ING Bank (Eurasia) ZAO

Consolidated Financial Statements

For the year ended 31 December 2001

ING Bank (Eurasia) ZAO
Shareholders, Officers and Auditors

Shareholders on 31 December 2001	% Ownership	% Votes
ING Bank N.V.	99.001	99.001
Van Zwamen Holding B.V.	0.999	0.999
	100.000	100.000

Board of Directors on 31 December 2001

P. van Zanten
J. Nijssen
A. van Meteren
C. Teppema
H. ten Bosch

Board of Management on 31 December 2001

H. ten Bosch
B. Geels
G. Hulina
S. Walker
M. Pernetti
A. Lorenz
S. Matveev
V. Nikolaeva
K. Sapozhnikova
M. Travkina
A. Popov
V. Arzhantseva
D. Kushaev
M. Safonov

Auditors

KPMG Limited, Moscow

KPMG Limited

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AUDITORS' REPORT TO THE BOARD OF DIRECTORS AND SHAREHOLDERS' OF ING BANK (EURASIA) ZAO

We have audited the accompanying balance sheet of ING Bank (Eurasia) ZAO and its subsidiaries ("the Bank") as of 31 December 2001 and the related statements of income, cash flow and changes in equity for the year then ended. The consolidated financial statements, as set out on pages 4 to 33, are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing as issued by the International Federation of Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the consolidated financial statements present fairly, in all material respects, the financial position of the Bank as of 31 December 2001 and the results of its operations, cash flows and changes in shareholder's equity for the year then ended in accordance with International Accounting Standards as issued by the International Accounting Standards Board.

KPMG Limited
Moscow, Russian Federation
15 July 2002

ING Bank (Eurasia) ZAO
Consolidated Income Statement
For the year ended 31 December 2001

	Notes	**2001** **USD'000**	**2000** **USD'000**
Interest income	*5*	22 154	20 466
Interest expense	*5*	(14 878)	(13 223)
Net interest income		**7 276**	**7 243**
Fee and commission income	*6*	7 057	8 627
Fee and commission expense	*7*	(2 491)	(1 262)
Net fee and commission income		**4 566**	**7 365**
Net securities trading income	*8*	**11 143**	**34 013**
Net income from foreign exchange	*9*	**6 033**	**222**
Other income	*10*	**384**	**3 204**
Operating income		**29 402**	**52 047**
General administrative expenses	*11*	(24 228)	(25 049)
Net recovery of / (charge for) impairment losses	*12*	1 755	(1 423)
Operating expense		**(22 473)**	**(26 472)**
Income before income tax expense		**6 929**	**25 575**
Income tax expense	*13*	(2 836)	(2 970)
Net income for the year		**4 093**	**22 605**

The consolidated financial statements as set out on pages 4 to 33 were approved by the Board of Management of the Bank on 15 July 2002.

General Director *Chief Financial Officer*

Hendrik ten Bosch Katerina Sapozhnikova

The consolidated income statement is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

ING Bank (Eurasia) ZAO
Consolidated Balance Sheet
As of 31 December 2001

	Notes	**2001 USD'000**	**2000 USD'000** (restated)
ASSETS			
Banking assets			
Cash		4 272	4 546
Due from the Central Bank of the Russian Federation	*14*	19 495	20 769
Placements with banks and other financial institutions	*15*	198 571	52 382
Loans to customers	*16*	239 365	174 234
Financial assets held for trading	*17*	28 994	24 863
Investments	*18*	4 556	50
Total Banking Assets		**495 253**	**276 844**
Fixed assets	*19*	2 580	3 091
Other assets	*20*	3 883	6 665
Total Assets		**501 716**	**286 600**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Banking liabilities			
Deposits and balances from banks and other financial institutions	*21*	204 072	99 049
Amounts payable under repurchase agreements	*22*	-	1 948
Current accounts and deposits from customers	*23*	224 527	124 565
Promissory notes		13 910	2 935
Total Banking Liabilities		**442 509**	**228 497**
Other liabilities	*24*	9 070	12 059
Total Liabilities		**451 579**	**240 556**
Shareholders' Equity			
Share capital	*25*	6 599	6 599
Share premium		84 901	84 901
Accumulated losses		(41 363)	(45 456)
Total Shareholders' Equity		**50 137**	**46 044**
Commitments and Contingencies	*27 28, 29*		
Total Liabilities and Shareholders' Equity		**501 716**	**286 600**

The consolidated balance sheet is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

ING Bank (Eurasia) ZAO
Consolidated Statement of Cash Flow
For the year ended 31 December 2001

	Note	2001 USD'000	2000 USD'000
Cash flow from operating activities			
Interest and fee and commission receipts		31 277	29 868
Interest and fee and commission payments		(18 589)	(15 486)
Net receipts from foreign exchange		6 173	221
Net receipts from financial assets held for trading		16 490	27 923
Other receipts		384	5 515
Cash payments to employees and suppliers		(21 068)	(21 827)
Turnover taxes refunded		4	720
Operating cash flow before changes in operating assets and liabilities		14 671	26 934
(Increase)/decrease in operating assets			
Obligatory reserve deposit with the Central Bank of the Russian Federation		(6 584)	6 434
Placements with banks and other financial institutions		(94 906)	(21 994)
Loans to customers		(66 460)	34 141
Amounts receivable under reverse repurchase agreements		-	2 319
Financial assets held for trading		(9 320)	20 668
Other operating assets		708	1 867
Increase/(decrease) in operating liabilities			
Deposits and balances from banks and other financial institutions		105 023	(60 244)
Amounts payable under repurchase agreements		(1 948)	1 948
Current accounts and deposits from customers		99 962	25 177
Promissory notes		10 975	(26 169)
Other operating liabilities		(57)	(945)
Net cash provided by operating activities before taxes		52 064	10 136
Income tax paid		(3 028)	(2 186)
Net cash provided by operations		49 036	7 950
Cash flows from investing activities			
Net (purchases)/sales of investments		(4 506)	403
Net purchases of fixed assets		(1 378)	(645)
Net cash used in investing activities		(5 884)	(242)
Net increase in cash and cash equivalents		43 152	7 708
Cash and cash equivalents at the beginning of the year		33 318	25 610
Cash and cash equivalents at the end of the year	*31*	76 470	33 318

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

ING Bank (Eurasia) ZAO
Consolidated Statement of Changes in Shareholders' Equity
For the year ended 31 December 2001

	Share capital USD'000	Share premium USD'000	Accumulated losses USD'000	Total USD'000
Balance at 1 January 2000, as previously reported	**6 599**	**84 551**	**(67 711)**	**23 439**
Correction of error (refer Note 4)	-	350	(350)	-
Restated balance at 1 January 2000	**6 599**	**84 901**	**(68 061)**	**23 439**
Net income for the year	-	-	22 605	22 605
Balance at 1 January 2001	**6 599**	**84 901**	**(45 456)**	**46 044**
Net income for the year	-	-	4 093	**4 093**
Balance at 31 December 2001	**6 599**	**84 901**	**(41 363)**	**50 137**

The consolidated statement of changes in shareholders' equity is to be read in conjunction with the notes to the consolidated financial statements.

1. BACKGROUND

(a) Background

ING Bank (Eurasia) ZAO was established in the Russian Federation as a closed joint-stock company with limited liability in September 1993, and was granted its general banking license in March 1995. The activities of the Bank are regulated by the Central Bank of Russia (the "CBR") and the Ministry of Finance of Russia. The average number of persons employed by the Bank during the year was 195 (2000: 171). In 2001 the Bank established two 100% owned subsidiary companies, ING Leasing (Eurasia) and ING (Eurasia) Financial Services, which have been consolidated into these financial statements. The principal activities of ING Bank (Eurasia) ZAO and its subsidiaries (the "Bank") are commercial lending, operations with securities and foreign exchange, custodian and cash management services, and deposit taking.

The Bank is part of the ING Group, an international financial group headquartered in Amsterdam and operating in over 60 countries.

(b) Russian business environment

The Russian Federation has been experiencing political and economic change which has affected and may continue to affect the activities of enterprises operating in this environment. Consequently, operations in the Russian Federation involve risks which do not typically exist in other markets.

The accompanying consolidated financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Bank. The future business environment may differ from management's assessment. The impact of such differences on the operations and financial position of the Bank may be significant.

2. BASIS OF PREPARATION

(a) Statement of compliance

The Bank maintains its accounting records in accordance with the legislative requirements of the Netherlands and the Russian Federation. The accompanying consolidated financial statements have been prepared from those accounting records and adjusted as necessary to comply, in all material respects, with the requirements of International Accounting Standards as issued by the International Accounting Standards Board (IASB).

(b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Bank. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

(c) Historical cost basis

The consolidated financial statements are prepared on the historical cost basis except financial assets held for trading and available for sale which are stated at their fair value.

(d) Measurement and reporting currency

The national currency of the Russian Federation is the Russian Rouble. The reporting and measurement currency for the purpose of these financial statements is the US Dollar. The US Dollar has been used as the measurement and reporting currency as management considers that US dollars reflects the economic substance of the underlying events and circumstances relevant to the Bank due to majority of its financial assets and financial liabilities as well as income and expenses are denominated in US dollars. All amounts in the consolidated financial statements have been rounded to the nearest thousand.

2. BASIS OF PREPARATION (continued)

The Russian economy is a hyperinflationary economy. Had the Russian Rouble been used as the reporting currency, the consolidated financial statements would have been required to be restated using general price indices in accordance with the provisions of *IAS 29 Financial Reporting in Hyperinflationary Economies*. Due to a divergence in the movements in the Rouble/US dollar exchange rate and Russian general price indices the information presented in these financial statements may differ from information which would be presented had the Russian Rouble been used as the reporting currency.

(e) Going concern

The accompanying consolidated financial statements of the Bank have been prepared on a going concern basis, which contemplates the realisation of assets and the settlement of liabilities in the normal course of business. The recoverability of the Bank's assets, as well as the future operations of the Bank, may be significantly affected by the current and future economic environment (refer note 1 (b)). The accompanying consolidated financial statements do not include any adjustments should the Bank be unable to continue as a going concern.

(f) Convertibility of the Rouble

The Russian Rouble is not a convertible currency outside the Russian Federation and, accordingly, any conversion of Russian Rouble amounts to US Dollars should not be construed as a representation that Russian Rouble amounts have been, could be, or will be in future, convertible into US Dollars at the exchange rate shown, or at any other exchange rate.

3. SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been applied in the preparation of the consolidated financial statements and, except for the adoption of IAS 39 Financial Instruments: Recognition and Measurement in 2001, are consistent with those used in the previous year.

(a) Foreign currency transactions

Income and expenses, and non-monetary items included in the balance sheet at year end denominated in currencies other than the US Dollar are recorded by applying the market exchange rate prevailing on the date of the transaction or average quarterly rates. Exchange differences resulting from a change in the exchange rate between the transaction date and the date of settlement are recognised in the income statement. Non US Dollar denominated monetary items included in the balance sheet at year end are translated at the market exchange rate at the year end. The resulting difference is recognised in the income statement for the year. The RUR/USD exchange rates as of 31 December 2001 and 2000 were 30.14 and 28.16 respectively.

(b) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at cost, net of any transaction costs incurred. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the term of the liability.

When liabilities are repurchased or settled before maturity any difference between the amount repaid and the carrying amount is recognised immediately in the income statement.

(c) Financial instruments

(i) Classification

Trading instruments are those that the Bank principally holds for the purpose of short-term profit taking. These include investments and derivative contracts that are not designated and effective hedging instruments, and liabilities from short sales of financial instruments. All trading instruments are included in financial assets held for trading in the balance sheet.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Originated loans and receivables are loans and receivables created by the Bank providing money to a debtor other than those created with the intention of short-term profit taking. Originated loans and receivables comprise loans and advances to banks and customers other than purchased loans. Originated loans and receivables are included in placements with banks and other financial institutions, loans to customers, due from the Central Bank of the Russian Federation and other assets in the balance sheet.

Held-to-maturity assets are financial assets with fixed or determinable payments and fixed maturity that the Bank has the intent and ability to hold to maturity. These instruments are included within investments in the balance sheet.

Available-for-sale assets are financial assets that are not held for trading purposes, originated by the Bank, or held to maturity. These instruments are included within investments in the balance sheet.

(ii) Recognition
The Bank recognises financial assets held for trading and available-for-sale assets on the date it commits to purchase the assets. From this date any gains and losses arising from changes in fair value of the assets are recognised.

Held-to-maturity assets and originated loans and receivables are recognised on the day they are transferred to or originated by the Bank.

(iii) Measurement
Financial instruments are measured initially at cost, including transaction costs.

Subsequent to initial recognition all trading instruments and all available-for-sale assets are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at cost, including transaction costs, less impairment losses.

All non-trading financial liabilities, originated loans and receivables and held-to-maturity assets are measured at amortised cost less impairment losses. Amortised cost is calculated using the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

(iv) Fair value measurement principles
The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management’s best estimates and the discount rate is a market related rate at the balance sheet date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the balance sheet date.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Bank would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions and the current creditworthiness of the counterparties.

(v) Gains and losses on subsequent measurement
Gains and losses arising from a change in the fair value of all trading and available-for-sale instruments are recognised in the income statement.

(d) Derecognition
A financial asset is derecognised when the Bank loses control over contractual rights that comprise that assets. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when it is extinguished.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Available-for-sale assets and assets held for trading that are sold are derecognised and corresponding receivables from the buyer for the payment are recognised as of the date the Bank commits to sell the asset. The Bank uses the specific identification method to determine the gain or loss on derecognition.

Held-to-maturity instruments and originated loans and receivables are derecognised on the day they are transferred by the Bank.

(e) Repurchase and reverse repurchase agreements
Securities sold under agreements to repurchase are retained within the trading or investment portfolios and accounted for accordingly. Liability accounts are used to record the obligation to repurchase. The difference between the sale and repurchase price represents interest expense and is recognised in the income statement over the term of the repurchase agreement.

Securities held under reverse repurchase agreements are recorded as receivables. The difference between the purchase and sale price represents interest income and is recognised in the income statement over the term of the reverse repurchase agreement. Receivables due under reverse repurchase agreements are shown net of provisions for losses.

(f) Offsetting
Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(g) Fixed assets

(i) Owned assets
Fixed assets are stated at cost less accumulated depreciation (refer below) and impairment losses (refer note h).

(ii) Depreciation
Depreciation is charged to the income statement on a straight line basis over the estimated useful lives of the individual assets. Depreciation commences from the year of acquisition, for the entire year, with no depreciation charge being recognised in the year of disposal.

Office machines & equipment	5 years
Leasehold improvements	5-6 years
Data processing equipment	3 years
Motor vehicles	5 years
Computer software	3 years

(h) Impairment
Assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Loans and advances
Loans and advances are presented net of specific and general allowances for uncollectibility. Specific allowances are made against the carrying amount of loans and advances that are identified as being impaired based on regular reviews of outstanding balances to reduce these loans and advances to their recoverable amounts. General allowances are maintained to reduce the carrying amount of portfolios of similar loans and advances to their estimated recoverable amounts at the balance sheet date. Increases in the allowance account are recognised in the income statement. When a loan is known to be uncollectible, all the necessary legal procedures have been completed, and the final loss has been determined, the loan is written off directly.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

All other assets
The carrying amounts of the Bank's other assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists the assets recoverable amount is estimated and an impairment loss is recognised if the carrying amount of the asset exceeds its recoverable amount.

(i) Employee benefits
The Bank is committed to reimburse employees for all expenses incurred in case of injuries at work. These amounts are expensed when incurred.

(j) Provisions
A provision is recognised in the balance sheet when the Bank has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(k) Income tax
Income tax on the income or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(l) Dividends
The ability of the Bank to declare and pay dividends is subject to the rules and regulations of the CBR and other Russian legislation.

Dividends are reflected as an appropriation of retained earnings as and when declared.

(m) Statement of cash flows
The Bank considers cash and nostro accounts to be cash and cash equivalents. The minimum reserve deposit with the CBR is not considered to be a cash equivalent due to restrictions on its withdrawability.

(n) Comparative information
Comparative information has been reclassified to conform to changes in presentation in the current year.

(o) Interest income
Interest income and expense is recognised in the income statement as it accrues, taking into account the effective yield of the asset. Interest income and expense includes the amortisation of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

(p) Fee and commission income
Fee and commission income is recognised when the corresponding service is provided.

4. CORRECTION OF ERROR

Share premium of 350 USD’000 was incorrectly recorded as retained earnings in previous periods. The opening balance of retained earnings at 1 January 2000 has thus been adjusted to correctly reflect this.

	2000 USD'000
Opening retained earnings as previously reported	(67 711)
Correction of error	(350)
Opening retained earnings as restated	**(68 061)**

5. INTEREST INCOME AND INTEREST EXPENSE

Interest Income	2001 USD'000	2000 USD'000
Loans to customers	16 627	16 452
Placements with banks and other financial institutions	5 523	4 006
Amounts receivable under reverse repurchase agreements	4	8
	22 154	**20 466**

Interest Expense	2001 USD'000	2000 USD'000
Deposits and balances from banks and other financial institutions	10 568	9 170
Current accounts and deposits from customers and promissory notes	4 309	4 051
Amounts payable under repurchase agreements	1	2
	14 878	**13 223**

6. FEE AND COMMISSION INCOME

	2001 USD'000	2000 USD'000
Custody and brokerage fees	3 678	4 223
Cash management fees	696	460
Currency control fees	613	697
Foreign exchange commissions	524	1 718
Funds transfer fees	504	521
Trade finance fees	404	327
Other	638	681
	7 057	**8 627**

7. FEE AND COMMISSION EXPENSE

	2001 USD'000	2000 USD'000
Guarantee fees	1 226	77
Custody and brokerage fees	585	795
Insurance fees	377	196
Funds transfer fees	87	79
Other	216	115
	2 491	**1 262**

8. NET SECURITIES TRADING INCOME

	2001 USD'000	2000 USD'000
Realised gain from trading securities	11 052	27 817
Unrealised gain from trading securities	91	6 196
	11 143	**34 013**

9. NET INCOME FROM FOREIGN EXCHANGE

	2001 USD'000	2000 USD'000
Gain/(Loss) on foreign exchange derivatives	5 181	(111)
Gain on position in foreign currency	852	333
	6 033	**222**

10. OTHER INCOME

	2001 USD'000	2000 USD'000
Fees for services provided to ING Group Banks	384	649
Recovery of previously written-off receivables under forward contracts with Russian counterparties	-	2 555
	384	**3 204**

11. GENERAL ADMINISTRATIVE EXPENSES

	2001 USD'000	2000 USD'000
Employee compensation	11 775	13 432
Intercompany charges	2 423	2 591
Depreciation	1 889	1 645
Turnover based taxes	1 732	1 837
Occupancy	1 643	1 330
Communications, automation and information services	1 555	1 451
Professional services	855	856
Travel expenses	619	671
Security	359	453
Other	1 378	783
	24 228	**25 049**

12. IMPAIRMENT LOSSES

	2001 USD'000	2000 USD'000
(Charge for) / Recovery of provision for impairment on loans to customers	(1 329)	683
Recovery of provision for impairment on placements with banks and other financial institutions	-	101
Recovery of / (Charge for) provision for contingent litigation (refer Note 29)	2 610	(2 610)
Recovery of other provisions	474	-
Recovery of permanent diminution in value of equity securities	-	403
	1 755	**(1 423)**

Amounts shown in the above table represent net movements in provisions for the year. Movements shown as negative amounts represent net increases in provisions. Movements shown as positive amounts represent net decreases in provisions.

13. INCOME TAX EXPENSE

The following is an analysis of the current and deferred income tax expense amounts for the year ended 31 December 2001 and 2000:

	2001 USD'000	2000 USD'000
Current income tax expense	2 558	2 970
Under provided in prior year	278	-
Deferred income tax expense	-	-
	2 836	**2 970**

A reconciliation between the expected tax expense based on income according to International Accounting Standards to the actual current tax expense is as follows:

13. INCOME TAX EXPENSE (continued)

	2001 USD'000	2000 USD'000
Net income for the year	6 929	25 575
Statutory tax rate	43%	38%
Expected income tax	2 980	9 719
Differences due to adjustment for items which are considered income or expense but are excludable or non-deductible for taxation purposes	(421)	(6 749)
Current income tax expense	**2 558**	**2 970**

Temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to a deferred tax asset of 1,500 USD’000 and 3,582 USD’000 as at 31 December 2001 and 2000, respectively. The future tax benefits will only be realised if the Bank is profitable and there are no changes to the law and regulations that adversely affect the Bank’s ability to claim the deductions in future periods. These future tax benefits have not been recognised due to uncertainties concerning their realisation. These unrecorded deductible temporary differences, which have no expiry dates, are listed below at their tax effected accumulated values:

	2001		
	Assets USD'000	Liabilities USD'000	Net USD'000
Financial assets held for trading	-	(472)	(472)
Investments	-	(9)	(9)
Fixed assets	749	-	749
Other assets	210	-	210
Other liabilities	1 022	-	1 022
Total deferred tax asset/(liability)	1 981	(481)	1 500

	2000		
	Assets USD'000	Liabilities USD'000	Net USD'000
Placements with banks and other financial institutions institutions	-	(102)	(102)
Financial assets held for trading	-	(834)	(834)
Investments	-	(15)	(15)
Fixed assets	408	-	408
Other assets	-	(844)	(844)
Customer accounts and deposits from customers	238	-	238
Other liabilities	4 731	-	4 731
Total deferred tax asset/(liability)	5 377	(1 795)	3 582

14. DUE FROM THE CENTRAL BANK OF THE RUSSIAN FEDERATION

	2001 USD'000	2000 USD'000
Obligatory reserve deposits	14 323	7 739
Nostro accounts	5 172	13 030
	19 495	**20 769**

The obligatory reserve deposits are mandatory non-interest bearing deposits calculated in accordance with regulations issued by the CBR and whose withdrawability is restricted. The nostro balances represent balances with the CBR related to settlement activity and were available for withdrawal at year end.

15. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	2001 USD'000	2000 USD'000
Term deposits	131 545	36 640
Nostro accounts	67 026	15 742
	198 571	**52 382**
Less provision for impairment	-	-
	198 571	**52 382**

Analysis of movements in the provision for impairment

Balance at the beginning of the year	-	203
Amounts written-off during the year	-	(102)
Net recovery of provision	-	(101)
Balance at the end of the year	**-**	**-**

Significant Credit Exposures
As at 31 December 2001 and 2000, exposures to banks and other financial institutions which individually comprised more than 10% of placements to banks and other financial institutions were as follows:

	2001 USD'000	2000 USD'000
ING Group Banks	125 280	19 696
Chase Manhatten Bank of New York	50 884	-
Citibank, Moscow	-	9 588
Moscow Interbank Currency Exchange	-	6 556
	176 164	**35 840**

16. LOANS TO CUSTOMERS

	2001 USD'000	2000 USD'000
Gross loans to customers	244 250	177 790
Less provision for impairment	(4 885)	(3 556)
	239 365	**174 234**

Industry analysis
Loans and advances to customers (net of provision for loan impairment) are issued primarily to customers located within Russia and who operate in the following economic sectors:

	2001 USD'000	2000 USD'000
Individuals	1 033	1 354
Corporates		
Food and tobacco production	59 103	21 634
Oil and petroleum production	45 124	13 622
Food service	44 590	39 200
Trading	32 848	35 888
Telecommunications	18 476	22 793
Real estate	11 781	13 475
Financial services	11 767	2 447
Manufacturing	7 654	8 085
Agriculture, forestry and timber	301	4 751
Gas pipeline construction	-	2 800
Mining/metallurgy	-	2 132
Other	6 688	6 053
	239 365	**174 234**

Provision for impairment
Management has performed an assessment of the required general and specific provisions for loans outstanding as at 31 December 2001 and 2000. The above provisions have been assessed on the basis described in Note 3.

Analysis of movements in the provision for impairment

	2001 USD'000	2000 USD'000
Balance at the beginning of the year	3 556	4 239
Net charge/(recovery) to the income statement	1 329	(683)
Balance at the end of the year	**4 885**	**3 556**

Significant Credit Exposures
As at 31 December 2001 and 2000, exposures to customers which individually comprised more than 10% of loans to customers were as follows:

16. LOANS TO CUSTOMERS (continued)

	2001 USD'000	2000 USD'000
McDonald's Group Companies	44 590	39 200
Sibirskaya Oil Company	39 095	-
Alfa Laval Group Companies	24 000	21 999
	107 685	**61 199**

Loan maturities

The maturity of the Bank's loan portfolio is presented in Note 32 which shows the remaining period from the reporting date to the contractual maturity of the loans comprising the loan portfolio. Due to the short term nature of the credits issued by the Bank, it is likely that many of the Bank's loans will be prolonged on maturity. Accordingly, the effective maturity of the loan portfolio may be longer than indicated by a classification based on contractual terms.

17. FINANCIAL ASSETS HELD FOR TRADING

	2001 USD'000	2000 USD'000
Corporate bonds		-
Tyumen Oil Company Bonds	3 656	-
Credit Suisse First Boston Bonds	4 051	-
Vneshtorgbank Bonds	2 626	-
Promissory notes - EBRD	9 681	-
Russian Government debt securities (GKO/OFZ)	6 302	11 570
Municipal bonds - City of Moscow	715	-
Russian Government debt securities - Ministry of Finance Bonds	-	6 050
Derivative financial instruments	1 963	7 243
	28 994	**24 863**

Management based its valuation at 31 December 2001 and 2000 of financial assets held for trading on published market prices less an illiquidity and bid-offer sped provision. The amount due from derivative financial instruments in 2000 of 7,243 USD'000 was included in other assets in the prior year and has been reclassified in the current year

Foreign currency contracts

The table below summarises, by major currency, the contractual amounts of the Group's forward exchange contracts outstanding at 31 December 2001 with details of the contracted exchange rates and remaining periods to maturity. Foreign currency amounts presented below are translated at rates ruling at the balance sheet date. The resultant unrealised gains and loses on these unmatured contracts, along with the amounts payable and receivable on the matured but unsettled contracts, have been recognized in the income statement and in financial assets held for trading, as appropriate.

	Weighted average contracted exchange rates		Notional amount	
	2001	**2000**	**2001**	**2000**
Contracts to buy US dollars and sell Roubles				
Less than three months	29,97	28,69	48 728	8 604
Between three months and one year	-	15,26	-	7 102
Contracts to sell US dollars and buy Roubles				
Less than three months	30,78	28,94	28 594	8 222
Between three months and one year	32,93	-	13 111	-
Contracts to buy EUR and sell Roubles				
Less than three months	26,49	-	8 789	-
Contracts to buy EUR and sell US dollars				
Less than three months	1,14	-	8 789	-
Contracts to sell EUR and buy Roubles				
Less than three months	26,28	-	8 719	-

18. INVESTMENTS

	2001 USD'000	2000 USD'000
Unlisted debt instruments held-to-maturity		
AlfaBank promissory note	4 506	-
	4 506	-
Unlisted equity investment available for sale		
Depository Clearing Company	50	50
	50	50
Provision for permanent diminution in value	-	-
Total investments:	**4 556**	**50**

Analysis of movements in the provision for permanent diminution in value

	2001 USD'000	2000 USD'000
Balance at the beginning of the year	-	403
Net recovery to the income statement	-	(403)
Balance at the end of the year	-	-

19. FIXED ASSETS

	Office Machines & Equipment USD'000	Leasehold Improve-ments USD'000	Data Processing Equipment USD'000	Motor Vehicles USD'000	Computer Software USD'000	Total USD'000
Cost:						
As at 1 January 2001	2 380	1 173	1 843	256	2 270	7 922
Additions	1 108	49	641	169	450	2 417
Disposals	(447)	(7)	(515)	(66)	(4)	(1 039)
Cost as at 31 December 2001	3 041	1 215	1 969	359	2 716	9 300
Accumulated depreciation:						
As at 1 January 2001	1 510	655	1 541	110	1 015	4 831
Depreciation expense	361	187	385	53	903	1 889
Accumulated depreciation as at 31 December 2001	1 871	842	1 926	163	1 918	6 720
Carrying value as at 31 December 2001	1 170	373	43	196	798	2 580
Carrying value as at 31 December 2000	870	518	302	146	1 255	3 091

20. OTHER ASSETS

	2001 USD'000	2000 USD'000
Accrued interest receivable	2 003	4 053
Receivables for custody operations	484	500
Rental prepayments	304	733
Profit tax prepayments	232	525
Revenue based tax prepayments	122	55
Other	738	799
	3 883	**6 665**

21. DEPOSITS AND BALANCES FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	2001 USD'000	2000 USD'000
Term deposits	162 186	95 561
Vostro accounts	41 886	3 488
	204 072	**99 049**

Concentrations of deposits and balances from banks and other financial institutions

As at 31 December 2001 and 2000, term deposits and balances from banks and other financial institutions which individually comprised more than 10% of deposits and balances received from banks and other financial institutions were as follows:

	2001 USD'000	2000 USD'000
ING Group Banks	112 321	90 235
Russian Bank of Development	34 837	-
	147 158	**90 235**

22. AMOUNTS PAYABLE UNDER REPURCHASE AGREEMENTS

	2001 USD'000	2000 USD'000
Amounts payable under repurchase agreements	-	1 948
	-	**1 948**

Securities pledged

As of 31 December 2001 and 2000, the Bank had pledged the following securities as collateral for amounts owed under repurchase agreements:

	Market value 2001 USD'000	Market value 2000 USD'000
Russian Government Ministry of Finance Bonds	**-**	**1 948**

23. CURRENT ACCOUNTS AND DEPOSITS FROM CUSTOMERS

	2001 USD'000	2000 USD'000
Demand deposits	168 738	104 910
Term deposits	55 789	19 655
	224 527	**124 565**

Blocked accounts
As of 31 December 2001 and 2000, the Bank maintained customer deposit balances of 3,167 USD’000 and 29,278 USD’000, respectively, which were blocked by the Bank as collateral for off-balance sheet credit instruments issued by the Bank.

Concentrations of current accounts and deposits from customers
As at 31 December 2001 and 2000, deposits and current accounts from customers which individually exceeded 10% of total current accounts and deposits from customers were as follows:

	2001 USD'000	2000 USD'000
The Bank of New York International Nominees	**54 997**	**-**

24. OTHER LIABILITIES

	2001 USD'000	2000 USD'000
Payable to ING Group companies	4 053	2 628
Employee compensation payable	2 907	3 057
Provision for contingent litigation (refer Note 29)	-	2 610
Accrued interest payable	1 013	2 233
Taxes payable	219	411
Other	878	1 120
	9 070	**12 059**

25. SHARE CAPITAL

The authorised, issued and fully paid share capital as at 31 December 2001 and 2000 consists of 46,540 ordinary shares with a par value 750 Roubles each.

Shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at annual and general meetings of the Bank.

26. RISK MANAGEMENT

Management of risk is fundamental to the business of banking and is an essential element of the Bank’s operations. The major risks faced by the Bank are those related to credit exposures, liquidity and movements in interest rates and foreign exchange rates. These risks are managed in the following manner:

26. RISK MANAGEMENT (continued)

(i) Credit risk
Credit risk is the risk of financial loss occurring as a result of default by a borrower or counterparty on their obligation to the Bank.

The Bank has developed policies and procedures for the management of credit exposures, including guidelines to limit portfolio concentration and the establishment of a Credit Committee which actively monitors the Bank’s credit risk.

The Bank’s credit policy is reviewed and approved by the Board of Directors.

(ii) Liquidity risk
Liquidity risk is the risk that funds will not be available at all times to honour all cash flow obligations as they become due. Liquidity risk is managed by structuring the maturity of the Bank’s assets and liabilities within limits established by management.

The Bank’s liquidity policy is reviewed and approved by the Board of Directors.

See note 33 “Maturity analysis”.

(iii) Interest rate risk
Interest rate risk is measured by the extent to which changes in market interest rates impact on margins and net interest income. To the extent the term structure of interest bearing assets differs from that of liabilities, net interest income will increase or decrease as a result of movements in interest rates.

Interest rate risk is managed by increasing or decreasing positions within limits specified by the Bank’s management. These limits restrict the potential effect of movements in interest rates on current earnings and on the value of interest sensitive assets and liabilities. The Bank has access to markets which allow it to reposition itself quickly as market conditions dictate.

The Bank’s interest rate policy is reviewed and approved by the Board of Directors.

See note 32 “Average effective interest rates”.

(iv) Foreign exchange rate risk
The Bank has assets and liabilities denominated in several foreign currencies. Foreign currency risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the liabilities in that currency.

The Bank’s foreign currency policy is reviewed and approved by the Board of Directors.

See note 34 “Currency analysis”.

27. COMMITMENTS

Undrawn Loan Commitments

At 31 December 2001 and 2000 the Bank had the following undrawn loan commitments maturing in:

	2001 USD'000	2000 USD'000
2001	-	90 279
2002	25 332	-
2003	24 300	-
	49 632	**90 279**

The above undrawn loan commitments include only those loan commitments that are not fully cancellable at the Bank's discretion. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, as these commitments may expire or terminate without being funded.

Guarantees and letters of credit

The Bank issues guarantees and letters of credit on behalf of its customers. These instruments bear a credit risk similar to that of loans granted. The amounts outstanding are as follows:

	2001 USD'000	2000 USD'000
Guarantees issued maturing in less than 1 year	14 141	14 487
Guarantees issued maturing in more than 1 year	9	-
	14 150	**14 487**

	2001 USD'000	2000 USD'000
Import letters of credit maturing in less than 1 year	**6 696**	**14 431**

The total outstanding contractual amount of guarantees and letters of credit do not necessarily represent future cash requirements, as these commitments may expire or terminate without being funded.

The contractual maturity of the above instruments is the latest date that the Bank may be called to honour its obligation under the instrument.

Based on management's estimate, no provisions are required against guarantees and letters of credit issued by the Bank.

Pension and retirement plans

Employees receive pension benefits from the Government of Russian Federation in accordance with the laws and regulations of the country. As of 31 December 2001 and 2000, the Bank was not liable for any supplementary pension, post-retirement health care, or insurance benefits to its current or former employees.

28. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2001 USD'000	2000 USD'000
2001	-	610
2002	1 281	1 219
2003	1 610	1 219
2004	1 203	1 016
	4 094	**4 064**

During the current year 1,391 USD’000 was recognised as an expense in the income statement in respect of operating leases (2000: 1,216 USD’000).

29. CONTINGENCIES

Taxation

The taxation system in the Russian Federation is relatively new and is characterised by numerous taxes and frequently changing legislation, which may be applied retroactively and is often unclear, contradictory, and subject to interpretation. Often, differing interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges.

These facts may create risks in the Russian Federation substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

Insurance

The Russian insurance industry is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available in Russia. The Bank does not have full coverage for its fixed assets, business interruption, or third party liability in respect of property or environmental damage arising from accidents on Bank property or relating to Bank operations. Until the Bank obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Bank’s operations and financial position.

Litigation

In August 1999 ING Vienna withdrew the equivalent of 6,700 USD’000 from Imperial Bank’s nostro account in Austrian shillings to settle various obligations of Imperial Bank to the ING Group. The Bank received from ING Vienna 2,610 USD’000 of the 6,700 USD’000 to serve as partial repayment for obligations of Imperial Bank to ING Bank (Eurasia). During 2000 Gazexport, a subsidiary of Gazprom, filed suit against ING Amsterdam (of which ING Vienna is a branch) claiming that the amount which ING Vienna appropriated from Imperial Bank’s nostro account, was in fact a payment made by an Austrian company through Imperial Bank to Gazexport for natural gas. Thus they claim this amount should have been paid to Gazexport and not retained by the ING Group. In the event that Gazexport’s claim is successful, ING Bank (Eurasia) would be obliged to pay back 2,610 USD’000 to ING Vienna. The Bank created a 100% provision for this claim in Euro equivalent of Austrian shilling amounting to 2,810 EURO’000 (or 2,610 USD’000) in 2000. In June 2002 Gazexport’s claim was rejected by the Moscow Arbitration Court and the Bank reassessed the possibility of an outflow of resources in respect of the litigation as possible (as Gazexport can appeal) and released the provision of 2,810 EURO’000 (or 2,470 USD’000).

30. RELATED PARTY TRANSACTIONS

(i) Transactions with Directors and senior management

The outstanding balances, and related average interest rates, as of 31 December 2001 and 2000 with Directors and senior management are as follows:

	2001 USD'000	Weighted average Interest Rate	2000 USD'000	Weighted average Interest Rate
Loans	148	6,82%	27	10,00%

Total remuneration included in "Employee compensation" (refer note 11).

	USD'000	USD'000
Board of Management	**3 873**	**3 508**

(ii) Transactions with ING Group Banks

The outstanding balances, and related average interest rates, as of 31 December 2001 and 2000 with ING Group Banks are as follows:

	2001 USD'000	Weighted average interest rate	2000 USD'000	Weighted average interest rate
Assets				
Placements with banks	125 280	2,43%	19 696	3,75%
Financial assets held for trading	1 417	-	7 243	-
Liabilities				
Placements from banks	112 321	2,44%	90 235	6,48%
Other liabilities	4 053	-	2 628	-
Amounts payable under repurchase agreements	-	-	1 948	1,00%

Amounts included in the income statement in relation to transactions with ING Group Banks are as follows:

	2001 USD'000	2000 USD'000
Interest income on placements with banks	3 334	3 549
Interest income on loans to directors and senior management	11	3
Commissions received	448	527
Fees for research and brokerage services provided	384	649
Interest expense on placements from banks	(4 667)	(6 793)
Commissions paid	(388)	(196)
Intercompany charges	(2 423)	(2 591)
Guarantee fees	(1 226)	(77)
Loss on foreign exchange	(5 159)	(2 452)

31. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flow is composed of the following items:

	2001 USD'000	2000 USD'000
Nostro accounts with banks and other financial institutions	67 026	15 742
Due from Central Bank - nostro accounts	5 172	13 030
Cash	4 272	4 546
	76 470	**33 318**

32. AVERAGE EFFECTIVE INTEREST RATES

The table below displays the Bank's interest bearing assets and liabilities as at 31 December 2001 and 2000 and their corresponding average effective interest rates as at these dates. These interest rates are an approximation of the yields to maturity on these assets and liabilities.

	2001 Balance USD'000	2001 Average Effective Interest Rate	2000 Balance USD'000	2000 Average Effective Interest Rate
Interest Bearing Assets				
Due from the Central Bank of Russian Federation	19 495	0%	20 769	0%
Placements with banks and other financial institutions				
- Roubles	15 598	15,63%	29 801	18,17%
- USD	171 909	1,60%	13 680	3,72%
- other currencies	11 064	2,65%	8 901	2,59%
Loans to customers				
- Roubles	6 298	23,63%	2 332	18,02%
- USD	226 059	4,40%	168 510	8,85%
- other currencies	7 008	5,60%	3 392	7,19%
Financial assets held for trading				
- Roubles	27 031	12,81%	11 570	19,38%
- USD	-	-	6 050	26,25%
Investments				
- Roubles	50	0%	50	0%
- USD	4 506	8,45%	-	-
Interest Bearing Liabilities				
Deposits and balances from banks and other financial institutions				
- Roubles	83 442	27,38%	8 028	10,53%
- USD	105 513	2,39%	87 214	6,42%
- other currencies	15 117	3,55%	3 807	4,97%
Amounts payable under repurchase agreements				
- USD	-	-	1 948	1,00%
Current accounts and deposits from customers				
- Roubles	117 670	8,54%	63 802	0,26%
- USD	93 298	0,43%	52 521	2,18%
- other currencies	13 559	2,44%	8 242	0%
Promissory notes				
- Roubles	332	15,00%	533	9,67%
- USD	13 040	2,71%	2 402	4,25%
- other currencies	538	3,20%	-	0%

33. MATURITY ANALYSIS

The following table shows banking assets and liabilities by remaining contractual maturity dates as at 31 December 2001. Due to the fact that substantially all the financial instruments of by the Bank are fixed rated contracts, these remaining contractual maturity dates also represent the contractual interest rate repricing dates.

	Less than 1 month USD'000	1 to 3 months USD'000	3 to 6 months USD'000	6 months to 1 year USD'000	More than 1 year USD'000	No maturity USD'000	Total USD'000
Banking assets							
Cash	4 272	-	-	-	-	-	4 272
Due from the Central Bank of Russian Federation	5 172	-	-	-	-	14 323	19 495
Placements with banks and other financial institutions	168 571	-	-	30 000	-	-	198 571
Loans to customers	148 549	52 740	3 010	33 438	1 628	-	239 365
Financial assets held for trading	799	10 481	7 666	6 392	3 656	-	28 994
Investments	-	4 506	-	-	-	50	4 556
Total banking assets	327 363	67 727	10 676	69 830	5 284	14 373	495 253
Banking liabilities							
Deposits and balances from banks and other financial institutions	112 590	23 982	45 000	22 500	-	-	204 072
Current accounts and deposits from customers	223 855	548	114	10	-	-	224 527
Promissory notes	13 730	170	-	-	10	-	13 910
Total banking liabilities	350 175	24 700	45 114	22 510	10	-	442 509
Net position as at 31 December 2001	(22 812)	43 027	(34 438)	47 320	5 274	14 373	52 744
Net position as at 31 December 2000	2 618	16 621	(7 209)	4 640	16 495	7 939	41 104

34. CURRENCY ANALYSIS

The following table shows the currency structure of banking assets and liabilities at 31 December 2001:

	Roubles USD'000	USD USD'000	Other currencies USD'000	Total USD'000
Banking assets				
Cash	2 680	1 495	97	4 272
Due from the Central Bank of Russian Federation	19 495	-	-	19 495
Placements with banks and other financial institutions	15 598	171 909	11 064	198 571
Loans to customers	6 298	226 059	7 008	239 365
Financial assets held for trading	27 876	976	142	28 994
Investments	50	4 506	-	4 556
Total banking assets	71 997	404 945	18 311	495 253
Banking liabilities				
Deposits and balances from banks and other financial institutions	83 442	105 513	15 117	204 072
Current accounts and deposits from customer	117 670	93 298	13 559	224 527
Promissory notes	332	13 040	538	13 910
Total banking liabilities	201 444	211 851	29 214	442 509
On balance sheet position as at 31 December 2001	(129 447)	193 094	(10 903)	52 744
Off balance sheet position as at 31 December 2001	(7 093)	(1 766)	8 859	-
Net position as at 31 December 2001	(136 540)	191 328	(2 044)	52 744
Net position as at 31 December 2000	(13 502)	54 273	333	41 104

35. CONCENTRATION OF ASSETS AND LIABILITIES

The following table shows the geographical concentration of banking assets and liabilities as at 31 December 2001:

	OECD	Government of the Russian Federation	Other Russian Entities (1)	Other Non-OECD	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Banking assets					
Cash	1 592	2 680	-	-	4 272
Due from the Central Bank of Russian Federation	-	19 495	-	-	19 495
Placements with banks and other financial institutions	181 077	-	17 494	-	198 571
Loans to customers	62	-	239 303	-	239 365
Financial assets held for trading	11 098	6 302	11 594	-	28 994
Investments	-	-	4 556	-	4 556
Total banking assets	193 829	28 477	272 947	-	495 253
Banking liabilities					
Deposits and balances from banks and other financial institutions	118 208	-	85 846	18	204 072
Current accounts and deposits from customers	61 202	-	124 485	38 840	224 527
Promissory notes	-	-	13 910	-	13 910
Total banking liabilities	179 410	-	224 241	38 858	442 509
Net position as at 31 December 2001	14 419	28 477	48 706	(38 858)	52 744
Net position as at 31 December 2000	(72 387)	40 212	94 812	(21 533)	41 104

(1) Includes all entities domiciled in Russia, including the Russian subsidiaries of foreign entities.

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Bank has performed an assessment of its financial instruments, as required by IAS 32 Financial Instruments: Disclosures and Presentation, to determine whether it is practicable within the constraints of timeliness and cost to determine their fair values with sufficient reliability.

The Bank believes that it is able to estimate fair value of financial assets and financial liabilities. The Bank estimates the fair value of these assets to be not materially different from their carrying values.

This estimate of fair value is intended to approximate the amount at which the above listed assets could be exchanged in a current transaction between willing parties. However given the use of subjective judgements and uncertainties, the fair value should not be interpreted as being realisable in an immediate settlements of the instruments.

37. SUBSEQUENT EVENTS

In February 2002 the Bank purchased the Russian Custody business from Credit Swiss First Boston, Moscow. The business consists of approximately 100 Clients with 2,000,000 USD’000 in assets (mostly Russian equities). The clients mainly represent western global custodians and broker-dealer companies. In accordance with the purchase agreement, the purchase price of CSFB Russian Custody business is connected to the client retention rate (i.e.: the number of CSFB Russian Custody clients that will become ING Bank Custody clients), but the overall price is not to exceed 9,350 USD’000.