

Home Credit and Finance Bank

**Consolidated Interim Financial Statements
for the nine month period ended 30 September 2006**

(unaudited)

Contents

Consolidated Interim Income Statement	3
Consolidated Interim Balance Sheet	4
Consolidated Interim Statement of Cash Flows	5
Notes to the Consolidated Interim Financial Statements	6

Home Credit and Finance Bank
Consolidated Interim Income Statement
for the nine month period ended 30 September 2006

	Note	9 months ended 30 Sept 2006 TRUB	9 months ended 30 Sept 2005 TRUB
Interest income	4	7 483 672	5 545 127
Interest expense	4	<u>(1 684 037)</u>	<u>(1 558 209)</u>
Net interest income		5 799 635	3 986 918
Fee and commission income	5	1 038 685	1 022 134
Fee and commission expense	6	<u>(536 945)</u>	<u>(316 245)</u>
Net fee and commission income		501 740	705 889
Other operating (expense)/income, net	7	<u>(54 962)</u>	<u>52 005</u>
Operating income		6 246 413	4 744 812
Impairment losses	8	(3 583 932)	(3 272 428)
General administrative expenses	9	<u>(2 415 085)</u>	<u>(1 700 634)</u>
Operating expenses		<u>(5 999 017)</u>	<u>(4 973 062)</u>
Profit/(loss) before tax		247 396	(228 250)
Income tax (expense)/benefit	10	<u>(63 754)</u>	<u>33 107</u>
Net profit/(loss) attributable to participants		<u>183 642</u>	<u>(195 143)</u>

The interim consolidated financial statements as set out on pages 3 to 18 were approved by the Board of Management on 31 October 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 September 2006

	Note	30 Sept 2006	31 Dec 2005
		TRUB	TRUB
ASSETS			
Cash and cash equivalents	11	4 109 166	9 466 203
Placements with banks and other financial institutions	12	1 201 769	163 675
Loans to customers	13	26 874 122	25 631 916
Financial assets at fair value through profit or loss	14	1 755 327	1 888 075
Financial assets available for sale	15	902 643	-
Property, equipment and intangible assets	16	3 270 058	790 004
Investment in associate		2 884	6 553
Deferred tax asset		18 026	-
Current income tax receivable		55 761	-
Other assets	17	<u>775 065</u>	<u>1 407 644</u>
Total assets		38 964 821	39 354 070
LIABILITIES			
Debt securities issued	18	(21 036 652)	(22 224 670)
Due to banks and other financial institutions	19	(5 204 024)	(5 015 032)
Current accounts and deposits from customers	20	(2 545 689)	(3 055 366)
Financial liabilities at fair value through profit or loss	21	(337 644)	(38 695)
Deferred tax liability		(25 011)	(118 909)
Current income tax payable		(75 330)	(18 739)
Other liabilities	22	<u>(374 398)</u>	<u>(325 938)</u>
Net assets attributable to participants	23	<u>9 366 073</u>	<u>8 556 721</u>

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

	Note	9 months ended 30 Sept 2006 TRUB	9 months ended 30 Sept 2005 TRUB
Operating activities			
Profit before tax		247 396	(228 250)
Adjustments for:			
Impairment losses	8	3 583 932	3 272 428
Net unrealised foreign exchange gain		(470 743)	(119 827)
Net accrued interest income		(74 295)	(281 229)
Net accrued fee income		(52 400)	(25 656)
Depreciation and amortisation	9	128 079	72 006
Net loss on disposal of property, equipment and intangible assets		903	1 434
Loss/(gain) on disposal of financial assets at fair value through profit or loss		13 127	(1 580)
Gain on revaluation of financial assets at fair value through profit or loss		(18 272)	(20)
Net accrued general administrative expenses		103 917	1 308
Loss on netting		-	22 103
		<u>3 461 644</u>	<u>2 712 717</u>
Net operating cash flow before changes in working capital			
Increase in loans to customers		(4 512 791)	(4 700 198)
Increase in placements with banks and other financial institutions		(1 043 766)	(1 830 104)
Increase in financial assets at fair value through profit or loss		(1 126 613)	(2 037 456)
Decrease/(increase) in other assets		590 719	(162 341)
Decrease in deposits from banks and other financial institutions		(506 471)	(14 324 938)
Increase in current accounts and deposits from customers		434 559	188 597
(Decrease)/increase in debt securities issued		(411 946)	17 978 484
(Decrease)/increase in other liabilities		(36 649)	24 100
		<u>(3 151 314)</u>	<u>(2 151 139)</u>
Cash flows from operations			
Income taxes paid		(149 382)	(54)
		<u>(3 300 696)</u>	<u>(2 151 193)</u>
Cash flows from operating activities			
Investing activities			
Proceeds from sale of property and equipment		3 065	50
Acquisition of property, equipment and intangible assets		(2 612 101)	(313 080)
		<u>(2 609 036)</u>	<u>(313 030)</u>
Cash flows from investing activities			
Financing activities			
Proceeds from the issue of charter capital and other capital contributions	23	706 350	5 079 899
		<u>706 350</u>	<u>5 079 899</u>
Cash flows from financing activities			
Net (decrease)/increase in cash and cash equivalents		(5 203 382)	2 615 676
Cash and cash equivalents at 1 January	11	9 466 203	6 385 249
Foreign exchange effect on cash and cash equivalents		(153 655)	64 981
		<u>(4 109 166)</u>	<u>9 065 906</u>
Cash and cash equivalents at 30 September	11	<u><u>4 109 166</u></u>	<u><u>9 065 906</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 Sept 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 Sept 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 Sept 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
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 60,823 and customer payments processing and account maintenance fees totalling TRUB 224,674 were reclassified from general administrative expenses to fee and commission expense. Transaction costs amortisation totalling TRUB 47,326 related to loan origination which was previously reported under fee and commission expense was off-set against interest income.

4. Interest income and interest expense

	9 months ended 30 Sept 2006 TRUB	9 months ended 30 Sept 2005 TRUB
Interest income		
Loans to individuals	7 065 063	5 455 556
Placements with banks and other financial institutions	273 290	84 157
Securities	107 729	2 764
Loans to corporations	37 590	2 650
	<u>7 483 672</u>	<u>5 545 127</u>
Interest expense		
Debt securities issued	1 358 224	706 503
Due to banks and other financial institutions	324 764	847 648
Current accounts and deposits from customers	1 049	4 058
	<u>1 684 037</u>	<u>1 558 209</u>

5. Fee and commission income

	9 months ended 30 Sept 2006 TRUB	9 months ended 30 Sept 2005 TRUB
Fees from retailers	682 489	881 007
Cash operations	261 052	41 216
Insurance agent commissions	82 451	80 467
Customer payments processing and account maintenance	1 265	18 773
Other	11 428	671
	<u>1 038 685</u>	<u>1 022 134</u>

6. Fee and commission expense

	9 months ended 30 Sept 2006 TRUB	9 months ended 30 Sept 2005 TRUB
Customer payments processing and account maintenance	406 804	254 621
Product delivery fees	79 110	60 823
Other	51 031	801
	<u>536 945</u>	<u>316 245</u>

7. Other operating (expense)/income, net

	9 months ended 30 Sept 2006 TRUB	9 months ended 30 Sept 2005 TRUB
Net foreign exchange expense	(204 524)	(40 883)
Contractual penalties from customers	147 001	104 223
Loss on early redemption of debt	(23 782)	(22 103)
Other	26 343	10 768
	<u>(54 962)</u>	<u>52 005</u>

8. Impairment losses

	9 months ended 30 Sept 2006 TRUB	9 months ended 30 Sept 2005 TRUB
Loans to customers	3 589 396	3 268 145
Other assets	(5 464)	4 283
	<u>3 583 932</u>	<u>3 272 428</u>

9. General administrative expenses

	9 months ended 30 Sept 2006 TRUB	9 months ended 30 Sept 2005 TRUB
Employee compensation	1 014 528	595 622
Communications and information services	324 591	264 284
Payroll related taxes	226 891	114 100
Taxes other than income tax	205 545	171 914
Occupancy	182 738	103 275
Depreciation and amortisation	128 079	72 006
Advertising and marketing	80 983	167 747
Professional services	63 354	71 668
Travel expenses	49 195	28 060
Repairs and maintenance	45 754	35 462
Other	93 427	76 496
	<u>2 415 085</u>	<u>1 700 634</u>

10. Income tax expense

	9 months ended 30 Sept 2006 TRUB	9 months ended 30 Sept 2005 TRUB
Current tax (expense)/benefit (overprovided in previous periods)	(150 212)	9 175
Deferred tax benefit	86 458	23 932
	<u>(63 754)</u>	<u>33 107</u>
Reconciliation of effective tax rate		
	9 months ended 30 Sept 2006 TRUB	9 months ended 30 Sept 2005 TRUB
Profit before tax	<u>247 396</u>	<u>(228 250)</u>
Income tax using the applicable tax rate (24%)	(59 375)	54 780
Net non-deductible costs	(19 875)	(30 902)
Effect of income taxed at lower tax rates	11 947	54
Overprovided in previous periods	3 549	9 175
	<u>(63 754)</u>	<u>33 107</u>

11. Cash and cash equivalents

	30 Sept 2006 TRUB	31 Dec 2005 TRUB
Placements with banks and other financial institutions due within one month	3 939 655	8 199 993
Nostro accounts with the CBR	150 462	1 255 694
Cash	19 049	10 516
	<u>4 109 166</u>	<u>9 466 203</u>

12. Placements with banks and other financial institutions

	30 Sept 2006	31 Dec 2005
	TRUB	TRUB
Term deposits with banks and other financial institutions due after one month	1 108 883	67 393
Minimum reserve deposit with the CBR	<u>92 886</u>	<u>96 282</u>
	<u>1 201 769</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 Sept 2006	31 Dec 2005
	TRUB	TRUB
Consumer loans	22 211 641	26 357 619
Credit card loans	8 705 706	2 823 701
Loans to corporations	635 214	262 321
Accumulated impairment losses	<u>(4 678 439)</u>	<u>(3 811 725)</u>
	<u>26 874 122</u>	<u>25 631 916</u>

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

Loans 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 nine month period ended 30 September 2006 the Group wrote off loans of TRUB 2,722,682 (nine month period ended 30 September 2005: none). As a result, total remaining non-performing loans amounted to TRUB 5,148,882 (31 December 2005: TRUB 4,099,759).

Analysis of movements in accumulated impairment losses

	9 months	9 months
	ended	ended
	30 Sept 2006	30 Sept 2005
	TRUB	TRUB
Balance at 1 January	3 811 725	1 181 758
Impairment losses recognised in the income statement	3 589 396	3 268 145
Amount related to loans written-off	<u>(2 722 682)</u>	<u>-</u>
Balance at 30 September	<u>4 678 439</u>	<u>4 449 903</u>

14. Financial assets at fair value through profit or loss

	30 Sept 2006	31 Dec 2005
	TRUB	TRUB
Debt securities	1 558 497	1 664 346
Equity securities	190 659	-
Positive fair value of derivative instruments	6 171	223 729
	<u>1 755 327</u>	<u>1 888 075</u>

15. Financial assets available for sale

	30 Sept 2006	31 Dec 2005
	TRUB	TRUB
Equity securities	902 643	-
	<u>902 643</u>	<u>-</u>

16. Property, equipment and intangible assets

(a) Intangible assets

	30 Sept 2006	31 Dec 2005
	TRUB	TRUB
Acquisition cost	225 230	130 619
Accumulated amortisation	(18 921)	(11 246)
Carrying amount	<u>206 309</u>	<u>119 373</u>

(b) Property and equipment

	30 Sept 2006	31 Dec 2005
	TRUB	TRUB
Acquisition cost	3 820 664	1 310 493
Accumulated depreciation	(756 915)	(639 862)
Carrying amount	<u>3 063 749</u>	<u>670 631</u>

17. Other assets

	30 Sept 2006	31 Dec 2005
	TRUB	TRUB
Settlements with suppliers	568 050	1 183 409
Accrued income	56 629	104 281
Materials, supplies and inventories	13 342	30 030
Taxes other than income tax	9 282	10 000
Other	128 647	87 097
Accumulated impairment losses	(885)	(7 173)
	<u>775 065</u>	<u>1 407 644</u>

18. Debt securities issued

			30 Sept 2006	31 Dec 2005
	Maturity	Interest rate	TRUB	TRUB
Loan participation notes issue 2 of TUSD 275,000	June 2008	Fixed	7 479 313	7 861 353
Loan participation notes issue 1 of TUSD 150,000	February 2008	Fixed	4 033 831	4 421 488
Class A1 consumer loans receivables backed notes of TEUR 100,000	May 2012	Floating	3 289 598	3 275 992
Class A2 consumer loans receivables backed notes of TEUR 13,500	May 2012	Floating	444 772	237 798
Class B consumer loans receivables backed notes of TEUR 13,000	May 2012	Floating	428 240	426 555
Unsecured RUB bond issue 2 of TRUB 3,000,000	May 2010	Variable	2 364 732	3 020 084
Unsecured RUB bond issue 3 of TRUB 3,000,000	September 2010	Variable	<u>2 996 166</u>	<u>2 981 400</u>
			<u>21 036 652</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.

18. Debt securities issued (continued)

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.

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 next twelve month period were set by in May 2006. The RUB bonds 2 were partly redeemed at par in May 2006. Some of redeemed bonds were subsequently sold by the Group on the open market.

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 Sept 2006	31 Dec 2005
	TRUB	TRUB
Unsecured loans	2 853 994	2 773 967
Term deposits	1 331 218	170 000
Subordinated loans	965 335	1 738 489
Other balances	53 477	332 576
	<u><u>5 204 024</u></u>	<u><u>5 015 032</u></u>

20. Current accounts and deposits from customers

	30 Sept 2006	31 Dec 2005
	TRUB	TRUB
Current accounts and demand deposits	2 535 830	3 038 623
Term deposits	9 859	16 743
	<u>2 545 689</u>	<u>3 055 366</u>

21. Financial liabilities at fair value through profit or loss

	30 Sept 2006	31 Dec 2005
	TRUB	TRUB
Negative fair value of derivative instruments	337 644	38 695
	<u>337 644</u>	<u>38 695</u>

22. Other liabilities

	30 Sept 2006	31 Dec 2005
	TRUB	TRUB
Accrued employee compensation	115 311	498
Accrued product delivery fees	84 884	54 691
Settlements with suppliers	73 420	239 476
Other taxes payable	9 421	19 003
Other	91 362	12 270
	<u>374 398</u>	<u>325 938</u>

23. Net assets attributable to participants

	Charter capital	Other capital	Revaluation	Retained	Total
	TRUB	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	-	-	(80 640)	-	(80 640)
Net profit attributable to participants	-	-	-	183 642	183 642
Balance as of 30 September 2006	<u>4 405 707</u>	<u>4 630 585</u>	<u>(80 640)</u>	<u>410 421</u>	<u>9 366 073</u>

Revaluation of financial assets available for sale above is shown net of deferred tax effect of TRUB 25,466.

24. Derivative financial instruments

At 30 September 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	68 000	(82 400)
	1 to 3 months	RUB/USD	10 000	(21 832)
	3 months to 1 year	RUB/USD	177 700	(88 132)
	less than 1 month	RUB/EUR	123 424	(14 955)
Foreign currency futures contracts	1 to 3 months	RUB/USD	44 000	(108 150)
	3 months to 1 year	RUB/USD	99 000	(3 715)
Foreign currency swap contracts	less than 1 month	RUB/USD	39 000	(56)
	less than 1 month	EUR/USD	21 914	2 180
Interest rate swap contracts	less than 1 month	Fixed/Floating (RUB)	3 676 773	(6 205)
		Fixed/Floating (RUB)	6 230 815	(6 519)
	3 months to 1 year	Fixed/Floating (RUB)	4 332 625	(1 689)
				<u>(331 473)</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 overdraft facilities and approved consumer loans.

	30 Sept 2006	31 Dec 2005
	TRUB	TRUB
Credit card commitments	6 635 145	3 294 194
Undrawn overdraft facilities	878 714	54 280
Consumer loan commitments	<u>750 191</u>	<u>1 286 806</u>
	<u>8 264 050</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 Sept 2006	31 Dec 2005
	TRUB	TRUB
Less than one year	166 836	88 429
Between one and five years	307 376	52 380
More than five years	<u>20 110</u>	<u>5 322</u>
	<u>494 322</u>	<u>146 131</u>

During the nine month period ended 30 September 2006 TRUB 182738, (nine month period ended 30 September 2005: TRUB 103275,) 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 Sept 2006	31 Dec 2005
	TRUB	TRUB
Risk weighted assets	39 205 682	31 218 379
Tier I capital	9 371 646	8 556 721
Tier II capital	<u>937 297</u>	<u>1 502 457</u>
Total capital	<u>10 308 943</u>	<u>10 059 178</u>
Tier I ratio	23,9%	27,4%
Capital Adequacy Ratio	26,3%	32,2%