

Home Credit and Finance Bank

**Consolidated Interim Financial Statements
for the six month period ended 30 June 2006**

Contents

Independent Accountants' Review Report	3
Consolidated Interim Income Statement	4
Consolidated Interim Balance Sheet	5
Consolidated Interim Statement of Cash Flows	6
Notes to the Consolidated Interim Financial Statements	7



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Independent Accountants' Review Report

To the Owners
OOO "Home Credit and Finance Bank"

We have reviewed the accompanying interim consolidated balance sheet of OOO "Home Credit and Finance Bank" (the "Bank") and its subsidiaries (the "Group") as at 30 June 2006, and the related interim consolidated statements of income and cash flows for the six month period then ended. These interim consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to issue a report on these interim consolidated financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements do not present fairly, in all material respects, the financial position of the Group as at 30 June 2006, and the results of its operations and its cash flows for the six month period then ended in accordance with International Financial Reporting Standards.

KPMG Limited
3 August 2006

*Home Credit and Finance Bank
Consolidated Interim Income Statement
for the six month period ended 30 June 2006*

	Note	6 months ended 30 Jun 2006 TRUB	6 months ended 30 Jun 2005 TRUB
Interest income	4	4,887,855	3,707,548
Interest expense	4	<u>(1,170,900)</u>	<u>(1,005,297)</u>
Net interest income		3,716,955	2,702,251
Fee and commission income	5	665,284	625,221
Fee and commission expense	6	<u>(372,901)</u>	<u>(206,638)</u>
Net fee and commission income		292,383	418,583
Other operating (expense)/income, net	7	<u>(117,374)</u>	<u>68,975</u>
Operating income		3,891,964	3,189,809
Impairment losses	8	(2,234,022)	(2,010,027)
General administrative expenses	9	<u>(1,505,885)</u>	<u>(1,062,670)</u>
Operating expenses		<u>(3,739,907)</u>	<u>(3,072,697)</u>
Profit before tax		152,057	117,112
Income tax expense	10	<u>(41,173)</u>	<u>(43,899)</u>
Net profit attributable to participants		<u>110,884</u>	<u>73,213</u>

The interim consolidated financial statements as set out on pages 4 to 18 were approved by the Board of Management on 3 August 2006.

Chairman of the Management Board

Deputy Chief Accountant

Lykov A.V.



Egorova O.V.

A blue ink signature of Egorova O.V.

Home Credit and Finance Bank
Consolidated Interim Balance Sheet
as at 30 June 2006

	Note	30 Jun 2006	31 Dec 2005
		TRUB	TRUB
ASSETS			
Cash and cash equivalents	11	4,123,413	9,466,203
Placements with banks and other financial institutions	12	1,352,635	163,675
Loans to customers	13	24,704,905	25,631,916
Financial assets at fair value through profit or loss	14	2,026,154	1,888,075
Financial assets available for sale	15	907,550	-
Property, equipment and intangible assets	16	2,455,216	790,004
Investment in associate		3,893	6,553
Current income tax receivable		56,174	-
Other assets	17	<u>871,683</u>	<u>1,407,644</u>
Total assets		36,501,623	39,354,070
LIABILITIES			
Debt securities issued	18	(20,597,862)	(22,224,670)
Due to banks and other financial institutions	19	(3,242,786)	(5,015,032)
Current accounts and deposits from customers	20	(2,588,169)	(3,055,366)
Financial liabilities at fair value through profit or loss	21	(384,567)	(38,695)
Deferred tax liability		(142,146)	(118,909)
Current income tax payable		-	(18,739)
Other liabilities	22	<u>(239,956)</u>	<u>(325,938)</u>
Net assets attributable to participants	23	<u>9,306,137</u>	<u>8,556,721</u>

Home Credit and Finance Bank
Consolidated Interim Statement of Cash Flows
for the six month period ended 30 June 2006

	Note	6 months ended 30 Jun 2006 TRUB	6 months ended 30 Jun 2005 TRUB
Operating activities			
Profit before tax		152,057	117,112
Adjustments for:			
Impairment losses	8	2,234,022	2,010,027
Net unrealised foreign exchange gain		(300,076)	(247,569)
Net accrued interest income		(897,881)	(386,124)
Net accrued fee (income)/expense		(91,762)	13,907
Depreciation and amortisation	9	84,854	44,766
Net loss on disposal of property, equipment and intangible assets		763	938
Loss/(gain) on disposal of financial assets at fair value through profit or loss		9,688	(35)
Loss/(gain) on revaluation of financial assets at fair value through profit or loss		22,338	(357)
Net accrued general administrative expenses		73,057	101,460
		<u>1,287,060</u>	<u>1,654,125</u>
Net operating cash flow before changes in working capital			
Increase in loans to customers		(379,974)	(3,065,224)
(Increase)/decrease in placements with banks and other financial institutions		(1,198,557)	301,997
Increase in financial assets at fair value through profit or loss		(1,389,306)	(105,422)
Decrease/(increase) in other assets		479,254	(38,835)
Decrease in deposits from banks and other financial institutions		(464,149)	(12,082,687)
(Decrease)/increase in current accounts and deposits from customers		(1,601,785)	273,427
(Decrease)/increase in debt securities issued		(616,885)	15,007,196
Decrease in other liabilities		(187,568)	(123,341)
		<u>(4,071,910)</u>	<u>1,821,236</u>
Cash flows from operations			
Income taxes paid		(71,436)	(36,848)
		<u>(4,143,346)</u>	<u>1,784,388</u>
Cash flows from operating activities			
Investing activities			
Proceeds from sale of property and equipment		1,545	50
Acquisition of property, equipment and intangible assets		(1,752,374)	(127,426)
		<u>(1,750,829)</u>	<u>(127,376)</u>
Cash flows from investing activities			
Financing activities			
Proceeds from the issue of charter capital and other capital contributions	23	706,350	-
		<u>706,350</u>	<u>-</u>
Cash flows from financing activities			
Net (decrease)/increase in cash and cash equivalents		(5,187,825)	1,657,012
Cash and cash equivalents at 1 January	11	9,466,203	6,385,249
Foreign exchange effect on cash and cash equivalents		(154,962)	132,059
		<u>(5,187,825)</u>	<u>1,657,012</u>
Cash and cash equivalents at 30 June	11	<u><u>4,123,415</u></u>	<u><u>8,174,320</u></u>

1. Description of the Group

Home Credit and Finance Bank (the “Bank”) was established in the Russian Federation as a Limited Liability Company and was granted its general banking license in 1990.

Registered office

317A Zelenograd
Moscow 124482
Russian Federation

Participants	Country of incorporation	Ownership interest (%)	
		30 Jun 2006	31 Dec 2005
Home Credit B.V.	The Netherlands	99.99	99.99
Chvatal Ladislav	-	0.01	0.01

The ultimate controlling entity is PPF Group N.V. registered in the Netherlands.

Consolidated subsidiaries	Country of incorporation	Ownership interest (%)	
		30 Jun 2006	31 Dec 2005
Infobos (LLC)	Russian Federation	100.00	100.00
Liko-Technopolis (LLC)	Russian Federation	100.00	100.00
Financial Innovations (LLC)	Russian Federation	100.00	100.00
Global Credit Bureau (LLC)	Russian Federation	100.00	100.00
Eurasia Capital S.A.	Luxemburg	see below	see below
Eurasia Structured Finance No.1 S.A.	Luxemburg	see below	see below

Eurasia Capital S.A. and Eurasia Structured Finance No.1 S.A. are special purpose entities established to facilitate the Group’s issues of debt securities (refer to note 18).

Associates	Country of incorporation	Ownership interest (%)	
		30 Jun 2006	31 Dec 2005
Global Credit Payment Services (LLC)	Russian Federation	50.00	50.00

Council

Smejč Jiri	Chairman
Stanek Stanislav	Deputy Chairman
Chvatal Ladislav	Member
Dolezel Igor	Member
Kolikova Irina	Member

Board of Management

Lykov Andrei	Chairman
Soukup Vaclav	First Deputy Chairman
Mosolov Dmitri	Deputy Chairman
Gordeeva Tatiana	Chief Accountant, Member
Stanek Stanislav	Deputy Chairman

Principal activities

The principal activity of the Bank and its subsidiaries (together referred to as the “Group”) is the provision of consumer financing to private individual customers in the Russian Federation. The activities of the Group are regulated by the Central Bank of the Russian Federation (“the CBR”).

2. Basis of preparation

The consolidated interim financial statements follow, in the context of measurement, all requirements of International Financial Reporting Standards (IFRS), including International Accounting Standards (IAS), promulgated by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB. The disclosures in these consolidated interim financial statements have been presented in accordance with IAS 34 *Interim Financial Reporting*, and therefore should be read in conjunction with the Group's annual financial statements for the period ended 31 December 2005, as these consolidated interim financial statements provide an update of previously reported financial information.

3. Significant accounting policies

(a) Accounting policies

The significant accounting policies applied in the preparation of the consolidated interim financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2005.

(b) Comparative figures

The comparative figures have been regrouped or reclassified, where necessary, on a basis consistent with the current period.

In particular product delivery fees totalling TRUB 48,575 and customer payments processing and account maintenance fees totalling TRUB 115,437 were reclassified from general administrative expenses to fee and commission expense. Transaction costs amortisation totalling TRUB 24,764 related to loan origination which was previously reported under general administrative expenses was off-set against interest income.

4. Interest income and interest expense

	6 months ended 30 Jun 2006 TRUB	6 months ended 30 Jun 2005 TRUB
Interest income		
Loans to individuals	4,579,222	3,666,866
Placements with banks and other financial institutions	210,390	38,335
Securities	75,519	768
Loans to corporations	22,724	1,579
	<u><u>4,887,855</u></u>	<u><u>3,707,548</u></u>
Interest expense		
Debt securities issued	916,227	291,039
Due to banks and other financial institutions	253,237	711,717
Current accounts and deposits from customers	1,436	2,541
	<u><u>1,170,900</u></u>	<u><u>1,005,297</u></u>

5. Fee and commission income

	6 months ended 30 Jun 2006 TRUB	6 months ended 30 Jun 2005 TRUB
Fees from retailers	430,983	590,206
Cash operations	171,506	14,390
Insurance agent commissions	54,473	5,669
Customer payments processing and account maintenance	1,093	14,739
Other	7,229	217
	<u><u>665,284</u></u>	<u><u>625,221</u></u>

6. Fee and commission expense

	6 months ended 30 Jun 2006 TRUB	6 months ended 30 Jun 2005 TRUB
Customer payments processing and account maintenance	289,432	157,602
Product delivery fees	61,280	48,575
Other	22,189	461
	<u><u>372,901</u></u>	<u><u>206,638</u></u>

7. Other operating (expense)/income, net

	6 months ended 30 Jun 2006 TRUB	6 months ended 30 Jun 2005 TRUB
Net foreign exchange (expense)/income	(182,428)	30,550
Contractual penalties from customers	82,466	48,550
Other	<u>(17,412)</u>	<u>(10,125)</u>
	<u>(117,374)</u>	<u>68,975</u>

8. Impairment losses

	6 months ended 30 Jun 2006 TRUB	6 months ended 30 Jun 2005 TRUB
Loans to customers	2,227,159	2,008,232
Other assets	<u>6,863</u>	<u>1,795</u>
	<u>2,234,022</u>	<u>2,010,027</u>

9. General administrative expenses

	6 months ended 30 Jun 2006 TRUB	6 months ended 30 Jun 2005 TRUB
Employee compensation	586,576	362,061
Communications and information services	201,823	177,119
Payroll related taxes	148,530	71,831
Taxes other than income tax	144,492	109,782
Occupancy	108,698	61,591
Depreciation and amortisation	84,854	44,766
Advertising and marketing	57,721	109,681
Professional services	39,102	38,592
Travel expenses	32,512	16,370
Repairs and maintenance	30,793	33,044
Other	<u>70,784</u>	<u>37,833</u>
	<u>1,505,885</u>	<u>1,062,670</u>

10. Income tax expense

	6 months ended 30 Jun 2006 TRUB	6 months ended 30 Jun 2005 TRUB
Current tax benefit (overprovided in previous periods)	3,480	9,178
Deferred tax expense	<u>(44,653)</u>	<u>(53,077)</u>
	<u>(41,173)</u>	<u>(43,899)</u>
	6 months ended 30 Jun 2006 TRUB	6 months ended 30 Jun 2005 TRUB
Reconciliation of effective tax rate		
Profit before tax	<u>152,057</u>	<u>117,112</u>
Income tax using the applicable tax rate (24%)	(36,494)	(28,107)
Net non-deductible costs	(16,743)	(24,995)
Effect of income taxed at lower tax rates	8,584	25
Overprovided in previous periods	<u>3,480</u>	<u>9,178</u>
	<u>(41,173)</u>	<u>(43,899)</u>

11. Cash and cash equivalents

	30 Jun 2006 TRUB	31 Dec 2005 TRUB
Placements with banks and other financial institutions due within one month	3,894,356	8,199,993
Nostro accounts with the CBR	215,885	1,255,694
Cash	<u>13,172</u>	<u>10,516</u>
	<u>4,123,413</u>	<u>9,466,203</u>

Included in placements with banks and other financial institutions due within one month above are exposure to one counterparty exceeding 10% of net assets attributable to participants totalling TRUB 1,129,648 (31 December 2005: exposures to two counterparties totalling TRUB 1,961,323).

12. Placements with banks and other financial institutions

	30 Jun 2006	31 Dec 2005
	TRUB	TRUB
Term deposits with banks and other financial institutions due after one month	936,193	67,393
Minimum reserve deposit with the CBR	<u>416,442</u>	<u>96,282</u>
	<u>1,352,635</u>	<u>163,675</u>

The minimum reserve deposit is a mandatory non-interest bearing deposit calculated in accordance with regulations issued by the CBR and whose withdrawability is restricted.

13. Loans to customers

	30 Jun 2006	31 Dec 2005
	TRUB	TRUB
Consumer loans	22,659,918	26,357,619
Credit card loans	6,104,649	2,823,701
Loans to corporations	515,134	262,321
Accumulated impairment losses	<u>(4,574,796)</u>	<u>(3,811,725)</u>
	<u>24,704,905</u>	<u>25,631,916</u>

The Group considers loans which are contractually overdue for more than 90 days to be non-performing.

Loan and receivables are treated uncollectible if they are overdue over one year and Credit Reserves Committee approves that further collection procedures are economically unfeasible. The Group designates these loans and receivables to be written off.

In the six month period ended 30 June 2006 the Group wrote off loans of TRUB 1,464,088 (six month period ended 30 June 2005: none). As a result, total remaining non-performing loans amounted to TRUB 4,804,974 (31 December 2005: TRUB 4,099,759).

Analysis of movements in accumulated impairment losses

	6 months	6 months
	ended	ended
	30 Jun 2006	30 Jun 2005
	TRUB	TRUB
Balance at 1 January	3,811,725	1,181,758
Impairment losses recognised in the income statement	2,227,159	2,008,232
Amount related to loans written-off	<u>(1,464,088)</u>	<u>-</u>
Balance at 30 June	<u>4,574,796</u>	<u>3,189,990</u>

14. Financial assets at fair value through profit or loss

	30 Jun 2006	31 Dec 2005
	TRUB	TRUB
Debt securities	1,986,735	1,664,346
Equity securities	21,937	-
Positive fair value of derivative instruments	17,482	223,729
	<u>2,026,154</u>	<u>1,888,075</u>

15. Financial assets available for sale

	30 Jun 2006	31 Dec 2005
	TRUB	TRUB
Equity securities	907,550	-
	<u>907,550</u>	<u>-</u>

16. Property, equipment and intangible assets

(a) Intangible assets

	30 Jun 2006	31 Dec 2005
	TRUB	TRUB
Acquisition cost	203,242	130,619
Accumulated amortisation	(16,310)	(11,246)
Carrying amount	<u>186,932</u>	<u>119,373</u>

(b) Property and equipment

	30 Jun 2006	31 Dec 2005
	TRUB	TRUB
Acquisition cost	3,149,742	1,310,493
Accumulated amortisation	(881,458)	(639,862)
Carrying amount	<u>2,268,284</u>	<u>670,631</u>

17. Other assets

	30 Jun 2006	31 Dec 2005
	TRUB	TRUB
Settlements with suppliers	681,867	1,183,409
Accrued income	54,422	104,281
Taxes other than income tax	9,608	10,000
Materials, supplies and inventories	8,178	30,030
Other	131,644	87,097
Accumulated impairment losses	<u>(14,036)</u>	<u>(7,173)</u>
	<u>871,683</u>	<u>1,407,644</u>

18. Debt securities issued

			30 Jun 2006	31 Dec 2005
	Maturity	Interest rate	TRUB	TRUB
Loan participation notes issue 2 of TUSD 275,000	June 2008	Fixed	7,398,552	7,861,353
Loan participation notes issue 1 of TUSD 150,000	February 2008	Fixed	4,165,675	4,421,488
Class A1 consumer loans receivables backed notes of TEUR 100,000	May 2012	Floating	3,282,711	3,275,992
Class A2 consumer loans receivables backed notes of TEUR 13,500	May 2012	Floating	443,841	237,798
Class B consumer loans receivables backed notes of TEUR 13,000	May 2012	Floating	427,343	426,555
Unsecured RUB bond issue 2 of TRUB 3,000,000	May 2010	Variable	1,889,332	3,020,084
Unsecured RUB bond issue 3 of TRUB 3,000,000	September 2010	Variable	<u>2,990,408</u>	<u>2,981,400</u>
			<u>20,597,862</u>	<u>22,224,670</u>

The USD denominated loan participation notes 2 were issued by the Group in June 2005 through Eurasia Capital S.A. (refer to note 1). The proceeds from the issue were used to grant an unsecured loan to the Bank.

The USD denominated loan participation notes 1 were issued by the Group in February 2005 through Eurasia Capital S.A. (refer to note 1). The proceeds from the issue were deposited with a fiduciary bank which used the amount to grant an unsecured loan to the Bank.

The EUR denominated consumer loan receivables backed notes were issued by the Group in December 2005 through Eurasia Structured Finance No.1 S.A. (refer to note 1). The proceeds from the issue were used to finance consumer loan receivable purchases under receivables purchase agreement between the entity and the Bank. Coupon rates are set on a monthly basis based on the EURIBOR rate. Until September 2006 the Group is entitled to increase the face amount of Class A1 notes up to TEUR 230,000, Class A2 notes up to TEUR 33,000 and Class B notes up to TEUR 28,000.

18. Debt securities issued (continued)

Eurasia Capital S.A. and Eurasia Structured Finance No.1 S.A. are SPEs established by the Group with the primary objective of raising finance through the issuance of debt securities and securitizing part of Group's consumer loan portfolio. These SPEs are controlled by the Group through the predetermination of the activities of SPEs, having rights to obtain the majority of benefits of the SPEs, and retaining the majority of the residual risks related to the SPEs.

The RUB denominated bonds 2 were issued by the Group in May 2005 with a fixed coupon rate valid for the subsequent twelve months. Coupon rates for the remaining period will be set by the Group on a semi-annual basis starting May 2006. The RUB bonds 2 were partly redeemed at par by the Group in May 2006.

The RUB denominated bonds 3 were issued by the Group in September 2005 with a fixed coupon rate valid for the subsequent eighteen months. Coupon rates for the remaining period will be set by the Group on a quarterly basis starting March 2007. Bondholders are entitled to require early redemption of the bond issue at par in March 2007.

19. Due to banks and other financial institutions

	30 Jun 2006	31 Dec 2005
	TRUB	TRUB
Unsecured loans	1,744,134	2,773,967
Subordinated loans	954,556	1,738,489
Term deposits	499,681	170,000
Other balances	44,415	332,576
	<u>3,242,786</u>	<u>5,015,032</u>

20. Current accounts and deposits from customers

	30 Jun 2006	31 Dec 2005
	TRUB	TRUB
Current accounts and demand deposits	2,576,268	3,038,623
Term deposits	11,901	16,743
	<u>2,588,169</u>	<u>3,055,366</u>

21. Financial liabilities at fair value through profit or loss

	30 Jun 2006	31 Dec 2005
	TRUB	TRUB
Negative fair value of derivative instruments	384,567	38,695
	<u>384,567</u>	<u>38,695</u>

22. Other liabilities

	30 Jun 2006	31 Dec 2005
	TRUB	TRUB
Accrued employee compensation	85,096	498
Settlements with suppliers	84,341	239,476
Accrued fees to retailers	40,035	54,691
Other taxes payable	7,780	19,003
Other	22,704	12,270
	<u>239,956</u>	<u>325,938</u>

23. Net assets attributable to participants

	Charter capital	Other capital	Revaluation	Retained	Total
	capital	contributions	reserve	earnings	TRUB
	TRUB	TRUB	TRUB	TRUB	TRUB
Balance as of 31 December 2005	4,405,707	3,924,235	-	226,779	8,556,721
Contributions by owners	-	706,350	-	-	706,350
Revaluation of financial assets available for sale	-	-	(67,818)	-	(67,818)
Net profit attributable to participants	-	-	-	110,884	110,884
Balance as of 30 June 2006	<u>4,405,707</u>	<u>4,630,585</u>	<u>(67,818)</u>	<u>337,663</u>	<u>9,306,137</u>

Revaluation of financial assets available for sale above is shown net of deferred tax effect of TRUB 21,416.

24. Derivative financial instruments

At 30 June 2006 the following derivative contracts were outstanding:

Contract type	Maturity	Sell/Buy	Notional amount (in thousands of purchased currency)	Fair value (TRUB)
Foreign currency forward contracts	less than 1 month	RUB/USD	30,000	(16,805)
	1 to 3 months	RUB/USD	123,800	(71,880)
	3 months to 1 year	RUB/USD	168,700	(125,957)
	less than 1 month	RUB/EUR	122,881	(31,768)
Foreign currency futures contracts	less than 1 month	RUB/USD	23,000	(7,715)
	1 to 3 months	RUB/USD	23,000	(4,273)
	3 months to 1 year	RUB/USD	44,000	(96,380)
Foreign currency swap contracts	less than 1 month	RUB/USD	(25,000)	(2,525)
	less than 1 month	EUR/USD	25,375	5,395
Interest rate swap contracts	less than 1 month	Fixed/Floating (RUB)	3,576,475	(7,892)
		Fixed/Floating (RUB)	5,918,165	(5,752)
	3 months to 1 year	Fixed/Floating (RUB)	3,158,761	(1,533)
				<u>(367,085)</u>

At 31 December 2005 the following derivative contracts were outstanding:

Contract type	Maturity	Sell/Buy	Notional amount (in thousands of purchased currency)	Fair value (TRUB)
Foreign currency forward contracts	less than 1 month	RUB/USD	24,000	4,546
	1 to 3 months	RUB/USD	109,000	41,748
	1 to 3 months	USD/RUB	115,200	(545)
	3 months to 1 year	RUB/USD	247,800	173,541
	less than 1 month	RUB/EUR	123,338	(21,214)
Foreign currency futures contracts	1 to 3 months	RUB/USD	13,000	310
	3 months to 1 year	RUB/USD	44,000	(1,120)
Foreign currency swap contracts	less than 1 month	EUR/USD	27,303	(979)
Interest rate swap contracts	less than 1 month	Fixed/Floating (RUB)	2,960,000	(1,556)
		Fixed/Floating (RUB)	4,516,050	(3,935)
	3 months to 1 year	Fixed/Floating (RUB)	4,356,193	(5,762)
				<u>185,034</u>

25. Commitments

The Group has outstanding commitments to extend credit. These commitments take the form of approved credit limits related to customer's credit card accounts, approved consumer loans, guarantees issued and approved overdraft facilities.

	30 Jun 2006	31 Dec 2005
	TRUB	TRUB
Credit card commitments	5,358,483	3,294,194
Consumer loan commitments	600,971	1,286,806
Guarantees issued	368,046	-
Undrawn overdraft facilities	<u>17,610</u>	<u>54,280</u>
	<u>6,345,110</u>	<u>4,635,280</u>

The total outstanding contractual commitments to extend credit indicated above represents future cash requirements, though some of these commitments may expire or terminate without being funded.

26. Operating leases

The Group leases a number of premises and equipment under operating lease. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals.

Non-cancellable operating lease rentals are payable as follows:

	30 Jun 2006	31 Dec 2005
	TRUB	TRUB
Less than one year	119,114	88,429
Between one and five years	151,114	52,380
More than five years	<u>2,770</u>	<u>5,322</u>
	<u>272,998</u>	<u>146,131</u>

During the six month period ended 30 June 2006 TRUB 108,698 (six month period ended 30 June 2005: TRUB 61,591) was recognised as an expense in the income statement in respect of operating leases.

27. Capital adequacy ratio

Capital adequacy has been calculated under the methodology set out by the BIS, using the definition of capital adopted by the CBR. Tier I capital is represented by the Group's net assets attributable to participants, Tier II capital is represented by subordinated loans, up to a limit of 50% of Tier I capital.

	30 Jun 2006	31 Dec 2005
	TRUB	TRUB
Risk weighted assets	32,120,477	31,218,379
Tier I capital	9,306,137	8,556,721
Tier II capital	<u>947,762</u>	<u>1,502,457</u>
Total capital	<u>10,253,899</u>	<u>10,059,178</u>
Tier I ratio	29.0%	27.4%
Capital Adequacy Ratio	31.9%	32.2%