

Absolut Bank Group

**Consolidated Interim
Financial Statements
and Auditors' Review Report**

30 June 2006

AUDITOR'S REVIEW REPORT

To the Shareholders and the Board of Directors of Absolut Bank Group:

We have reviewed the accompanying consolidated interim balance sheet of Absolut Bank and its subsidiaries (the "Group" as defined in Note 1 to the consolidated interim financial statements) as at 30 June 2006 and the related consolidated interim statements of income, changes in equity and cash flows for the six-months then ended. These consolidated interim financial statements are the responsibility of the Group's Management. Our responsibility is to issue a report on these consolidated interim financial statements based on our review.

We conducted our review in accordance with International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance about whether the consolidated interim financial statements are free of material misstatement. A review is limited primarily to inquiries of the Group's 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 accompanying consolidated interim 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-months then ended in accordance with International Accounting Standard 34 "Interim Financial Reporting".

ZAO PricewaterhouseCoopers Audit

Moscow, Russian Federation
28 August 2006


Absolut Bank Group
Consolidated Interim Balance Sheet
(in thousands of Russian Roubles)

	Note	30 June 2006 (Unaudited)	31 December 2005
Assets			
Cash and cash equivalents	7	5 386 181	5 003 330
Mandatory cash balances with the Central Bank of the Russian Federation		480 279	325 638
Trading securities	8	4 643 891	1 593 280
Due from other banks	9	479 557	1 914 231
Loans and advances to customers	10	31 003 318	17 550 531
Premises, equipment and investment property	11	1 604 209	1 199 671
Software	11	10 740	14 696
Other assets	12	236 739	98 416
Total assets		43 844 914	27 699 793
Liabilities			
Due to other banks	13	12 411 824	9 508 362
Customer accounts	14	11 608 806	6 945 683
Debt securities issued	15	8 556 163	7 002 674
Other borrowed funds	16	6 131 660	487 669
Current income tax liability		-	114 516
Deferred tax liability	22	210 294	179 229
Other liabilities	17	78 403	63 472
Subordinated deposits		-	431 738
Total liabilities		38 997 150	24 733 343
Shareholders' equity			
Share capital	18	1 714 609	1 339 609
Share premium		2 060 896	772 096
Revaluation reserve	11	361 475	361 475
Retained earnings		710 784	493 270
Total shareholders' equity		4 847 764	2 966 450
Total liabilities and shareholders' equity		43 844 914	27 699 793

Approved for issue by the Board of Directors and signed on its behalf on 28 August 2006.


 Sidorov N. V.
 Chairman of the Board




 Prigornitskaya O.N.
 Chief Accountant

Absolut Bank Group
Consolidated Interim Statement of Income
(in thousands of Russian Roubles)

	Note	Six-Month Period Ended 30 June 2006 (Unaudited)	Six-Month Period Ended 30 June 2005 (Unaudited)
Interest income	19	1 728 996	744 659
Interest expense	19	(979 325)	(282 848)
Net interest income		749 671	461 811
Provision for loan impairment	10	(362 725)	(85 734)
Net interest income after provision for loan impairment		386 946	376 077
Gains less losses arising from trading securities		334 969	4 844
Losses net of gains from operations with equity derivatives	26	(128 895)	-
Gains less losses arising from trading in foreign currencies		47 561	9 891
Foreign exchange translation result		(3 448)	30 975
Fee and commission income	20	221 614	138 830
Fee and commission expense	20	(103 549)	(86 206)
Release of provision/(provision) for losses on credit related commitments	25	20 691	(6 625)
Other operating income		32 010	15 966
Operating income		807 899	483 752
Operating expenses	21	(525 459)	(247 799)
Profit before tax		282 440	235 953
Income tax expense	22	(64 926)	(55 830)
Net profit		217 514	180 123

Absolut Bank Group
Consolidated Interim Statement of Cash Flows
(in thousands of Russian Roubles)

	Note	Six-Month Period Ended 30 June 2006 (Unaudited)	Six-Month Period Ended 30 June 2005 (Unaudited)
Cash flows from operating activities			
Interest received		1 636 139	701 786
Interest paid		(545 714)	(210 695)
Income received from trading in securities		374 960	3 180
Income received from trading in foreign currencies		51 863	14 079
Fees and commissions received		234 966	142 438
Fees and commissions paid		(134 830)	(100 948)
Losses net of gains from operations with equity derivatives		(129 532)	-
Other operating income received		40 719	15 355
Operating expenses paid		(481 038)	(226 631)
Income tax paid		(180 268)	(29 732)
Cash flows from operating activities before changes in operating assets and liabilities		867 265	308 832
Changes in operating assets and liabilities			
Net increase in mandatory cash balances with the Central Bank of the Russian Federation		(154 640)	(52 925)
Net increase in trading securities		(3 092 199)	(66 719)
Net decrease/(increase) in due from other banks		1 430 440	(113 408)
Net increase in loans and advances to customers		(13 975 614)	(2 347 477)
Net increase in other assets		(96 820)	(59 580)
Net increase in due to other banks		2 947 497	1 657 115
Net increase in customer accounts		4 673 218	604 647
Net increase in promissory notes issued		1 216 699	63 979
Net increase in other liabilities		35 551	16 026
Net cash (used in)/from operating activities		(6 148 603)	10 490
Cash flows from investing activities			
Acquisition of premises and equipment, investment property and software	11	(445 324)	(101 473)
Proceeds from disposal of premises and equipment		-	178
Dividend income received		-	448
Net cash used in investing activities		(445 324)	(100 847)
Cash flows from financing activities			
Issue of ordinary shares		1 248 297	-
Proceeds from other borrowed funds		5 553 786	140 848
Interest paid on other borrowed funds		(20 800)	(7 452)
Net (decrease)/increase in RR bonds issued		(498 534)	153 407
Interest paid on RR bonds issued		(28 132)	(39 482)
Proceeds from issued short-term notes		815 471	352 618
Interest paid on short-term notes		(49 905)	(16 990)
Net cash from financing activities		7 020 183	582 949
Effect of exchange rate changes on cash and cash equivalents		(43 405)	58 976
Net increase in cash and cash equivalents		382 851	551 568
Cash and cash equivalents as at the beginning of the period		5 003 330	3 611 069
Cash and cash equivalents as at the end of the period	7	5 386 181	4 162 637

Financing transactions that did not require the use of cash and cash equivalents were excluded from the cash flow statement and are disclosed in Note 18.

Absolut Bank Group
Consolidated Interim Statement of Changes in Shareholders' Equity
(in thousands of Russian Roubles)

	Share capital	Share premium	Revaluation reserve	Retained earnings	Total shareholders' equity
Balance as at 31 December 2004	1 284 869	573 149	189 153	89 336	2 136 507
Net profit for the period	-	-	-	180 123	180 123
Balance as at 30 June 2005 (Unaudited)	1 284 869	573 149	189 153	269 459	2 316 630
	Share capital	Share premium	Revaluation reserve	Retained earnings	Total shareholders' equity
Balance as at 31 December 2005	1 339 609	772 096	361 475	493 270	2 966 450
Contributions from shareholders (Note 18)	375 000	1 288 800	-	-	1 663 800
Net profit for the period	-	-	-	217 514	217 514
Balance as at 30 June 2006 (Unaudited)	1 714 609	2 060 896	361 475	710 784	4 847 764