprehensive income:			
Available for sale investments:			
- Fair value gains less losses during the period		1	62
- Reclassification adjustments for losses included in profit or loss		5	(6)
Effect of translation of the financial statements of foreign operations		(102)	189
Net change in hedge of net investment in foreign operations		14	(118)
Income tax recorded directly in other comprehensive income		1	-
Other comprehensive (loss) / income for the period		**(81)**	**127**
Total comprehensive income for the period		**463**	**402**
Profit is attributable to:			
The Company's owners		544	275
Non-controlling interests		-	-
Profit for the period		**544**	**275**
Total comprehensive income is attributable to:			
The Company's owners		463	402
Non-controlling interests		-	-
Total comprehensive income for the period		**463**	**402**

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
	Attributable to the Company's owners							
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**
Balance as at 1 January 2012	**1 265**	**(15)**	**28**	**(416)**	**2 572**	**3 434**	**1**	**3 435**
Profit for the period	-	-	-	-	544	544	-	544
Other comprehensive (loss)/income for the period	-	7	-	(88)	-	(81)	-	(81)
Total comprehensive income/(loss) for the period	-	7	-	(88)	544	463	-	463
Realised revaluation reserve	-	-	(2)	-	2	-	-	-
Balance as at 30 June 2012	**1 265**	**(8)**	**26**	**(504)**	**3 118**	**3 897**	**1**	**3 898**

In millions of US Dollars	**Six-Month Period Ended 30 June 2012 (unaudited)**	**Six-Month Period Ended 30 June 2011 (unaudited)**
Net cash from/(used in) operating activities	**1 337**	**(917)**
Net cash used in investing activities	**(430)**	**(203)**
Net cash (used in)/from financing activities	**(474)**	**381**
Net increase/(decrease) in cash and cash equivalents	**433**	**(739)**
Cash and cash equivalents as at the beginning of the period	2 707	3 182
Effect of exchange rate changes on cash and cash equivalents	(51)	186
Cash and cash equivalents as at the end of the period	**3 089**	**2 629**

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 2012 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 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 subsidiary is Amsterdam Trade Bank N.V. (Netherlands). 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 Capital Holdings (Cyprus) Limited 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. Tax, currency and customs legislation is subject to varying interpretations and contributes to the challenges faced by banks operating in the Russian Federation (Note 19).

The international sovereign debt crisis, stock market volatility and other risks could have a negative effect on the Russian financial and corporate sectors. 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.

The future economic development of the Russian Federation is dependent upon external factors and internal measures undertaken by the government to sustain growth and to change the tax, legal and regulatory environment. Management believes it is taking all necessary measures to support the sustainability and development of the Group's business in the current business and economic environment.

3 Summary of Significant Accounting Policies

Basis of preparation. This condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard ("IAS") 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 2011, 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 2011 except as described below.

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.

Changes in presentation. Where necessary, corresponding figures from the annual consolidated financial statements for the year ended 31 December 2011 have been adjusted to conform to the presentation of amounts in the condensed consolidated interim financial information:

	31 December 2011		
In millions of US Dollars	**As presented in the annual consolidated financial statements for the year ended 31 December 2011**	**Reclassification**	**As presented in the condensed consolidated interim financial information for the six-month period ended 30 June 2012**
Consolidated statement of financial position			
Assets:			
Derivative financial instruments	-	226	226
Other financial assets	576	(226)	350
Liabilities:			
Derivative financial instruments	-	344	344
Other financial liabilities	533	(344)	189

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 derivatives and 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 this 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 profit or loss, 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 used will result in an additional or lower charge for loan loss impairment of USD 118 million (six-month period ended 30 June 2011: USD 144 million), respectively.

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

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 Management to make estimates. Changes in assumptions about these factors could affect reported fair values. The fair value of derivative financial instruments as at 30 June 2012 of USD 294 million (31 December 2011: USD 184 million) was determined based on discounted cash flows ("DCF") models with all significant inputs observable in the market. Assets with carrying amount as at 30 June 2012 of USD 412 million (31 December 2011: USD 758 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 2012 of USD 72 million (31 December 2011: USD 87 million) were valued using DCF and peer based models.

Income taxes. There are many transactions and calculations in the ordinary course of business for which the ultimate tax determination is uncertain (Note 19). 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.

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. The US Dollar is also the currency in which their business risks and exposures are managed and the performance of their business is measured.

Balances receivable from ABH Ukraine Group. As at 30 June 2012 and 31 December 2011 the Group had balances outstanding from ABH Ukraine Group (Note 20). The majority of these obligations is guaranteed by ABHH and ABH Russia Limited, shareholders of the Group (Note 1). 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 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 consolidated financial statements, certain new standards and interpretations have been issued which are effective for the annual accounting periods starting on or after 1 January 2013 and which the Group has not early adopted:

Improvements to International Financial Reporting Standards (issued in May 2012 and effective for annual periods beginning 1 January 2013). The improvements consist of changes to five standards. IFRS 1 was amended to (i) clarify that an entity that resumes preparing its IFRS financial statements may either repeatedly apply IFRS 1 or apply all IFRSs retrospectively as if it had never stopped applying them, and (ii) to add an exemption from applying IAS 23, Borrowing costs, retrospectively by first-time adopters. IAS 1 was amended to clarify that explanatory notes are not required to support the third balance sheet presented at the beginning of the preceding period when it is provided because it was materially impacted by a retrospective restatement, changes in accounting policies or reclassifications for presentation purposes, while explanatory notes will be required when an entity voluntarily decides to provide additional comparative statements. IAS 16 was amended to clarify that servicing equipment that is used for more than one period is classified as property, plant and equipment rather than inventory. IAS 32 was amended to clarify that certain tax consequences of distributions to owners should be accounted for in the income statement as was always required by IAS 12. IAS 34 was amended to bring its requirements in line with IFRS 8. IAS 34 will require disclosure of a measure of total assets and liabilities for an operating segment only if such information is regularly provided to chief operating decision maker and there has been a material change in those measures since the last annual financial statements.

Transition Guidance Amendments to IFRS 10, IFRS 11 and IFRS 12 (issued on 28 June 2012 and effective for annual periods beginning 1 January 2013). The amendments clarify the transition guidance in IFRS 10, Consolidated Financial Statements. Entities adopting IFRS 10 should assess control at the first day of the annual period in which IFRS 10 is adopted, and if the consolidation conclusion under IFRS 10 differs from IAS 27 and SIC 12, the immediately preceding comparative period (that is, year 2012 for a calendar year-end entity that adopts IFRS 10 in 2013) is restated, unless impracticable. The amendments also provide additional transition relief in IFRS 10, IFRS 11, Joint Arrangements, and IFRS 12, Disclosure of Interests in Other Entities, by limiting the requirement to provide adjusted comparative information only for the immediately preceding comparative period. Further, the amendments will remove the requirement to present comparative information for disclosures related to unconsolidated structured entities for periods before IFRS 12 is first applied.

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

Refer to the annual consolidated financial statements of the Group for the year ended 31 December 2011 for a detailed description of other new accounting pronouncements relevant to the Group.

The last annual consolidated financial statements disclosed certain new standards or interpretations which became effective from 1 January 2012 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

In millions of US Dollars	**30 June 2012 (unaudited)**	**31 December 2011**
Debt securities	941	1 136
Equity securities	84	70
Total trading securities	**1 025**	**1 206**
Debt securities	1 131	565
Equity securities	-	3
Total repurchase receivables relating to trading securities	**1 131**	**568**
Total trading securities and repurchase receivables relating to trading securities	**2 156**	**1 774**

6 Trading Securities and Repurchase Receivables (Continued)

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 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. The 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 2012 (unaudited)**	**31 December 2011**
Corporate loans	18 405	18 041
Reverse sale and repurchase receivables	1 305	1 075
Finance lease receivables	792	719
Loans to small and medium-size enterprises ("SMEs")	498	572
Advances on lease operations	50	10
Total gross loans and advances to corporate customers	**21 050**	**20 417**
Less: Provision for loan impairment	(1 097)	(1 310)
Total loans and advances to corporate customers	**19 953**	**19 107**
Loans to individuals - Credit cards and personal instalment loans ("PILs")	1 812	1 370
Loans to individuals - Consumer loans	864	924
Loans to individuals - Mortgage loans	297	321
Loans to individuals - Car loans	56	90
Reverse sale and repurchase receivables	33	50
Total gross loans and advances to individuals	**3 062**	**2 755**
Less: Provision for loan impairment	(83)	(58)
Total loans and advances to individuals	**2 979**	**2 697**
Total loans and advances to customers	**22 932**	**21 804**

7 Loans and Advances to Customers (Continued)

As at 30 June 2012 loans and advances to customers in the total amount of USD 138 million (31 December 2011: USD 161 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 2012 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 2012	**1 161**	**80**	**68**	**1**	**21**	**29**	**6**	**2**	**1 368**
Provisions during the period	(176)	(10)	(15)	2	34	38	-	-	(127)
Amounts written off as uncollectible	(15)	-	-	-	(15)	(25)	(2)	(1)	(58)
Effect of translation to functional currency	(9)	-	-	-	-	-	-	-	(9)
Effect of translation to presentation currency	13	(1)	(2)	-	(1)	(3)	-	-	6
Provision for loan impairment as at 30 June 2012	**974**	**69**	**51**	**3**	**39**	**39**	**4**	**1**	**1 180**

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**

The provision for loan impairment during the six-month period ended 30 June 2012 differs from the amount presented in the condensed consolidated interim statement of comprehensive income due to USD 13 million recovery during the six-month period ended 30 June 2012 (six-month period ended 30 June 2011: USD 31 million) 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:

	30 June 2012 (unaudited)		31 December 2011	
In millions of US Dollars	Amount	%	Amount	%
Trade and commerce	4 953	21	3 614	16
Individuals	3 062	13	2 755	12
Finance and investment companies	2 215	9	2 234	10
Ferrous metallurgy	1 960	8	1 870	8
Construction	1 796	7	2 340	10
Power generation	1 412	6	1 551	7
Armament production	1 328	6	1 468	6
Railway transport	968	4	929	4
Food industry	823	3	997	4
Coal Industry	794	3	881	4
Oil industry	698	3	958	4
Non-ferrous metallurgy	505	2	253	1
Mass media and telecommunications	444	2	448	2
Diamond extraction and processing	421	2	141	1
Aviation transport	400	2	357	1
Machinery and metal working	400	2	233	1
Nuclear industry	313	1	617	3
Chemistry and petrochemistry	255	1	166	1
Agriculture	226	1	285	1
Water transport	108	-	103	-
Natural gas industry	35	-	73	-
Timber industry	31	-	24	-
Other	965	4	875	4
Total gross loans and advances to customers	**24 112**	**100**	**23 172**	**100**

Analysis by credit quality of loans to corporate customers outstanding as at 30 June 2012 was as follows:

In millions of US Dollars	Corporate loans	Reverse sale and repurchase receivables	Finance lease receivables	Loans to SMEs	Advances on lease operations	Total
Gross neither past due nor impaired loans	**17 508**	**1 305**	**654**	**453**	**50**	**19 970**
Gross past due but not impaired loans	**9**	**-**	**-**	**1**	**-**	**10**
Gross individually impaired loans						
- not past due	564	-	117	13	-	694
- past due	324	-	21	31	-	376
Gross individually impaired loans to corporate customers	**888**	**-**	**138**	**44**	**-**	**1 070**
Total gross loans and advances	**18 405**	**1 305**	**792**	**498**	**50**	**21 050**
Provision for loan impairment	(974)	-	(69)	(51)	(3)	(1 097)
Total loans and advances to corporate customers	**17 431**	**1 305**	**723**	**447**	**47**	**19 953**

The Group created portfolio provisions for impairment losses that were incurred but have not been specifically identified with any individual loan by 30 June 2012. 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.

7 Loans and Advances to Customers (Continued)

Analysis by credit quality of loans to corporate customers outstanding as at 31 December 2011 was as follows:

In millions of US Dollars	**Corporate loans**	**Reverse sale and repurchase receivables**	**Finance lease receivables**	**Loans to SMEs**	**Advances on lease operations**	**Total**
Gross neither past due nor impaired	**17 071**	**1 075**	**584**	**517**	**10**	**19 257**
Gross past due but not impaired	**25**	**-**	**-**	**23**	**-**	**48**
Gross individually impaired loans						
- not past due	536	-	112	9	-	657
- past due	409	-	23	23	-	455
Gross individually impaired loans to corporate customers	**945**	**-**	**135**	**32**	**-**	**1 112**
Total gross loans and advances	**18 041**	**1 075**	**719**	**572**	**10**	**20 417**
Provision for loan impairment	(1 161)	-	(80)	(68)	(1)	(1 310)
Total loans and advances to corporate customers	**16 880**	**1 075**	**639**	**504**	**9**	**19 107**

Analysis by credit quality of loans to individuals outstanding as at 30 June 2012 was as follows:

In millions of US Dollars	**Credit cards and PILs**	**Consumer loans**	**Mortgage loans**	**Car loans**	**Reverse sale and repurchase receivables**	**Total**
Gross neither past due nor impaired loans	1 748	801	281	53	33	2 916
Gross past due but not impaired loans	34	27	7	2	-	70
Gross past due and impaired loans	30	36	9	1	-	76
Total gross loans and advances to individuals	**1 812**	**864**	**297**	**56**	**33**	**3 062**
Provision for loan impairment	(39)	(39)	(4)	(1)	-	(83)
Total loans and advances to individuals	**1 773**	**825**	**293**	**55**	**33**	**2 979**

7 Loans and Advances to Customers (Continued)

Analysis by credit quality of loans to individuals outstanding as at 31 December 2011 was as follows:

In millions of US Dollars	**Credit cards and PILs**	**Consumer loans**	**Mortgage loans**	**Car loans**	**Reverse sale and repurchase receivables**	**Total**
Gross neither past due nor impaired loans	1 338	881	307	86	50	2 662
Gross past due but not impaired loans	17	19	5	2	-	43
Gross past due and impaired loans	15	24	9	2	-	50
Total gross loans and advances to individuals	**1 370**	**924**	**321**	**90**	**50**	**2 755**
Provision for loan impairment	(21)	(29)	(6)	(2)	-	(58)
Total loans and advances to individuals	**1 349**	**895**	**315**	**88**	**50**	**2 697**

Impaired loans to individuals are those loans which are past due by 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. Information on related party balances is disclosed in Note 20.

8 Investments

In millions of US Dollars	**30 June 2012 (unaudited)**	**31 December 2011**
Debt investments available for sale	1 193	868
Equity investments available for sale	307	298
Investments held to maturity	90	117
Equity investments at fair value through profit and loss	88	98
Total investments	**1 678**	**1 381**

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. 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 2012 (unaudited)	31 December 2011
Commercial organisations		
- Current/settlement accounts	2 994	3 002
- Term deposits	4 703	4 546
Individuals		
- Current/demand accounts	5 597	4 993
- Term deposits	4 932	4 359
State and public organisations		
- Current/settlement accounts	11	84
- Term deposits	997	1 270
Total customer accounts	**19 234**	**18 254**

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

10 Debt Securities Issued

In millions of US Dollars	30 June 2012 (unaudited)	31 December 2011
Promissory notes	999	1 125
Notes maturing in 2017	997	989
Notes maturing in 2021	987	977
Notes maturing in 2015	592	587
Rouble denominated bonds	308	285
Euro Medium Term Notes maturing in 2013	287	294
Euro Commercial Paper Notes	181	-
Euro Medium Term Notes maturing in 2012	-	346
Notes issued under the DPR Programme	-	16
Total debt securities issued	**4 351**	**4 619**

Promissory notes comprise 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 the effective rate at origination was 8.11% p.a. As at 30 June 2012 the balance of notes repurchased by the Group on the market amounted to USD 20 million at amortised value (31 December 2011: USD 28 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 the effective rate at origination was 7.94% p.a. As at 30 June 2012 the balance of notes repurchased by the Group on the market amounted to USD 23 million at amortised value (31 December 2011: USD 33 million).

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 the effective interest rate at origination was 8.29% p.a. As at 30 June 2012 the balance of notes repurchased by the Group on the market amounted to USD 20 million at amortised value (31 December 2011: USD 24 million).

On 9 December 2011 the Group issued RR 5 000 million (equivalent of USD 160 million) bonds with maturity date on 2 December 2016 and interest rate of 9.25% p.a. The issue proceeds net of transaction costs were equal to RR 4 998 million (equivalent of USD 160 million) and the effective interest rate at origination was 9.48% p.a. The bonds are puttable at nominal on 11 June 2013. As at 30 June 2012 the balance of bonds repurchased by the Group on the market amounted to USD 3 million at amortised value (31 December 2011: USD 32 million).

10 Debt Securities Issued (Continued)

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 the effective interest rate at origination was 8.43% p.a. The bonds are puttable at nominal on 6 February 2014.

On 22 June 2004 the Group established a Euro Medium Term Note Programme (the "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 to USD 2 000 million. On 24 June 2008 the Group issued USD 400 million notes under the MTN Programme with maturity date on 24 June 2013 and interest rate of 9.25% p.a. The issue proceeds net of transaction costs were equal to USD 398 million and the effective interest rate at origination was 9.6% p.a. As at 30 June 2012 the balance of notes issued under the MTN Programme and repurchased by the Group on the market amounted to USD 112 million at amortised value (31 December 2011: USD 105 million).

On 2 February 2012 the Group established a new Euro Commercial Paper Programme (the "ECP Programme") with a limit of the aggregate principal amount of outstanding notes issued under the ECP Programme of USD 1 400 million. Notes issued under ECP Programme are repayable in 364 days from the issue date.

In June 2012 the Group issued USD 200 million Euro Commercial Paper Notes with maturity date in 364 days and at a discount to the nominal value of 4.88%. The issue proceeds net of transaction costs were equal to USD 190 million and the effective rate at origination was 5.04% p.a. As at 30 June 2012 the balance of notes issued under ECP Programme and repurchased by the Group on the market amounted to USD 10 million at amortised value.

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

11 Syndicated and Other Debt

In millions of US Dollars	**30 June 2012 (unaudited)**	**31 December 2011**
Syndicated loan maturing on 21 December 2012	249	247
Loan from the State Deposit Insurance Agency maturing on 9 December 2013	146	149
Total syndicated and other debt	**395**	**396**

On 21 December 2011 the Group received a syndicated loan in the amount of USD 250 million. The loan matures on 21 December 2012 and bears floating interest rate of LIBOR +1.75% p.a. payable semi-annually. The effective rate at origination was 3.83% p.a. The issue proceeds net of transaction costs were equal to USD 247 million.

On 9 December 2008 in relation to the acquisition of OJSC Bank Severnaya Kazna the Group received a RR 7 800 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 138 million (31 December 2011: USD 161 million) (Note 7). Interest of 6.5% p.a. is payable monthly. The Group has an option to repay this loan at any time.

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

12 Subordinated Debt

In millions of US Dollars	30 June 2012 (unaudited)	31 December 2011
Subordinated loan from VEB maturing in 2020	786	797
Subordinated loan from VEB maturing in 2019	291	296
Subordinated notes maturing in 2017	236	242
Total subordinated debt	**1 313**	**1 335**

In 2008 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.

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 these loans at any time subject to approvals from the CBRF and VEB.

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% per annum to 7.5% per annum 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 rates. The difference in the amount of USD 157 million between the previous and revised carrying value of the loans was recorded on 25 August 2010 as government grant deferred income within other liabilities and is amortised through interest expense until the loans' maturity dates.

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 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.

On 22 February 2007 the Group issued subordinated notes in the amount of USD 300 million. The notes bear a fixed interest rate of 8.64% per annum payable semi-annually from the issuance until 22 February 2012 and a floating interest rate thereafter set at the US Treasury Rate plus 5.46% per annum payable semi-annually until maturity on 22 February 2017. The Group had an option to repay these notes at nominal on 22 February 2012. The Group has not exercised the option. 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 2012 balance of notes repurchased by the Group on the market amounted to USD 70 million at amortised value (31 December 2011: USD 67 million).

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

13 Share Capital

As at 30 June 2012, 31 December 2011 and 31 December 2010 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 2012 (unaudited)	Six-Month Period Ended 30 June 2011 (unaudited)
Interest income		
Loans and advances to corporate customers	904	811
Loans and advances to individuals	346	285
Trading securities and repurchase receivables	85	86
Due from other banks	36	46
Debt investments available for sale	34	62
Debt investments held to maturity	2	4
Total interest income	**1 407**	**1 294**
Interest expense		
Debt securities issued	(169)	(170)
Term deposits of legal entities	(149)	(158)
Term deposits of individuals	(112)	(113)
Due to other banks	(77)	(30)
Subordinated debt	(55)	(65)
Current/settlement accounts	(49)	(33)
Syndicated and other debts	(9)	(6)
Total interest expense	**(620)**	**(575)**
Expenses directly attributable to leasing and deposit insurance	(20)	(21)
Net margin	**767**	**698**

Expenses directly attributable to leasing and deposit insurance include property tax and insurance costs relating to the finance lease operations 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 Arising from Foreign Currencies and Precious Metals

In millions of US Dollars	Six-Month Period Ended 30 June 2012 (unaudited)	Six-Month Period Ended 30 June 2011 (unaudited)
Gains less losses from dealing in foreign currencies	(38)	95
Foreign exchange translation gains less losses	46	(220)
Total gains less losses arising from foreign currencies and precious metals	**8**	**(125)**

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.
- 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.

16 Segment Analysis (Continued)

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 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 for the six-month period ended 30 June 2012 is set out below:

In millions of US Dollars	**Corporate and investment banking**	**Retail banking**	**Treasury**	**Total**
Six-Month Period Ended 30 June 2012 (unaudited)				
Segment revenues				
External revenues				
Interest income	946	364	52	1 362
Fee and commission income	93	238	6	337
Other operating income	12	4	1	17
Total external revenues	**1 051**	**606**	**59**	**1 716**
Interest income from other segments	278	250	1 200	1 728
Total segment revenues	**1 329**	**856**	**1 259**	**3 444**
Interest expense to other segments	(648)	(153)	(925)	(1 726)
Gains less losses from investments	(12)	-	(4)	(16)
Gains less losses from foreign currencies and precious metals	25	(3)	(31)	(9)
Interest expense	(211)	(145)	(264)	(620)
Provision for loan impairment	204	(59)	-	145
Fee and commission expenses	(21)	(101)	(1)	(123)
Other provisions	3	-	-	3
Operating expenses	(99)	(164)	(4)	(267)
Allocated operating expenses	(58)	(84)	(3)	(145)
Segment profit before tax	**512**	**147**	**27**	**686**
30 June 2012 (unaudited)				
Segment assets	**21 958**	**2 935**	**2 473**	**27 366**
Segment liabilities	**9 610**	**7 747**	**7 522**	**24 879**

Difference 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 segments of the Group for the six-month period ended 30 June 2011 and as at 31 December 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**
31 December 2011				
Segment assets	**20 476**	**2 633**	**2 855**	**25 964**
Segment liabilities	**8 745**	**7 197**	**8 107**	**24 049**

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 2012 (unaudited)	Six-Month Period Ended 30 June 2011 (unaudited)
Segments' profit before tax	**686**	**332**
Differences in provision for loan impairment (except related to subsidiary banks)	1	32
Subsidiary banks' profit before tax	29	17
Other non-reportable segments' unallocated results	(2)	(9)
Staff costs accruals unallocated to segments	(47)	(18)
Gains less losses on available for sale investments recorded in the statement of comprehensive income	4	(7)
Profit before tax	**671**	**347**

17 Significant Risk Concentrations

As at 30 June 2012 the ten largest aggregate balances on correspondent and settlement accounts and overnight placements with banks and financial institutions amounted to USD 979 million (31 December 2011: USD 1 164 million) or 71% (31 December 2011: 97.9%) of the correspondent and settlement accounts and overnight placements.

As at 30 June 2012 the ten largest aggregate balances due from other banks amounted to USD 1 846 million (31 December 2011: USD 1 752 million) or 83.5% (31 December 2011: 78.1%) of total due from other banks.

As at 30 June 2012 aggregate loans and advances to the ten largest borrowers (or groups of related borrowers) amounted to USD 5 114 million (31 December 2011: USD 5 370 million) or 21.2% (31 December 2011: 23.2%) 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 8 085 million (31 December 2011: USD 8 291 million) or 33.5% (31 December 2011: 35.8%) of the gross loans and advances to customers.

As at 30 June 2012 the ten largest aggregate balances due to other banks amounted to USD 2 289 million (31 December 2011: USD 1 553 million) or 66.4% (31 December 2011: 65.1%) of total due to other banks.

As at 30 June 2012 the ten largest aggregate customer account balances amounted to USD 4 678 million (31 December 2011: USD 4 612 million) or 24.3% (31 December 2011: 25.3%) of the total customer accounts, of which USD 2 673 million (31 December 2011: USD 2 435 million) represented balances outstanding to Alfa Group, its associates, joint ventures and its shareholders (Note 20).

Refer to Note 20 for details on balances of the Group with 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 2012 compared to 2011.

The table below summarizes the Group's exposure to foreign currency exchange rate risk as at 30 June 2012:

In millions of US Dollars	USD	RR	EUR	Other currencies	Non-monetary	Total
Assets						
Cash and cash equivalents	592	1 460	975	62	-	3 089
Mandatory cash balances with central banks	-	319	2	-	-	321
Trading securities	317	615	9	-	84	1 025
Repurchase receivables relating to trading securities	373	758	-	-	-	1 131
Due from other banks	1 430	497	278	6	-	2 211
Loans and advances to customers	8 251	14 040	602	39	-	22 932
Investments	647	430	206	-	395	1 678
Derivative financial instruments	152	40	116	10	-	318
Other financial assets	185	110	17	2	-	314
Other assets	5	206	15	2	134	362
Premises and equipment	-	-	-	-	475	475
Deferred tax asset	-	-	-	-	2	2
Total assets	**11 952**	**18 475**	**2 220**	**121**	**1 090**	**33 858**
Liabilities						
Due to other banks	946	2 028	468	5	-	3 447
Customer accounts	4 478	11 558	3 147	51	-	19 234
Debt securities issued	3 050	1 285	16	-	-	4 351
Syndicated and other debt	249	146	-	-	-	395
Subordinated debt	236	1 077	-	-	-	1 313
Derivative financial instruments	88	54	126	9	-	277
Other financial liabilities	247	265	8	1	-	521
Other liabilities	82	211	12	-	-	305
Deferred tax liability	-	-	-	-	117	117
Total liabilities	**9 376**	**16 624**	**3 777**	**66**	**117**	**29 960**
Net balance sheet position	**2 576**	**1 851**	**(1 557)**	**55**	**973**	**3 898**
Net balance sheet position less fair value of foreign exchange derivatives	**2 544**	**1 870**	**(1 548)**	**54**	**973**	**3 893**
Foreign exchange derivatives (at nominal value)	**188**	**(2 069)**	**1 940**	**(54)**	**-**	**5**
Net balance sheet and derivatives position as at 30 June 2012	**2 732**	**(199)**	**392**	**-**	**973**	**3 898**
Net balance sheet and derivatives position as at 31 December 2011	**2 618**	**(401)**	**356**	**(30)**	**892**	**3 435**

18 Financial Risk Management (Continued)

The following table represents analysis of assets and liabilities as at 30 June 2012 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 later maturities. On the basis of past experience 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 part of 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	3 089	-	-	-	-	3 089
Mandatory cash balances with central banks	321	-	-	-	-	321
Trading securities	1 025	-	-	-	-	1 025
Repurchase receivables relating to trading securities	816	6	300	9	-	1 131
Due from other banks	513	1 135	392	171	-	2 211
Loans and advances to customers	2 633	4 134	3 949	12 216	-	22 932
Investments	32	249	280	722	395	1 678
Derivative financial instruments	164	86	60	8	-	318
Other financial assets	300	1	-	13	-	314
Other assets	169	56	3	-	134	362
Premises and equipment	-	-	-	-	475	475
Deferred tax asset	-	-	-	-	2	2
Total assets	**9 062**	**5 667**	**4 984**	**13 139**	**1 006**	**33 858**
Liabilities						
Due to other banks	2 263	372	563	249	-	3 447
Customer accounts	5 152	4 035	2 469	7 578	-	19 234
Debt securities issued	390	369	815	2 777	-	4 351
Syndicated and other debt	-	282	4	109	-	395
Subordinated debt	-	29	68	1 216	-	1 313
Derivative financial instruments	161	74	23	19	-	277
Other financial liabilities	483	38	-	-	-	521
Other liabilities	47	17	79	162	-	305
Deferred tax liability	-	-	-	-	117	117
Total liabilities	**8 496**	**5 216**	**4 021**	**12 110**	**117**	**29 960**
Net expected liquidity gap as at 30 June 2012	**566**	**451**	**963**	**1 029**	**889**	**3 898**
Cumulative expected liquidity gap as at 30 June 2012	**566**	**1 017**	**1 980**	**3 009**	**3 898**	
Cumulative expected liquidity gap at 31 December 2011	**1 069**	**503**	**350**	**2 616**	**3 435**	

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 claims and accordingly no provision has been recorded in this condensed consolidated interim financial information.

Tax contingencies. A significant part of operations of the Group is undertaken in the Russian Federation. Russian tax and customs legislation which was enacted or substantively enacted at the end of the reporting period is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be successfully challenged by relevant authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties. 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 enacted in 2011 is effective prospectively to new transactions from 1 January 2012. It introduces significant reporting and documentation requirements. The transfer pricing legislation that was applicable to transactions on or prior to 31 December 2011 also provided the possibility for tax authorities to make transfer pricing adjustments and to 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 of 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. Significant difficulties exist in interpreting and applying transfer pricing legislation in practice. Any prior existing court decisions may provide guidance, but are not legally binding for decisions by other, or higher level, courts in the future.

Tax liabilities arising from transactions between companies are determined using actual transaction prices. It is possible, with the evolution of the interpretation of the transfer pricing rules, that such transfer prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

The Group includes companies incorporated outside of Russia. The 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. This interpretation of relevant legislation may be challenged but the impact of any such challenge cannot be reliably estimated currently; however, it may be significant to the financial position and/or the overall operations of the Group.

As Russian tax legislation does not provide definitive guidance in certain areas, the Group adopts, from time to time, interpretations of such uncertain areas that reduce the overall tax rate of the Group. While management currently estimates that the tax positions and interpretations that it has taken can probably be sustained, there is a possible risk that outflow of resources will be required should such tax positions and interpretations be challenged by the relevant authorities. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position 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 2012 it had other possible obligations from exposure to other than remote tax risks of up to approximately USD 20 million (31 December 2011: USD 49 million). These exposures are estimates that result from uncertainties in interpretation of applicable legislation and related documentation requirements. Management will vigorously defend the entity's positions and interpretations that were applied in determining taxes recognised if these are challenged by the authorities.

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.

19 Contingencies and Commitments (Continued)

Outstanding credit related commitments were as follows:

In millions of US Dollars	**30 June 2012 (unaudited)**	**31 December 2011**
Guarantees issued	4 033	2 923
Import letters of credit	164	149
Export letters of credit	23	19
Total credit related commitments	**4 220**	**3 091**

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 2012 (unaudited)**	**Six-Month Period Ended 30 June 2011 (unaudited)**
Provision for losses on credit related commitments as at 1 January	**17**	**5**
Provision for losses on credit related commitments during the period	(3)	(1)
Provision for losses on credit related commitments as at 30 June	**14**	**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;
- 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 a minimum ratio of aggregated financial indebtedness;
- 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 ended 30 June 2012 and during 2011.

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.

20 Related Party Transactions (Continued)

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 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 2012 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 2012 (unaudited)/Six-Month period ended 30 June 2012 (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	-	241	-	-	-	-
Correspondent accounts with other banks	-	-	-	-	2	-
Term placements with other banks	-	46	-	-	130	-
Subordinated loan	-	-	-	-	132	-
Loans and advances to customers (gross of provision for impairment)	-	612	449	-	5	2
Provision for loan impairment as at 1 January 2012	-	(42)	(200)	-	-	-
Provision for loan impairment during the period	-	20	28	-	-	-
Provision for loan impairment as at 30 June 2012	-	(22)	(172)	-	-	-
Receivables	-	32	3	93	-	-
Liabilities						
Correspondent accounts of other banks	-	3	-	-	8	-
Term placements of other banks	-	3	-	-	-	-
Customer accounts						
- Current/settlement accounts	66	600	60	2	6	14
- Term deposits	210	1 727	2	-	-	4
Payables	-	6	-	-	2	44
Income and expense						
Interest income	-	34	28	-	7	-
Interest expense	(3)	(9)	-	-	-	-
Fee and commission income	1	69	-	-	-	-
Fee and commission expense	-	(2)	-	-	(2)	-
Gains less losses arising from trading securities	1	10	-	-	-	-
Gains less losses arising from trading in foreign currencies	11	-	-	-	-	-
Other expenses	-	(6)	-	-	-	(24)
Credit related commitments						
Guarantees issued by the Group	-	38	-	8	3	-
Guarantees received by the Group	-	132	221	-	-	-
Import letters of credit	2	-	-	-	9	-

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

20 Related Party Transactions (Continued)

	31 December 2011 / Six-Month period ended 30 June 2011 (unaudited)					
In millions of US Dollars	**TNK-BP**	**Alfa Group, its associates and sharehol-ders***	**ADA Group and its associates**	**ABH Holdings S.A.**	**ABH Ukraine Group**	**Key manage-ment**
Assets						
Trading securities	8	61	-	-	1	-
Investment securities available for sale	32	21	-	-	2	-
Correspondent accounts with other banks	-	1	-	-	2	-
Term placements with other banks	-	44	-	-	28	-
Subordinated loan	-	-	-	-	132	-
Loans and advances to customers (gross of provision for impairment)	-	855	453	-	15	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	-	11	81	93	-	-
Liabilities						
Correspondent accounts of other banks	-	5	-	-	17	-
Term placements of other banks	-	7	-	-	-	-
Customer accounts						
- Current/settlement accounts	51	706	53	1	7	15
- Term deposits	265	1 343	9	-	-	3
Payables	-	7	10	3	1	37
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	31	52	-	-	5	-
Guarantees received by the Group	-	132	376	-	-	-
Import letters of credit	2	6	-	-	1	-

*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 the Executive Board of Alfa-Bank and the Board of Directors of the Company. Key management compensation is presented below:

In millions of US Dollars	30 June 2012 (unaudited)	31 December 2011
Key management compensation accrued as at the reporting date	**44**	**37**
- short-term bonuses	3	-
- long-term bonuses	41	37

	Six-Month Period Ended 30 June 2012 (unaudited)	Six-Month Period Ended 30 June 2011 (unaudited)
Key management compensation expense for the period	**24**	**12**
- salaries	4	4
- short-term bonuses	3	-
- long-term bonuses	17	8

In addition and in relation to the above amounts the Group makes state social contribution payments at applicable rates.

21 Subsequent Events

In July 2012 the Group issued USD 100 million Euro Commercial Paper Notes under ECP Programme (Note 10) with maturity date in 364 days and at a discount to the nominal value of 4.0%.

In August 2012 the Group issued RR 5 000 million (equivalent of USD 155 million) bonds with maturity date in August 2015 and interest rate of 8.6% per annum. The bonds are puttable at nominal in February 2014.