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

30 June 2010

CONTENTS

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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 2010 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
7 September 2010
Moscow, Russian Federation

In millions of US Dollars	Note	30 June 2010 (unaudited)	31 December 2009
ASSETS			
Cash and cash equivalents		2 397	1 966
Mandatory cash balances with central banks		157	150
Trading securities	6	1 010	1 372
Repurchase receivables relating to trading securities	6	410	-
Due from other banks		2 147	2 270
Loans and advances to customers	7	13 695	13 449
Investments	8	1 654	1 508
Derivative financial instruments		113	63
Other financial assets		291	188
Other assets		222	277
Premises and equipment		451	366
Deferred tax asset		32	37
TOTAL ASSETS		**22 579**	**21 646**
LIABILITIES			
Due to other banks		1 516	1 108
Customer accounts	9	12 985	13 686
Debt securities issued	10	2 652	1 565
Syndicated and other debt	11	218	295
Subordinated debt	12	1 706	1 747
Derivative financial instruments		215	174
Other financial liabilities		127	148
Other liabilities		156	123
Deferred tax liability		121	102
TOTAL LIABILITIES		**19 696**	**18 948**
EQUITY			
Share capital	13	1 265	1 265
Fair value reserve for investments available for sale		29	54
Revaluation reserve for premises and equipment		32	33
Cumulative translation reserve		(390)	(304)
Retained earnings		1 946	1 647
Net assets attributable to the Company's owners		**2 882**	**2 695**
Non-controlling interests		**1**	**3**
TOTAL EQUITY		**2 883**	**2 698**
TOTAL LIABILITIES AND EQUITY		**22 579**	**21 646**

This condensed consolidated interim financial information was approved for issue by the Board of Directors of ABH Financial Limited on 7 September 2010 and any further changes require approval of this body.

In millions of US Dollars	Note	Six-Month Period Ended 30 June 2010 (unaudited)	Six-Month Period Ended 30 June 2009 (unaudited)
Interest income		1 135	1 381
Interest expense		(475)	(790)
Expenses directly attributable to leasing and deposit insurance		(20)	(20)
Net margin	14	**640**	**571**
Provision for loan impairment	7	(168)	(395)
Net margin after provision for loan impairment		**472**	**176**
Fee and commission income		180	145
Fee and commission expense		(53)	(36)
Gains less losses arising from trading securities		52	106
Gains less losses arising from interest based derivatives		(22)	(79)
Gains less losses arising from foreign currencies and precious metals	15	136	22
Gains less losses arising from investments		35	(17)
Gains less losses arising from acquisition of own debts		(1)	39
Other provisions		8	14
Loss on disposal of subsidiaries		-	(6)
Other operating income		30	18
Operating expenses		(403)	(352)
Profit before tax		**434**	**30**
Income tax expense		(138)	(24)
Profit for the period		**296**	**6**
Other comprehensive income:			
Available for sale investments:			
- Fair value gains less losses during the period		(22)	21
- Reclassification adjustments for losses included in profit or loss		-	18
Revaluation of premises and equipment		-	(12)
Effect of translation of the financial statements to US Dollars as presentation currency		(100)	(62)
Net change in hedge of net investment in foreign operations		14	73
Income tax recorded directly in other comprehensive income		(3)	(5)
Other comprehensive (loss)/income for the period		**(111)**	**33**
Total comprehensive income for the period		**185**	**39**
Profit is attributable to:			
Company's owners		295	14
Non-controlling interests		1	(8)
Profit for the period		**296**	**6**
Total comprehensive income is attributable to:			
Company's owners		184	47
Non-controlling interests		1	(8)
Total comprehensive income for the period		**185**	**39**

The notes set out on pages 5 to 36 form an integral part of this condensed consolidated interim financial information.

In millions of US Dollars	**Attributable to the Company's owners**						**Non-controlling interests**	**Total equity**
	Share capital (Note 13)	**Fair value reserve for investments available for sale**	**Revaluation reserve for premises and equipment**	**Cumulative translation reserve**	**Retained earnings**	**Total**		
Balance as at 1 January 2009	**945**	**(45)**	**53**	**(359)**	**1 554**	**2 148**	**14**	**2 162**
Total comprehensive income for the period	-	32	(10)	11	14	47	(8)	39
Realised revaluation reserve	-	-	(4)	-	4	-	-	-
Share capital contribution (Note 13)	320	-	-	-	-	320	-	320
Balance as at 30 June 2009	**1 265**	**(13)**	**39**	**(348)**	**1 572**	**2 515**	**6**	**2 521**
Balance as at 1 January 2010	**1 265**	**54**	**33**	**(304)**	**1 647**	**2 695**	**3**	**2 698**
Total comprehensive income for the period	-	(25)	-	(86)	295	184	1	185
Realised revaluation reserve	-	-	(1)	-	1	-	-	-
Acquisition of non-controlling interests	-	-	-	-	3	3	(3)	-
Balance as at 30 June 2010	**1 265**	**29**	**32**	**(390)**	**1 946**	**2 882**	**1**	**2 883**

In millions of US Dollars	**Six-Month Period Ended 30 June 2010 (unaudited)**	**Six-Month Period Ended 30 June 2009 (unaudited)**
Net cash used in operating activities	**(270)**	**(372)**
Net cash used in investing activities	**(166)**	**(371)**
Net cash from/(used in) financing activities	**1 006**	**(135)**
Net increase/(decrease) in cash and cash equivalents	**570**	**(878)**
Cash and cash equivalents at the beginning of the period	1 966	3 860
Effect of exchange rate changes on cash and cash equivalents	(139)	(71)
Cash and cash equivalents at the end of the period	**2 397**	**2 911**

1 Introduction

This unaudited 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 2010 for ABH Financial Limited (the "Company"), a limited liability company registered in the British Virgin Islands, and its subsidiaries (the "Group").

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

The Group comprises three main business 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 activities are carried out in the Russian Federation.

The Company is wholly owned by ABH Russia Limited (Cyprus), which is in turn a wholly owned subsidiary of ABH Holdings S.A. ("ABHH"), a Luxembourg registered 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 have entered into an agreement to vote as if they were a single shareholder in relation to all matters relating to ABHH.

With effect from 31 December 2009 ABHH has re-domiciled from the British Virgin Islands to Luxembourg, and has changed its name from ABH Holdings Corp. to ABH Holdings S.A.

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 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 subsidiaries include Amsterdam Trade Bank N.V. (Netherlands) and OJSC Bank Severnaya Kazna (Russian Federation).

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

The Company is the parent company of Alfa Capital Holdings (Cyprus) Limited and certain other subsidiaries which are 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 is 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.

The recent global financial crisis has had a severe effect on the Russian economy and the financial situation in the Russian financial and corporate sectors significantly deteriorated since mid-2008. In 2010 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. Management is unable to reliably determine the effects on the Group's future financial position of any potential deterioration in the economic recovery and stability in the currency, equity and money markets.

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 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 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 (“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 2009, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

As at 30 June 2010 the principal rate of exchange used for translating foreign currency balances was USD 1 = RR 31.1954 (31 December 2009: USD 1 = RR 30.2442) and the average exchange rate for the six-month period ended 30 June 2010 was USD 1 = RR 30.0676 (six-month period ended 30 June 2009: USD 1 = RR 33.0679).

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 2009 except as described below.

Investment securities held to maturity. This classification includes quoted non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has both the intention and ability to hold to maturity. Management determines the classification of investment securities held to maturity at their initial recognition and reassesses the appropriateness of that classification at the end of each reporting period. Investment securities held to maturity are carried at amortised cost.

3 Summary of Significant Accounting Policies (Continued)

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 have been adjusted to conform to the presentation of amounts in this condensed consolidated interim financial information:

In millions of US Dollars	31 December 2009 (as originally presented)	Reclassification	31 December 2009 (as presented)
Consolidated statement of financial position			
Derivative financial instruments (assets)	-	63	63
Other financial assets	251	(63)	188
Derivative financial instruments (liabilities)	-	174	174
Other financial liabilities	322	(174)	148

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. Management carried out these reclassifications relating to the prior year figures reported in the annual consolidated financial statements in order to provide better information to the users of the condensed consolidated interim financial information.

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 2009: USD 145 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. Assets with a total carrying amount as at 30 June 2010 of USD 412 million (31 December 2009: USD 482 million) were valued on the basis of indicative quotes provided by reputable brokerage houses while assets with a total carrying amount as at 30 June 2010 of USD 152 million (31 December 2009: USD 101 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.

Management applies its judgement in interpretation of existing tax legislation for the purposes of assessment of current and deferred taxation. In addition, Management uses judgement to assess the realisability of deferred tax assets, which is subject to availability of profits and other circumstances, including the ability to claim full deduction of the expenses incurred in relation to the underlying assets and liabilities. In each reporting period Management reassesses the realisability of the deferred tax assets and adjusts the deferred tax asset balances accordingly.

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 brokerage 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 Vnesheconombank. On 29 January 2009 the Group received a subordinated loan from Vnesheconombank (“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 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 Nikolay Kosov, 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. Refer to Note 21 for the information on changes in interest rates on the above loans.

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

Accounting for investment in ZAO Alfa-Bank Ukraine. During 2010 the Group acquired for cash consideration of USD 93 million newly issued shares of ZAO 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, whereby (i) the Group agreed to transfer immediately to ABH Ukraine Limited all voting rights, rights for representation in governance bodies of ZAO 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 93 million consideration. The performance of ABH Ukraine Limited 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 the ABH Ukraine Limited in the amount of USD 93 million was recorded within other financial assets and carries no interest.

Balances receivable from ABH Ukraine Group. As at 30 June 2010 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.

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 and/or became mandatory for the Group's annual accounting periods beginning on or after 1 January 2010 or later.

New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010.

IFRS 3 "Business combinations" and consequential amendments to IAS 27 "Consolidated and separate financial statements", IAS 28 "Investments in associates", and IAS 31 "Interests in joint ventures" (effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009).

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with the previous IFRS 3. All payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

The revised IAS 27 requires the effects of all transactions with non-controlling interests to be recorded in statement of changes in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

5 New Accounting Pronouncements (Continued)

Adoption of the above revised standards did not have material impact on the condensed consolidated interim financial information of the Group. Management expects the above revised standards to be relevant to the Group in future.

Other new standards and interpretations neither affected the condensed consolidated interim financial information of the Group nor are expected to be relevant in future.

Refer to the annual consolidated financial statements of the Group for the year ended 31 December 2009 for the detailed description of new accounting pronouncements relevant to the Group. In addition since 31 December 2009 the following new accounting pronouncements have been issued but are not expected to be relevant to the Group: Amendment to IFRIC 14 - "Prepayments of a Minimum Funding Requirement", Amendment to IFRS 1 - "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters".

6 Trading Securities and Repurchase Receivables Relating to Trading Securities

In millions of US Dollars	**30 June 2010 (unaudited)**	**31 December 2009**
Debt securities	921	1 325
Equity securities	89	47
Total trading securities	**1 010**	**1 372**
Repurchase receivables relating to debt trading securities	**410**	**-**
Total trading securities and repurchase receivables relating to trading securities	**1 420**	**1 372**

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 2010 (unaudited)**	**31 December 2009**
Corporate loans	12 044	11 461
Finance lease receivables	972	1 188
Loans to small and medium-size enterprises ("SMEs")	195	117
Reverse sale and repurchase receivables	29	58
Advances on lease operations	12	25
Total gross loans and advances to corporate customers	**13 252**	**12 849**
Less: Provision for loan impairment	(1 379)	(1 403)
Total loans and advances to corporate customers	**11 873**	**11 446**
Credit cards and personal instalment loans (“PILs”)	687	835
Consumer loans	476	387
Mortgage loans	376	428
Car loans	301	426
Reverse sale and repurchase receivables	44	28
Total gross loans and advances to individuals	**1 884**	**2 104**
Less: Provision for loan impairment	(62)	(101)
Total loans and advances to individuals	**1 822**	**2 003**
Total loans and advances to customers	**13 695**	**13 449**

7 Loans and Advances to Customers (Continued)

As at 30 June 2010 loans and advances to customers in the total amount of USD 482 million (31 December 2009: USD 497 million) were pledged as collateral for financing received from the State Deposit Insurance Agency (Note 11).

As at 31 December 2009 loans and advances to customers in the total amount of USD 268 million were pledged as collateral for financing received from the CBRF (included in due to other banks).

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

(Unaudited) *In millions of US Dollars*	**Corporate loans**	**Finance lease receivables**	**Loans to SMEs**	**Advances on lease operations**	**Loans to individuals** Credit cards and PILs	Consumer loans	Mortgage loans	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)
Translation movement	(35)	(6)	(1)	-	(8)	(5)	(1)	(2)	(58)
Provision for loan impairment as at 30 June 2010	**1 148**	**203**	**27**	**1**	**20**	**19**	**15**	**8**	**1 441**

Movements in the provision for loan impairment for the six-month period ended 30 June 2009 were as follows:

(Unaudited) *In millions of US Dollars*	**Corporate loans**	**Finance lease receivables**	**Loans to SMEs**	**Advances on lease operations**	**Loans to individuals** Credit cards and PILs	Consumer loans	Mortgage loans	Car loans	**Total**
Provision for loan impairment as at 1 January 2009	**1 011**	**33**	**27**	**2**	**49**	**41**	**4**	**23**	**1 190**
Provisions during the period	40	262	(6)	1	54	17	22	21	411
Amounts written off as uncollectible	-	-	-	-	(38)	(29)	(8)	(15)	(90)
Disposal of subsidiary	(3)	-	-	-	-	-	-	-	(3)
Translation movement	(47)	(2)	(2)	-	(3)	(2)	-	(1)	(57)
Provision for loan impairment as at 30 June 2009	**1 001**	**293**	**19**	**3**	**62**	**27**	**18**	**28**	**1 451**

7 Loans and Advances to Customers (Continued)

The provision for loan impairment during the six-month period ended 30 June 2010 differs from the amount presented in the condensed consolidated interim statement of comprehensive income due to USD 23 million (six-month period ended 30 June 2009: USD 12 million) recovery during six-month period ended 30 June 2010 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.

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

	30 June 2010 (unaudited)		31 December 2009	
In millions of US Dollars	**Amount**	**%**	**Amount**	**%**
Construction	2 038	14	2 129	16
Individuals	1 884	12	2 104	14
Railway transport	1 488	10	1 593	11
Trade and commerce	1 432	9	1 418	9
Power generation	1 206	8	1 120	7
Machinery and metal working	777	5	804	5
Finance and investment companies	727	5	756	5
Ferrous metallurgy	739	5	662	4
Nuclear industry	630	4	622	4
Armament production	632	4	549	4
Food industry	590	4	468	3
Chemistry and petrochemistry	540	4	379	3
Coal Industry	469	3	359	2
Non-ferrous metallurgy	441	3	355	2
Diamond extraction and processing	401	3	275	2
Mass media and telecommunications	378	3	256	2
Aviation transport	241	2	247	2
Agriculture	198	1	182	1
Oil industry	196	1	77	1
Timber industry	63	-	35	-
Water transport	36	-	31	-
Natural gas industry	30	-	24	-
Other	-	-	508	3
Total gross loans and advances to customers	**15 136**	**100**	**14 953**	**100**

7 Loans and Advances to Customers (Continued)

Analysis by credit quality of loans to corporate customers outstanding as at 30 June 2010 was as follows:

(Unaudited) *In millions of US Dollars*	**Corporate loans**	**Finance lease receivables**	**Loans to SMEs**	**Reverse sale and repurchase receivables**	**Advances on lease operations**	**Total**
Gross neither past due nor impaired loans	10 192	383	171	29	12	10 787
Gross past due but not impaired loans	472	82	-	-	-	554
Gross individually impaired loans						
- not past due	399	383	1	-	-	783
- past due	981	124	23	-	-	1 128
Gross individually impaired loans	**1 380**	**507**	**24**	**-**	**-**	**1 911**
Total gross loans and advances	**12 044**	**972**	**195**	**29**	**12**	**13 252**
Provision for loan impairment	(1 148)	(203)	(27)	-	(1)	(1 379)
Total loans and advances to corporate customers	**10 896**	**769**	**168**	**29**	**11**	**11 873**

The Group created portfolio provisions for impairment losses that were incurred but have not been specifically identified with any individual loan by 30 June 2010. 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 2010 was as follows:

(Unaudited) *In millions of US Dollars*	**Corporate loans**	**Finance lease receivables**	**Loans to SMEs**	**Total**
- past due instalments	1 283	114	23	1 420
- current portion of past due loans	170	92	-	262
Total past due loans and advances to corporate customers	**1 453**	**206**	**23**	**1 682**

7 Loans and Advances to Customers (Continued)

Analysis by credit quality of loans to corporate customers outstanding as at 31 December 2009 was as follows:

In millions of US Dollars	Corporate loans	Finance lease receivables	Loans to SMEs	Reverse sale and repurchase receivables	Advances on lease operations	Total
Gross neither past due nor impaired loans	8 417	357	90	58	12	8 934
Gross past due but not impaired loans	36	-	-	-	-	36
Gross individually impaired loans						
- not past due	750	137	4	-	13	904
- past due	2 258	694	23	-	-	2 975
Gross individually impaired loans	**3 008**	**831**	**27**	**-**	**13**	**3 879**
Total gross loans and advances	**11 461**	**1 188**	**117**	**58**	**25**	**12 849**
Provision for loan impairment	(1 173)	(195)	(26)	-	(9)	(1 403)
Total loans and advances to corporate customers	**10 288**	**993**	**91**	**58**	**16**	**11 446**

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 2009 was as follows:

In millions of US Dollars	Corporate loans	Finance lease receivables	Loans to SMEs	Total
- past due instalments	1 829	119	22	1 970
- current portion of past due loans	465	575	1	1 041
Total past due loans and advances to corporate customers	**2 294**	**694**	**23**	**3 011**

7 Loans and Advances to Customers (Continued)

Analysis by credit quality of loans to individuals outstanding as at 30 June 2010 was as follows:

(Unaudited) *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	639	443	337	277	44	1 740
Gross past due but not impaired loans	6	2	12	2	-	22
Gross past due and impaired loans	42	31	27	22	-	122
Total gross loans and advances to individuals	**687**	**476**	**376**	**301**	**44**	**1 884**
Provision for loan impairment	(20)	(19)	(15)	(8)	-	(62)
Total loans and advances to individuals	**667**	**457**	**361**	**293**	**44**	**1 822**

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 2010 was as follows:

(Unaudited) *In millions of US Dollars*	**Credit cards and PILs**	**Consumer loans**	**Mortgage loans**	**Car loans**	**Total**
- past due instalments	10	10	23	2	45
- current portion of past due loans	38	23	16	22	99
Total past due loans and advances to individuals	**48**	**33**	**39**	**24**	**144**

7 Loans and Advances to Customers (Continued)

Analysis by credit quality of loans to individuals outstanding as at 31 December 2009 was as follows:

In millions of US Dollars	Credit cards and PILs	Mortgage loans	Consumer loans	Car loans	Reverse sale and repurchase receivables	Total
Gross neither past due nor impaired loans	769	388	367	396	28	1 948
Gross past due but not impaired loans	25	7	9	13	-	54
Gross past due and impaired loans	41	33	11	17	-	102
Total gross loans and advances to individuals	**835**	**428**	**387**	**426**	**28**	**2 104**
Provision for loan impairment	(51)	(20)	(17)	(13)	-	(101)
Total loans and advances to individuals	**784**	**408**	**370**	**413**	**28**	**2 003**

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 2009 was as follows:

In millions of US Dollars	Credit cards and PILs	Mortgage loans	Consumer loans	Car loans	Total
- past due instalments	32	25	8	8	73
- current portion of past due loans	34	15	12	22	83
Total past due loans and advances to individuals	**66**	**40**	**20**	**30**	**156**

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	Note	30 June 2010 (unaudited)	31 December 2009
Debt investments available for sale		997	1 009
Investments in Pamplona Funds available for sale	20	388	414
Debt investments held to maturity		188	-
Equity investments at fair value through profit and loss		81	85
Total investments		**1 654**	**1 508**

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 2010 (unaudited)	31 December 2009
Corporate customers		
- Current/settlement accounts	2 550	1 818
- Term deposits	3 131	3 970
Individuals		
- Current/demand accounts	2 847	2 901
- Term deposits	3 621	4 037
State and public organisations		
- Current/settlement accounts	2	-
- Term deposits	834	960
Total customer accounts	**12 985**	**13 686**

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 2010 (unaudited)	31 December 2009
Promissory notes and other securities issued	1 260	579
Euro Medium Term Notes maturing in 2012	346	346
Euro Medium Term Notes maturing in 2013	289	294
Euro Medium Term Notes maturing in 2015	520	-
Notes issued under a DPR Programme	237	346
Total debt securities issued	**2 652**	**1 565**

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

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 were as follows:

Currency of denomi-nation	Nominal value of the issue in millions of currency	Issue proceeds net of transac-tion costs in millions of currency	Amortised cost as at 30 June 2010 in millions of US Dollars	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	289	24 June 2008	24 June 2013	9.25%
USD	600	597	520	18 March 2010	18 March 2015	8.00%

In relation to Euro Medium Term Notes issued on 24 June 2008 the noteholders have a right to require redemption of the notes at their nominal value on 24 June 2011.

As at 30 June 2010 balance of notes issued under the MTN Programme and repurchased by the Group on the market amounted to USD 354 million by nominal value (31 December 2009: USD 260 million by nominal value) including USD 61 million of Euro Medium Term Notes maturing in 2015 acquired by the Group to hedge open derivative positions in these securities outstanding with clients of the Group. These notes are available for resale.

In 2006 the Group established a Diversified Payment Rights Secured Debt Issuance Programme, whereby notes issued under the program are collateralised by the Group’s rights to funds being transferred through the Group’s correspondent accounts (“DPR Programme”). The notes issued under DPR Programme are repayable by quarterly instalments.

10 Debt Securities Issued (Continued)

Details on issuance of the debt securities under DPR Programme were as follows:

Currency of denomination	Nominal value of the issue in millions of currency	Issue proceeds net of transaction costs in millions of currency	Amortised cost as at 30 June 2010 in millions of US Dollars	Issue date	Maturity date	Coupon per annum, payable quarterly
USD	200	198	70	30 March 2007	15 March 2012	LIBOR+2.0%
EUR	145	144	40	30 March 2007	15 March 2012	EURIBOR+1.9%
USD	260	258	31	7 December 2006	15 December 2011	LIBOR +1.9%
EUR	230	228	57	7 December 2006	15 December 2011	EURIBOR+1.9%
USD	350	345	39	30 March 2006	15 March 2011	LIBOR+1.6%

The Group is required to deposit with designated banks funds covering the repayment of the next quarterly instalment for the notes issued under the DPR Programme. As at 30 June 2010 included within term placements with other banks are deposits placed under DPR Programme in the amount of USD 74 million (31 December 2009: USD 77 million).

As at 30 June 2010 balance of notes issued under the DPR Programme and repurchased by the Group on the market amounted to USD 78 million and EUR 42 million by amortised nominal value (31 December 2009: USD 107 million and EUR 54 million by amortised nominal value). These notes are available for resale.

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 2010 (unaudited)	31 December 2009
Loan from the State Deposit Insurance Agency maturing on 9 December 2013	218	224
Syndicated loan maturing on 14 January 2010	-	71
Syndicated and other debt	**218**	**295**

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 482 million (31 December 2009: USD 497 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 syndicated and other loans are disclosed in Note 18.

12 Subordinated Debt

In millions of US Dollars	30 June 2010 (unaudited)	31 December 2009
Subordinated loan from VEB maturing in 2020	935	964
Subordinated loan from VEB maturing in 2019	334	345
Subordinated notes maturing in 2017 (callable in 2012)	250	251
Subordinated notes maturing in 2015 (callable in 2010)	187	187
Total subordinated debt	**1 706**	**1 747**

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 US Treasury Rate plus 5.46% per annum payable semi-annually until maturity on 22 February 2017. The Group has an option to repay this subordinated loan at nominal on 22 February 2012. The issue proceeds net of transaction costs were equal to USD 299 million. As at 30 June 2010 the Group repurchased on the market the subordinated notes maturing in 2017 with a nominal value of USD 57 million (31 December 2009: USD 56 million).

On 9 December 2005 the Group issued subordinated notes in the amount of USD 225 million. The notes bear a fixed interest rate of 8.625% per annum payable semi-annually from the issuance until 9 December 2010 and a floating interest rate thereafter set at US Treasury Rate plus 6.3% per annum payable semi-annually until maturity on 9 December 2015. The Group has an option to repay this subordinated loan on 9 December 2010. The issue proceeds net of transaction costs were equal to USD 224 million. As at 30 June 2010 the Group repurchased on the market the subordinated notes maturing in 2015 with a nominal value of USD 39 million (31 December 2009: USD 38 million).

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

13 Share Capital

	2010 (unaudited)		2009	
In millions of US Dollars	Number of shares, in units	Total share capital, in millions of US Dollars	Number of shares, in units	Total share capital, in millions of US Dollars
Total share capital as at 1 January	1 264 800 000	1 265	944 800 000	945
New shares issued	-	-	320 000 000	320
Total share capital as at 30 June	**1 264 800 000**	**1 265**	**1 264 800 000**	**1 265**

On 26 June 2009 the Company issued to ABHH 320 000 000 additional new ordinary shares in exchange for cash consideration of USD 320 million.

As at 30 June 2010 authorised, issued and fully paid share capital of ABH Financial Limited comprised 1 264 800 000 ordinary shares (30 June 2009 and 31 December 2009: 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 2010 (unaudited)	Six-Month Period Ended 30 June 2009 (unaudited)
Interest income		
Loans and advances to corporate customers	716	910
Loans and advances to individuals	238	248
Due from other banks	78	122
Trading securities	53	72
Debt investments available for sale	42	28
Debt investments held to maturity	4	-
Other	4	1
Total interest income	**1 135**	**1 381**
Interest expense		
Term deposits of legal entities	(145)	(216)
Term deposits of individuals	(119)	(105)
Debt securities issued	(79)	(79)
Subordinated debt	(78)	(31)
Due to other banks	(31)	(301)
Current/settlement accounts	(16)	(44)
Syndicated and other debt	(7)	(14)
Total interest expense	**(475)**	**(790)**
Expenses directly attributable to leasing and deposit insurance	(20)	(20)
Net margin	**640**	**571**

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 Arising from Foreign Currencies and Precious Metals

In millions of US Dollars	**Six-Month Period Ended 30 June 2010 (unaudited)**	**Six-Month Period Ended 30 June 2009 (unaudited)**
Losses less gains from dealing in foreign currencies	(256)	(127)
Foreign exchange translation gains less losses	393	158
Losses less gains from dealing in precious metals	(1)	(9)
Total gains less losses arising from foreign currencies and precious metals	**136**	**22**

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. Corporate and investment banking were merged at the beginning of the 2009 in order to create new client services, reduce operating costs and improve cross-selling opportunities.

- 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.

Segment financial information reviewed by the CODM includes part of loans and advances to customers of Amsterdam Trade Bank N.V. and JSC SB Alfa-Bank Kazakhstan (prior to its disposal in June 2009), but not their results and other items in the statement of financial position. A significant portion of the loans and advances to customers and customer accounts originated by OJSC Bank Severnaya Kazna has already been transferred to Alfa-Bank, but remaining assets, liabilities and results of OJSC Bank Severnaya Kazna are only partially included in segment information. Regular review of these subsidiary banks is delegated to the local management teams. The CODM obtains financial statements of Amsterdam Trade Bank N.V. and OJSC Bank Severnaya Kazna. Such financial information overlaps with segment analysis provided internally to the CODM. Management therefore applied the core principle of IFRS 8 "Operating Segments" in determining which of the overlapping financial information sets should form the basis of operating segments. Management considered that information on subsidiary banks is available less frequently in concluding that segments exclude details of the subsidiaries other than information about their loan portfolios.

16 Segment Analysis (Continued)

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 business segments of the Group as at and for the six-month period ended 30 June 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**
30 June 2010 (unaudited)				
Segment assets	**12 621**	**1 777**	**3 624**	**18 022**
Segment liabilities	**7 156**	**4 647**	**4 943**	**16 746**

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)

Segment information for the reportable business segments of the Group for the six-month period ended 30 June 2009 and as at 31 December 2009 is set out below:

In millions of US Dollars	Corporate and Investment banking	Retail banking	Treasury	Total
Six-Month Period Ended 30 June 2009 (unaudited)				
Segment revenues				
External revenues				
Interest income	896	226	39	1 161
Fee and commission income	57	82	2	141
Other operating income	15	10	-	25
Total external revenues	**968**	**318**	**41**	**1 327**
Interest income from other segments	233	180	1 082	1 495
Total segment revenues	**1 201**	**498**	**1 123**	**2 822**
Interest expense to other segments	(623)	(164)	(707)	(1 494)
Gains less losses from investments	128	-	8	136
Gains less losses from foreign currencies and precious metals	21	8	19	48
Interest expense	(156)	(95)	(476)	(727)
Provision for loan impairment	(403)	(113)	-	(516)
Fee and commission expenses	(9)	(28)	-	(37)
Other provisions	26	-	-	26
Operating expenses	(81)	(137)	(6)	(224)
Allocated operating expenses	(37)	(40)	(5)	(82)
Segment profit before tax	**67**	**(71)**	**(44)**	**(48)**
31 December 2009				
Segment assets	**11 933**	**1 977**	**3 244**	**17 154**
Segment liabilities	**6 189**	**4 334**	**4 745**	**15 268**

Difference of USD 1 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 2010 (unaudited)	Six-Month Period Ended 30 June 2009 (unaudited)
Segment revenues	**2 339**	**2 822**
Interest income from other segments	(1 095)	(1 495)
Subsidiary banks' external revenues	61	96
Other non-reportable segments' unallocated amounts	17	18
Revenues related to the Group's business in the Ukraine (monitored separately)	8	24
Gains less losses from interest rate derivatives reported within segment revenues	15	79
Total Group's revenues	**1 345**	**1 544**
Interest income	1 135	1 381
Fee and commission income	180	145
Other operating income	30	18
Total Group's revenues	**1 345**	**1 544**

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 2010 (unaudited)	Six-Month Period Ended 30 June 2009 (unaudited)
Segments' profit/(loss) before tax for the period	**449**	**(48)**
Differences in provision for loan impairment (except related to subsidiary banks)	(42)	116
Provision for loan impairment related to the Group's business in the Ukraine	52	(3)
Subsidiary banks' profit before tax	46	13
Other non-reportable segments' unallocated results	(10)	(6)
Staff costs accruals unallocated to segments	(50)	(15)
Gains less losses on available for sale investments recorded in the statement of comprehensive income	(11)	(21)
Loss on disposal of subsidiaries unallocated to segments	-	(6)
Profit before tax for the period	**434**	**30**

16 Segment Analysis (Continued)

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

In millions of US Dollars	**30 June 2010 (unaudited)**	**31 December 2009**
Segments' assets	**18 022**	**17 154**
Items unallocated to segments:		
Assets related to subsidiary banks	2 550	2 523
Assets related to the Group's business in the Ukraine (monitored separately)	137	251
Cash on hand and settlement accounts with trading systems	604	637
Mandatory cash balances with central banks	157	150
Other financial assets	404	251
Other assets	222	277
Premises and equipment	451	366
Deferred tax asset	32	37
Total Group's assets	**22 579**	**21 646**

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

In millions of US Dollars	**30 June 2010 (unaudited)**	**31 December 2009**
Segments' liabilities	**16 746**	**15 268**
Items unallocated to segments:		
Liabilities related to subsidiary banks	2 331	3 133
Other financial liabilities	342	322
Other liabilities	156	123
Deferred tax liability	121	102
Total Group's liabilities	**19 696**	**18 948**

17 Significant Risk Concentrations

As at 30 June 2010 the ten largest aggregate balances on correspondent and settlement accounts and overnight placements with banks and financial institutions amounted to USD 1 021 million (31 December 2009: USD 485 million) or 88.7% (31 December 2009: 92.4%) of the correspondent and settlement accounts and overnight placements.

As at 30 June 2010 the ten largest aggregate balances due from other banks amounted to USD 1 978 million (31 December 2009: USD 1 660 million) or 92.1% (31 December 2009: 73.1%) of total due from other banks.

As at 30 June 2010 aggregate loans and advances to the ten largest borrowers (or groups of related borrowers) amounted to USD 4 330 million (31 December 2009: USD 4 243 million) or 28.6% (31 December 2009: 28.4%) 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 6 449 million (31 December 2009: USD 6 339 million) or 42.6% (31 December 2009: 42.4%) of the gross loans and advances to customers.

As at 30 June 2010 the ten largest aggregate balances due to other banks amounted to USD 874 million (31 December 2009: USD 637 million) or 57.7% (31 December 2009: 57.5%) of total due to other banks.

17 Significant Risk Concentrations (Continued)

As at 30 June 2010 the ten largest aggregate customer account balances amounted to USD 3 576 million (31 December 2009: USD 4 104 million) or 27.5% (31 December 2009: 30.0%) of the total customer accounts, of which USD 978 million (31 December 2009: USD 1 513 million) represented balances outstanding to Alfa Group and its shareholders (Note 20).

As at 30 June 2010 premises and equipment included equipment with the carrying amount USD 164 million (31 December 2009: USD 40 million) representing collateral repossessed by the Group in the course of restructuring finance lease receivables and rented out under operating lease agreements. This equipment is carried at fair value.

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 2010 compared to 2009.

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.

18 Financial Risk Management (Continued)

The table below summarizes the Group's exposure to foreign currency exchange rate risk as at 30 June 2010:

In millions of US Dollars	USD	RR	EUR	Other curren-cies	Non-monetary	Total
Assets						
Cash and cash equivalents	678	886	822	11	-	2 397
Mandatory cash balances with central banks	-	113	44	-	-	157
Trading securities	491	400	30	-	89	1 010
Repurchase receivables relating to trading securities	391	-	19	-	-	410
Due from other banks	892	994	260	1	-	2 147
Loans and advances to customers	6 421	6 473	732	69	-	13 695
Investments	255	714	216	-	469	1 654
Derivative financial instruments	90	17	5	1	-	113
Other financial assets	220	61	7	3	-	291
Other assets	6	68	13	-	135	222
Premises and equipment	-	-	-	-	451	451
Deferred tax asset	-	-	-	-	32	32
Total assets	**9 444**	**9 726**	**2 148**	**85**	**1 176**	**22 579**
Liabilities						
Due to other banks	686	590	235	5	-	1 516
Customer accounts	3 092	7 062	2 801	30	-	12 985
Debt securities issued	1 329	1 136	187	-	-	2 652
Syndicated and other debt	-	218	-	-	-	218
Subordinated debt	437	1 269	-	-	-	1 706
Derivative financial instruments	188	21	5	1	-	215
Other financial liabilities	72	35	18	2	-	127
Other liabilities	84	69	3	-	-	156
Deferred tax liability	-	-	-	-	121	121
Total liabilities	**5 888**	**10 400**	**3 249**	**38**	**121**	**19 696**
Net balance sheet position	**3 556**	**(674)**	**(1 101)**	**47**	**1 055**	**2 883**
Net balance sheet position less fair value of foreign exchange derivatives	**3 622**	**(671)**	**(1 103)**	**47**	**1 055**	**2 950**
Foreign exchange derivatives (at nominal value)	**(740)**	**(121)**	**874**	**(80)**	**-**	**(67)**
Net balance sheet and foreign exchange derivatives position as at 30 June 2010	**2 882**	**(792)**	**(229)**	**(33)**	**1 055**	**2 883**
Net balance sheet and foreign exchange derivatives position as at 31 December 2009	**2 721**	**(550)**	**(464)**	**(18)**	**1 009**	**2 698**

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 2010 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	2 397	-	-	-	-	2 397
Mandatory cash balances with central banks	157	-	-	-	-	157
Trading securities	1 010	-	-	-	-	1 010
Repurchase receivables relating to trading securities	-	-	410	-	-	410
Due from other banks	1 558	190	138	261	-	2 147
Loans and advances to customers	2 263	1 739	1 548	8 145	-	13 695
Investments	19	14	315	837	469	1 654
Derivative financial instruments	48	62	3	-	-	113
Other financial assets	249	19	1	22	-	291
Other assets	-	87	-	-	135	222
Premises and equipment	-	-	-	-	451	451
Deferred tax asset	-	-	-	-	32	32
Total assets	**7 701**	**2 111**	**2 415**	**9 265**	**1 087**	**22 579**
Liabilities						
Due to other banks	639	266	371	240	-	1 516
Customer accounts	2 477	3 059	2 065	5 384	-	12 985
Debt securities issued	148	725	519	1 260	-	2 652
Syndicated and other debt	1	37	6	174	-	218
Subordinated debt	-	226	64	1 416	-	1 706
Derivative financial instruments	117	82	11	5	-	215
Other financial liabilities	78	44	-	5	-	127
Other liabilities	25	53	15	63	-	156
Deferred tax liability	-	-	-	-	121	121
Total liabilities	**3 485**	**4 492**	**3 051**	**8 547**	**121**	**19 696**
Net expected liquidity gap as at 30 June 2010	**4 216**	**(2 381)**	**(636)**	**718**	**966**	**2 883**
Cumulative expected liquidity gap as at 30 June 2010	**4 216**	**1 835**	**1 199**	**1 917**	**2 883**	
Cumulative expected liquidity gap at 31 December 2009	**3 503**	**1 515**	**1 055**	**1 736**	**2 698**	

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 2010 and as at 31 December 2009.

Tax legislation. 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 level and frequency 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.

The Group conducts some transactions which might be considered to be as transactions at off-market rates. 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 2010 it had other possible obligations from exposure to other than remote tax risks of up to approximately USD 4 million (31 December 2009: 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 2010 (unaudited)**	**31 December 2009**
Guarantees issued	862	790
Import letters of credit	115	99
Export letters of credit	77	60
Cross guarantees	-	905
Total credit related commitments	**1 054**	**1 854**

Cross guarantees represent guarantees provided by Alfa-Bank to CBRF in favour of other Russian banks under a special CBRF lending programme.

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 2010 (unaudited)**	**Six-Month Period Ended 30 June 2009 (unaudited)**
Provision for losses on credit related commitments as at 1 January	**13**	**46**
Release of provision for losses on credit related commitments during the period	(8)	(28)
Effect of translation to presentation currency	(1)	(3)
Provision for losses on credit related commitments as at 30 June	**4**	**15**

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);
- 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 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 as at 30 June 2010 and 31 December 2009.

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 and their subsidiaries constitute Alfa Group. Banking transactions are entered into in the normal course of business with significant shareholders, directors, associated companies and companies that 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 and owned by ABHH. 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.

In 2009 the Group purchased from a subsidiary of Alfa Group investments in two fund entities, Pamplona Capital Partners I L.P. and Pamplona Credit Opportunities Fund (Note 8). These funds are 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 Capital Management LLP. The Group in both cases is an investor in the funds but has no participation in the management of the funds.

20 Related Party Transactions (Continued)

The outstanding balances as at 30 June 2010 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 2010 (unaudited)/Six-Month period ended 30 June 2010 (unaudited)				
In millions of US Dollars	**TNK-BP**	**Alfa Group and its sharehol-ders***	**Key manage-ment**	**ADA Group**	**ABH Ukraine Group (Notes 4 and 21)**
Assets					
Trading securities	28	40	-	-	41
Investment securities available for sale	11	21	-	-	-
Correspondent accounts with other banks as at the period end	-	4	-	-	2
Term placements with other banks	-	5	-	-	328
Loans and advances to customers (gross of provision for impairment)	5	640	-	251	88
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 (Note 4)	-	35	-	35	95
Liabilities					
Correspondent accounts of other banks	-	16	-	-	2
Customer accounts					
- Current/settlement accounts	137	360	3	22	3
- Term deposits	116	592	3	1	-
Payables	-	20	27	-	3
Income and expense					
Interest income	1	43	-	13	30
Interest expense	(5)	(15)	-	-	-
Fee and commission income	1	19	-	-	-
Fee and commission expense	-	(1)	-	-	(1)
Gains less losses arising from trading in foreign currencies	(1)	1	-	(1)	-
Other income	-	1	-	-	5
Other expenses	-	(5)	(15)	-	-
Credit related commitments					
Guarantees issued by the Group	25	35	-	-	-
Guarantees received by the Group (Note 4)	-	93	-	-	-
Import letters of credit	-	14	-	-	9

*excluding ADA Group and ABH Ukraine Group disclosed separately above.

20 Related Party Transactions (Continued)

The outstanding balances as at 31 December 2009 and income and expense items as well as other transactions for the six-month period ended 30 June 2009 with related parties were as follows:

	31 December 2009/Six-Month period ended 30 June 2009 (unaudited)				
In millions of US Dollars	**TNK-BP**	**Alfa Group and its shareholders***	**Key management**	**ADA Group**	**ABH Ukraine Group (Note 4)**
Assets					
Trading securities	49	21	-	-	34
Investment securities available for sale	11	21	-	-	-
Correspondent accounts with other banks	-	-	-	-	34
Term placements with other banks	-	3	-	-	291
Loans and advances to customers (gross of provision for impairment)	5	536	-	229	95
Provision for loan impairment as at 1 January 2009		-	-	-	-
Provision for loan impairment during the period	-	(60)	-	-	-
Provision for loan impairment as at 30 June 2009	-	(60)	-	-	-
Receivables	-	15	-	42	7
Liabilities					
Correspondent accounts of other banks	-	4	-	-	7
Customer accounts					
- Current/settlement accounts	28	269	-	7	9
- Term deposits	221	1 219	3	9	-
Payables	-	7	32	-	-
Income and expense					
Interest income	3	55	-	-	16
Interest expense	(4)	(19)	-	-	-
Fee and commission income	-	9	-	-	-
Gains less losses arising from trading securities	-	(6)	-	-	(2)
Gains less losses arising from trading in foreign currencies	-	1	-	-	18
Other expenses	-	(9)	(8)	-	-
Credit related commitments					
Guarantees issued by the Group	57	8	-	-	-
Guarantees received by the Group (Note 4)	-	-	-	419	-
Import letters of credit	-	-	-	-	9

*excluding ADA Group and ABH Ukraine Group disclosed separately above.

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 2010 (unaudited)	31 December 2009
Key management compensation accrued as at the reporting date	**27**	**32**
Bonuses	**27**	**32**
- short-term bonuses	7	15
- long-term bonuses	20	17

In millions of US Dollars	Six-Month Period Ended 30 June 2010 (unaudited)	Six-Month Period Ended 30 June 2009 (unaudited)
Key management compensation expense for the period	**15**	**8**
Salaries	3	3
Bonuses	**12**	**5**
- short-term bonuses	7	2
- long-term bonuses	5	3

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.

21 Subsequent Events

In July 2010 the Group purchased from a subsidiary of ABH Ukraine Group for USD 248 million certain subordinated loans outstanding from ZAO Alfa-Bank Ukraine with total principal amount of USD 248 million, interest rate of 5.75% p.a. and maturity dates in 2016-2017. Following this transaction ABH Ukraine Group repaid approximately USD 140 million of its indebtedness to the Group.

Effective from 25 August 2010 interest rates on subordinated loans from Vnesheconombank (Note 4) have been decreased. Interest rate on the subordinated loan maturing in 2020 has been decreased from 9.5% p.a. to 7.5% p.a. while the interest rate on the subordinated loan maturing in 2019 has been decreased from 8% p.a. to 6.5% p.a. All other terms of these loans remain unchanged.