ING Bank (Eurasia) ZAO

Financial Statements

for the year ended 31 December 2007

ING Bank (Eurasia) ZAO
Shareholders, Officers and Auditors

Shareholders on 31 December 2007	% Ownership	% Votes
ING Bank N.V.	99.981	99.981
Van Zwamen Holding B.V.	0.019	0.019
	100.000	100.000

Board of Directors on 31 December 2007

I. van Vaesberg
J. Ouven
D. Tuneberg
R. Neeland

Board of Management on 31 December 2007

A.Pisaruk
S. Walker
M. Chaikin
T. Savina
K.Sapozhnikova
N. Londarenko
N.Okuneva

Auditors

ZAO KPMG

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ZAO KPMG
Naberezhnaya Tower Complex, Block C
18 Krasnopresnenskaya Naberezhnaya
Moscow 123317
Russia

Telephone +7 (495) 937 4477
Fax +7 (495) 937 4400/99
Internet www.kpmg.ru

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
ING Bank (Eurasia) ZAO

Report on the Financial Statements

We have audited the accompanying financial statements of ING Bank (Eurasia) ZAO (the "Bank"), which comprise the balance sheet as at 31 December 2007, and the income statement, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2007, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

ZAO KPMG

ZAO KPMG
14 May 2008

	Notes	2007 RUR'000	2006 RUR'000
Interest income	4	3 840 671	2 684 604
Interest expense	4	(2 344 668)	(1 795 368)
Net interest income		**1 496 003**	**889 236**
Fee and commission income	5	1 711 696	1 333 262
Fee and commission expense	6	(495 321)	(361 996)
Net fee and commission income		**1 216 375**	**971 266**
Net securities trading (loss)/income		(41 613)	30 089
Net foreign exchange income	7	311 719	565 998
Other income		106 568	81 372
Operating income		**3 089 052**	**2 537 961**
Impairment losses	8	(8 940)	(622)
General administrative expenses	9	(1 352 183)	(1 117 340)
Operating expenses		**(1 361 123)**	**(1 117 962)**
Income before taxes		**1 727 929**	**1 419 999**
Income tax expense	10	(262 514)	(478 081)
Net income		**1 465 415**	**941 918**

The financial statements were approved by the Management Board on 14 May 2008.

General Director
Alexander Pisaruk

Chief Financial Officer
Katerina Sapozhnikova

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

	Notes	2007 RUR'000	2006 RUR'000
ASSETS			
Cash		226 650	242 885
Due from the Central Bank of the Russian Federation	11	2 140 713	2 196 662
Placements with banks and other financial institutions	12	24 735 957	16 462 008
Financial instruments at fair value through profit or loss			
- Held by the Bank	13	15 978 845	11 781 192
- Pledged under sale and repurchase agreements	13	2 000 237	2 637 593
Loans to customers	14	38 095 064	17 485 677
Other assets	15	514 738	203 925
Property and equipment	16	102 775	110 279
Goodwill	17	125 125	125 125
Deferred tax asset	18	123 369	75 222
Total Assets		**84 043 473**	**51 320 568**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Financial instruments at fair value through profit or loss	13	1 016 758	2 455 587
Deposits and balances from banks and other financial institutions	19	36 114 619	15 980 280
Amounts payable under repurchase agreements	20	1 965 037	2 551 367
Subordinated loans	21	2 278 389	1 426 198
Current accounts and deposits from customers	22	34 734 041	22 477 112
Other liabilities	23	378 686	339 496
Total Liabilities		**76 487 530**	**45 230 040**
Shareholders' Equity	24		
Share capital		2 024 745	2 024 745
Share premium		2 788 125	2 788 125
Retained earnings		2 743 073	1 277 658
Total Shareholders' Equity		**7 555 943**	**6 090 528**
Total Liabilities and Shareholders' Equity		**84 043 473**	**51 320 568**
Commitments and Contingencies	27,28,29		

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

	Note	2007 RUR'000	2006 RUR'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and fee and commission receipts		5 050 666	3 892 400
Interest and fee and commission payments		(2 793 101)	(2 004 130)
Net receipts from financial assets at fair value through profit or loss and foreign exchange		139 662	942 875
Other income		93 048	81 062
General administrative expenses		(1 262 757)	(971 684)
		1 227 518	**1 940 523**
(Increase)/decrease in operating assets			
Reserve deposits with the Central Bank of the Russian Federation		(265 531)	296 927
Placements with banks and other financial institutions		(6 944 282)	(10 695 116)
Financial instruments at fair value through profit or loss, net		(4 796 261)	(8 386 881)
Loans to customers		(20 446 154)	(2 771 869)
Other assets		20 663	8 983
Increase/(decrease) in operating liabilities			
Deposits and balances from banks and other financial institutions		20 095 109	8 226 412
Amounts payable under repurchase agreements		(586 134)	2 549 668
Current accounts and deposits from customers		12 248 582	1 906 725
Certificates of deposit and promissory notes		-	(17 087)
Other liabilities		(8 428)	19 204
Net cash from operating activities before taxes paid		**545 082**	**(6 922 511)**
Taxes paid		(392 791)	(496 731)
Cash flows from operations		**152 291**	**(7 419 242)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of subsidiary, net of cash disposed		-	(4 444)
Net purchases of property and equipment		(45 877)	(32 376)
Cash flows from investing activities		**(45 877)**	**(36 820)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of subordinated loans		850 000	-
Proceeds from issuance of share capital		-	1 904 598
Cash flows from financing activities		**850 000**	**1 904 598**
Net increase/(decrease) in cash and cash equivalents		**956 414**	**(5 551 464)**
Effect of changes in exchange rates on cash and cash equivalents		(76 001)	(263 020)
Cash and cash equivalents at the beginning of the year		2 604 282	8 418 766
Cash and cash equivalents at the end of the year	32	**3 484 695**	**2 604 282**

	Share Capital	Share premium	Retained earnings	Total
	RUR'000	**RUR'000**	**RUR'000**	**RUR'000**
Balance at 1 January 2006	**209 745**	**2 698 527**	**335 740**	**3 244 012**
Shares issued	1 815 000	89 598	-	1 904 598
Net income	-	-	941 918	941 918
Balance at 31 December 2006	**2 024 745**	**2 788 125**	**1 277 658**	**6 090 528**
Shares issued	-	-	-	**-**
Net income	-	-	1 465 415	1 465 415
Balance at 31 December 2007	**2 024 745**	**2 788 125**	**2 743 073**	**7 555 943**

1 Background

a) Principal activities

ING Bank (Eurasia) ZAO (the "Bank") was established in the Russian Federation as a joint-stock company with limited liability in September 1993 and was granted its general banking license in March 1995. The principal activities of the Bank are deposit taking, commercial lending, operations with securities and foreign exchange, custodian and cash management services. The activities of the Bank are regulated by the Central Bank of the Russian Federation ("the CBR").

The Bank is part of the ING Group, an international financial group headquartered in Amsterdam and operating in over 50 countries.

The registered address of the Bank's head office is 36, Krasnoproletarskaya st., 127473, Moscow, Russian Federation. The majority of the Bank's assets and liabilities are located in the Russian Federation.

The average number of persons employed by the Bank during the period was 321 (2006: 281).

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 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.

c) Economic dependence

The Bank is 100% owned by ING Group. The activities of the Bank are coordinated by the requirements of the ING Group and determination of the pricing of the Bank's services to/from the ING Group is undertaken in conjunction with other ING Group companies. Related party transactions are detailed in note 31.

2 Basis of preparation

a) Statement of compliance

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

b) Basis of measurement

The financial statements are prepared on a fair value basis for financial instruments at fair value through profit or loss and available-for-sale, except those for which a reliable measure of fair value is not available. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortized cost or historical cost.

c) Functional and presentation currency

The national currency of the Russian Federation is the Russian Rouble ("RUR"). Management have determined the Bank's functional currency to be the RUR as it reflects the economic substance of the underlying events and circumstances of the Bank. The RUR was also selected to be the Bank's presentation currency for the purposes of these financial statements.

Financial information presented in RUR has been rounded to the nearest thousand.

d) Use of estimates and judgments

Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with IFRS. Actual results could differ from those estimates.

Information about significant areas of estimation uncertainty and critical judgments made by Management in the application of IFRSs that have significant effect on these financial statements are described in Note 14 "Loans to customers" in relation to provision for loan impairment.

3 Significant accounting policies

The following significant accounting policies have been consistently applied in the preparation of the financial statements. Changes in accounting policies are described in Note 3 (q).

a) Foreign currency transactions

Transactions in foreign currencies are translated to the appropriate functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Income and expenses, and non-monetary items denominated in foreign currencies, whose purchase price was denominated in foreign currency, are translated to the functional currency at the foreign exchange rate ruling at the date of the transaction.

b) Cash and cash equivalents

The Bank considers cash and nostro accounts to be cash and cash equivalents. The reserve deposits with the CBR are not considered to be a cash equivalent due to restrictions on their withdrawability.

c) Financial instruments

(i) Classification

Financial instruments at fair value through profit or loss are financial assets or liabilities that are:

- acquired or incurred principally for the purpose of selling or repurchasing in the near term;

- are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;

- are a derivative (except for a derivative that is a designated and effective hedging instrument); or

- are, upon initial recognition, designated by the Bank as at fair value through the profit or loss.

The Bank designates financial assets and liabilities at fair value through profit or loss where either:

- the assets or liabilities are managed and evaluated on a fair value basis;

- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or

- the asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

Financial assets and liabilities at fair value through profit or loss are not reclassified subsequent to initial recognition.

All trading derivatives in a net receivable position (positive fair value), as well as options purchased, are reported as an asset. All trading derivatives in a net payable position (negative fair value), as well as options written, are reported as a liability.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Bank intends to sell immediately or in the near term, those that the Bank upon initial recognition designates as at fair value through profit or loss, those that the Bank upon initial recognition designates as available-for-sale, or those for which the Bank may not recover substantially all of its initial investment, other than because of credit deterioration.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank has the positive intention and ability to hold to maturity, other than those that:

- the Bank upon initial recognition designates as at fair value through profit or loss;

- the Bank designates as available-for-sale; or

- meet the definition of loans and receivables.

Available-for-sale assets are those financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial instruments at fair value through profit or loss.

Management determines the appropriate classification of financial instruments at the time of the initial recognition.

(ii) Recognition

Financial assets and liabilities are recognized in the balance sheet when the Bank becomes a party to the contractual provisions on the instrument. All regular way purchases of financial assets are accounted for at the settlement date.

(iii) Measurement

A financial asset or liability is initially measured at its fair value plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

Subsequent to initial recognition, financial assets, including derivatives that are assets, are measured at their fair values, without any deduction for transaction costs that may be incurred on sale or other disposal, except for:

- loans and receivables which are measured at amortized cost using the effective interest method;

- held-to-maturity investments which are measured at amortized cost using the effective yield method; and

- investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured which are measured at cost.

All financial liabilities, other than those designated at fair through profit or loss and financial liabilities that arise when a transfer of a financial asset carried at fair value does not qualify derecognition, are measured at amortised cost. 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

A gain or loss arising from a change in the fair value of a financial asset or liability is recognized as follows:

- a gain or loss on a financial instrument classified as at fair value through profit or loss is recognized in the income statement; and

- a gain or loss on an available-for-sale financial asset is recognized directly in equity through the statement of changes in shareholders' equity (except for impairment losses and foreign exchange gains and losses) until the asset is derecognized, at which time the cumulative gain or loss previously recognised in equity is recognized in the income statement. Interest in relation to an available-for-sale financial asset is recognized as earned in the income statement calculated using the effective interest method.

For financial assets and liabilities carried at amortised cost, a gain or loss is recognized in the income statement when the financial asset or liability is derecognized or impaired, and through the amortization process.

(vi) Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or when the Bank transfers substantially all of the risks and rewards of ownership of the financial asset. Any rights or obligations created or retained in the transfer are recognized separately as assets or liabilities. A financial liability is derecognised when it is extinguished.

d) Repurchase and reverse repurchase agreements

Securities sold under sale and repurchase ("repo") agreements are accounted for as secured financing transactions, with the securities retained in the balance sheet and the counterparty liability included in amounts payable under repo transactions. The difference between the sale and repurchase price represents interest expense and is recognized in the income statement over the term of the repo agreement using the effective interest rate method.

Securities purchased under agreements to resell ("reverse repo") are recorded as amounts receivable under reverse repo transactions. The differences between the purchase and resale prices are treated as interest income and accrued over the term of the reverse repo agreement using the effective interest method.

If securities purchased under agreement to resell are sold to third parties, the obligation to return them is recorded at fair value as a financial liability held for trading.

e) Credit related commitments

In the normal course of business, the Bank enters into credit related commitments, comprising undrawn loan commitments, letters of credit and guarantees, and provides other forms of credit insurance.

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

A financial guarantee liability is recognised initially at fair value net of associated transaction costs, and is measured subsequently at the higher of the amount initially recognised less cumulative amortisation or the amount of provision for losses under the guarantee. Provisions for losses under financial guarantees are recognised when losses are considered probable and can be measured reliably.

Financial guarantee liabilities are included within other liabilities.

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) Property and equipment

(i) Owned asset

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses. Where an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment.

(ii) Leased assets

Leases in terms of which the Bank assumes substantially all the risks and rewards of ownership are classified as financial leases. Equipment acquired by way of financial lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Operating leases, in the terms of which the Bank does not assume substantially all the risks and rewards of ownership, are expensed.

(iii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences on the date when property and equipment are put into use. The estimated useful lives are as follows:

Office machines & equipment	5 years
Data processing equipment	3 years
Motor vehicles	5 years

h) Goodwill

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the fair value of the net identifiable assets acquired. Goodwill is stated at cost less impairment losses.

i) Other intangible assets

(i) Intangible assets

Intangible assets, which are acquired by the Bank, are stated at cost less accumulated amortisation and impairment losses.

(ii) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives are as follows:

Computer software	3 years

j) Impairment

(i) Financial assets carried at amortized cost

Financial assets carried at amortized cost consist principally of loans and other receivables ("loans and receivables"). The Bank reviews its loans and receivables, to assess impairment on a regular basis. A loan or receivable is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the loan or receivable and that event (or events) has an impact on the estimated future cash flows of the loan that can be reliably estimated.

The Bank first assesses whether objective evidence of impairment exists individually for loans and receivables that are individually significant, and individually or collectively for loans and receivables that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed loan or receivable, whether significant or not, it includes the loan in a group of loans and receivables with similar credit risk characteristics and collectively assesses them for impairment. Loans and receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on a loan or receivable has been incurred, the amount of the loss is measured as the difference between the carrying amount of the loan or receivable and the present value of estimated future cash flows including amounts recoverable from guarantees and collateral (excluding future losses that have not been incurred) discounted at the loan or receivable's original effective interest rate. Contractual cash flows and historical loss experience adjusted on the basis of relevant observable data that reflect current economic conditions provide the basis for estimating expected cash flows.

In some cases the observable data required to estimate the amount of an impairment loss on a loan or receivable may be limited or no longer fully relevant to current circumstances. This may be the case when a borrower is in financial difficulties and there is little available historical data relating to similar borrowers. In such cases, the Bank uses its experience and judgment to estimate the amount of any impairment loss.

All impairment losses in respect of loans and receivables are recognized in the income statement and are only reversed if a subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

(ii) Financial assets carried at cost

Financial assets carried at cost include unquoted equity instruments included in available-for-sale assets that are not carried at fair value because their fair value can not reliably measured. If there is objective evidence that such investments are impaired the impairment loss is calculated as the difference between the carrying amount of the investment and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

All impairment losses in respect of these investments are recognized in the income statement and can not be reversed.

(iii) Non financial assets

Other non financial assets, other than deferred taxes, are assessed at each reporting date for any indications of impairment. The recoverable amount of non financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

All impairment losses in respect of non financial assets are recognized in the income statement and reversed only if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss reversed is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

k) 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. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

l) Share capital

(i) Share premium

Share premium represents the excess of contributions received over the nominal value of shares issued.

(ii) Dividends

The ability of the Bank to declare and pay dividends is subject to the rules and regulations of the Russian legislation.

Dividends in relation to ordinary shares are reflected as an appropriation of retained earnings calculated in accordance with Russian legislation as and when declared.

(iii) Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a decrease in equity.

m) Taxation

Income tax on the profit 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 following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and temporary differences related to investments in subsidiaries, branches and associates where the parent is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. 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 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 temporary differences, 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.

n) Interest income and expense

With the exception of financial instruments at fair value through profit or loss, interest income and expense are recognised in the consolidated statement of income using the effective interest method. Interest income on financial instruments at fair value through profit or loss comprises coupon interest only. Accrued discounts and premiums on financial instruments at fair value through profit or loss are recognised in net securities trading income.

o) Fee and commission income

Loan origination fees, loan servicing fees and other fees that are considered to be integral to the overall profitability of a loan, together with any related direct costs, are deferred and amortized to the interest income over the estimated live of the financial instrument using the effective interest rate method.

Other fee and commission income is recognised when the corresponding service is provided.

p) Net securities trading income

Net securities trading income includes gains and losses arising from disposals and changes in the fair value of financial assets and liabilities at fair value through profit or loss and gains and losses arising from disposals of available-for-sale assets.

q) Changes in accounting policies

As mentioned above the accounting policies have been consistently applied by the Bank, except for changes resulting from the amendments to IFRSs, as described below.

- As at 1 January 2007, the Bank adopted the International Financial Reporting Standard IFRS 7 “Financial Instruments: Disclosures” and the amendment to International Financial Reporting Standard IAS 1 “Presentation of Financial Statements” – “Capital Disclosures”. The application of the Standard and the amendment resulted in increased disclosure in respect of Bank’s financial instruments and the nature and extent of risks arising from financial instruments and increased disclosure in respect of Bank’s objectives, policies and processes for managing capital.

Application of the above amendments did not have an impact on income and retained earnings of the Bank.

r) New Standards and Interpretations not yet adopted

A number of new Standards, amendments to Standards and Interpretations are not yet effective as at 31 December 2007, and have not been applied in preparing these financial statements. Of these pronouncements, potentially the following will have an impact on the Bank’s operations. The Bank plans to adopt this pronouncement when it becomes effective. The Bank has not yet analysed the likely impact of this new standard on its financial statements.

- International Financial Reporting Standard IAS 1 “Presentation of Financial Statements” (Revised), which is effective for annual periods beginning on or after 1 January 2009, specifies how an entity should present changes in equity not resulting from transactions with owners and other changes in equity in its financial statements, and introduces certain other requirements in respect of presentation of information in the financial statements.

4 Interest income and interest expense

	2007 RUR '000	2006 RUR '000
Interest income		
Placements with banks and other financial institutions	1 296 859	1 131 299
Loans to customers	1 584 850	982 524
Financial instruments at fair value through profit or loss	958 962	570 781
	3 840 671	**2 684 604**
Interest expense		
Current accounts, deposits from customers and promissory notes	988 354	1 077 901
Deposits and balances from banks and other financial institutions	1 085 139	526 866
Subordinated loans	201 531	134 257
Financial instruments at fair value through profit or loss	13 809	31 823
Amounts payable under repurchase agreements	55 835	24 521
	2 344 668	**1 795 368**

5 Fee and commission income

	2007 RUR '000	2006 RUR '000
Custody and brokerage fees	1 160 971	834 781
Agency and advisory fees	314 864	203 925
Currency control fees	87 736	84 996
Cash management fees	45 356	46 692
Money transfer fees	43 430	36 991
Guarantee and trade finance fees	23 031	31 059
Foreign exchange commissions	3 054	18 049
Other	33 254	76 769
	1 711 696	**1 333 262**

6 Fee and commission expense

	2007 RUR '000	2006 RUR '000
Custody and brokerage fees	441 945	313 190
Money transfer fees	22 400	14 903
Guarantee fees	11 893	19 736
Other	19 083	14 167
	495 321	**361 996**

7 Net foreign exchange income

	2007 RUR '000	2006 RUR '000
Net gain from revaluation of financial assets and liabilities	152 519	318 630
Net gain on spot transactions and derivatives	159 200	247 368
	311 719	**565 998**

8 Provisions for impairment

	2007 RUR '000	2006 RUR '000
(Increase)/decrease in provision for impairment on loans to customers	(15 123)	804
Decrease/(increase) in provisions for impairment on placements with banks and other financial institutions	5 884	(16 592)
Decrease in provisions for guarantees and letters of credit	299	15 166
	(8 940)	**(622)**

9 General administrative expenses

	2007 RUR '000	2006 RUR '000
Employee compensation	799 509	618 197
Occupancy and accommodation	111 253	121 515
Travel and representation	95 618	63 693
Communications and information services	77 300	98 265
Equipment maintenance	72 531	49 082
Payroll related taxes and contributions	61 181	40 993
Depreciation	50 092	57 421
Professional services	25 770	20 202
Taxes other than on income	11 047	5 126
Office supplies	8 945	7 734
Security	8 665	7 749
Other	30 272	27 363
	1 352 183	**1 117 340**

10 Income tax expense

	2007 RUR '000	2006 RUR '000
Current tax expense		
Current year	310 661	495 889
Underprovided in prior years	-	1 830
	310 661	497 719
Deferred tax benefit		
Origination and reversal of timing differences	101 022	(166 458)
Change in valuation allowance	(149 169)	146 820
	(48 147)	(19 638)
	262 514	**478 081**

The Bank's applicable tax rate for current and deferred tax is 24%.

Reconciliation of effective tax rate:

	2007 RUR '000	2006 RUR '000
Income before taxes	1 727 929	1 419 999
Income tax expense using the applicable tax rate	414 703	340 800
Net non-deductible costs	25 035	7 652
Effect of income taxed at lower tax rate	(28 055)	(19 021)
Effect of change in valuation allowance	(149 169)	146 820
Underprovided in prior years	-	1 830
	262 514	**478 081**

11 Due from the Central Bank of the Russian Federation

	2007 RUR '000	2006 RUR '000
Nostro account	944 550	1 266 030
Minimum reserve deposits	1 196 163	930 632
	2 140 713	**2 196 662**

The minimum 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.

12 Placements with banks and other financial institutions

The following table provides information on the credit quality of the Bank's placements with banks and other financial institutions as at 31 December 2007 and 31 December 2006:

	2007 RUR'000	2006 RUR'000
Nostro accounts		
Credit rating BB and above	2 301 188	1 093 032
Credit rating between BB and B	12 307	2 335
	2 313 495	**1 095 367**
Loans and deposits		
Credit rating BB and above	19 849 226	13 331 965
Credit rating between BB and B	2 586 299	1 368 900
Credit rating B and below	-	684 723
	22 435 525	**15 385 588**
Provision for collective impairment	**(13 063)**	**(18 947)**
Net placements with banks and other financial institutions	**24 735 957**	**16 462 008**

Analysis of movements in the provision for collective impairment

	2007 RUR '000	2006 RUR '000
Balance at the beginning of the year	18 947	2 355
Net (recovery)/charge for the year	(5 884)	16 592
Balance at the end of the year	**13 063**	**18 947**

Concentration of placements with banks and other financial institutions

As at 31 December 2007 the Bank had no banks and financial institutions, whose balances exceeded 10% of total placements with banks and other financial institutions. As at 31 December 2006 deposits and balances from banks and other financial institutions which individually comprised more than 10% of deposits and balances from banks and other financial institutions were as follows:

	2006 RUR '000
Dexia Bank	4 455 760
Fortis Bank	1 731 744
	6 187 504

13 Financial instruments at fair value through profit or loss

	2007 RUR '000	2006 RUR '000
Assets		
Held by the Bank		
Financial assets held for trading		
- Government and municipal bonds		
Federal loan bonds of the Russian Federation (OFZ bonds)	2 129 370	3 156 517
Russian municipal bonds	111 766	177 193
	2 241 136	**3 333 710**
- Russian corporate bonds		
Credit rating BB and above	5 321 354	4 476 823
Credit rating between BB and B	1 077 913	1 098 444
Credit rating B and below	311 086	414 568
Not rated	727 720	65 246
	7 438 073	**6 055 081**

	2007 RUR '000	2006 RUR '000
- Foreign currency contracts (spots and forwards)	**1 082 601**	**317 162**
Financial assets designated as at fair value through profit or loss upon initial recognition		
-Amounts receivable from banks and other financial institutions under reverse repurchase agreements		
Credit rating BB and above	1 511 848	2 075 239
Credit rating between BB and B	558 458	-
Credit rating B and below	1 994 046	-
	4 064 352	**2 075 239**
- Amounts receivable from customers under reverse repurchase agreements		
Credit rating between BB and B	1 152 683	-
	1 152 683	**-**
	15 978 845	**11 781 192**

	2007 RUR '000	2006 RUR '000
Pledged under sale and repurchase agreements		
Financial assets held for trading		
- Government and municipal bonds		
Federal loan bonds of the Russian Federation (OFZ bonds)	487 293	2 637 593
- Corporate bonds		
Credit rating BB and above	1 512 944	-
	2 000 237	**2 637 593**
	17 979 082	**14 418 785**
Liabilities		
Financial liabilities held for trading		
Foreign currency contracts (spots and forwards)	(1 016 758)	(386 279)
Financial liability relating to securities taken under reverse repurchase agreements and subsequently sold	-	(2 069 308)
	(1 016 758)	**(2 455 587)**

Collateral

As of 31 December 2007 and 2006, amounts receivable under reverse repurchase agreements were collateralised by the following securities:

	2007 RUR'000	2006 RUR'000
- Government and municipal bonds		
Federal loan bonds of the Russian Federation (OFZ bonds)	-	2 046 972
Russian municipal bonds	481 285	-
- Corporate bonds		
Credit rating BB and above	4 598 717	-
Credit rating between BB and B	631 696	-
Total collaterised securities	**5 711 698**	**2 046 972**

Foreign currency contracts

The table below summarises, by major currency, the contractual amounts of the Bank's spot and forward exchange contracts outstanding at 31 December 2007 and 2006 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 losses on these unmatured contracts have been recognised in the income statement and in financial instruments held for trading, as appropriate.

	Notional amount		**Weighted average contracted exchange rates**	
	2007 RUR '000	**2006 RUR '000**	**2007**	**2006**
Buy USD sell RUR				
Less than three months	79 527 610	27 154 964	24.66	26.46
Between three months and one year	10 010 383	11 488 125	25.33	26.46
More than one year	728 446	3 546 023	27.76	27.15
Sell USD buy RUR				
Less than three months	69 533 258	28 352 208	24.55	26.46
Between three months and one year	10 417 021	5 219 746	24.69	26.80
More than one year	4 334 426	4 424 398	26.34	26.84
Sell Euro buy RUR				
Less than three months	3 576 644	1 433 799	35.87	34.30
Between three months and one year	1 289 151	3 269 237	35.48	34.37
More than one year	580 543	-	36.72	-
Buy Euro sell RUR				
Less than three months	1 693 857	-	35.78	-
Between three months and one year	-	1 387 860	-	34.95
Buy Euro sell USD				
Less than three months	391 672	267 163	1.47	1.32
Buy USD sell Euro				
Less than three months	467 862	-	1.47	-
Buy GBR sell USD				
Less than three months	-	1 812	-	1.96
Buy CHF sell Euro				
Less than three months	-	3 240	-	1.61

14 Loans to customers

	2007 RUR'000	2006 RUR'000
Commercial loans	38 127 835	17 502 794
Loans to individuals	31 305	31 836
Gross loans to customers	**38 159 140**	**17 534 630**
Impairment allowance	(64 076)	(48 953)
Net loans to customers	**38 095 064**	**17 485 677**

Analysis of movements in the provision for collective impairment

	2007 RUR '000	2006 RUR '000
Balance at the beginning of the period	48 953	49 757
Net charge/(recovery) for the period	15 123	(804)
Balance at the end of the period	**64 076**	**48 953**

Credit quality of commercial loan portfolio

The Bank has reviewed its current loan portfolio and has not identified any loans which display individually indicators of impairment. In addition, the Bank historically has had no uncollectible loans. The Bank has therefore created collective provision for impairment for groups of loans with similar credit risk characteristics based on historical loss trends for these types of loans.

The following table provides information on the credit quality of the loan portfolio as at 31 December 2007 and 2006:

31 December 2007	**Gross loans**	**Collective Impair-ment**	**Net loans**	**Collective impairment to Gross loans (%)**
Loans to commercial customers				
- grade 1 - 6 (equivalent to credit rating A)	-	-	-	0.00%
- grade 7, 8 (equivalent to credit rating BBB+)	3 024 385	(555)	3 023 830	0.02%
- grade 9 (equivalent to credit rating BBB)	9 578 736	(3 669)	9 575 067	0.04%
- grade 10 (equivalent to credit rating BBB-)	3 892 467	(3 053)	3 889 414	0.08%
- grade 11 (equivalent to credit rating BB+)	8 446 787	(7 139)	8 439 648	0.08%
- grade 12 (equivalent to credit rating BB)	4 188 415	(4 704)	4 183 711	0.11%
- grade 13 (equivalent to credit rating BB-)	1 426 095	(1 705)	1 424 390	0.12%
- grade 14 (equivalent to credit rating B+)	3 049 142	(4 223)	3 044 919	0.14%
- grade 15 (equivalent to credit rating B)	2 171 523	(12 559)	2 158 964	0.58%
- grade 16 (equivalent to credit rating BB-)	2 109 412	(21 864)	2 087 548	1.04%
- grade 17 (equivalent to credit rating C)	240 873	(4 484)	236 389	1.86%
Total collectively assessed for impairment	38 127 835	(63 955)	38 063 880	0.17%
Loans to retail customers				
- not rated	31 305	(121)	31 184	0.39%
	38 159 140	**(64 076)**	**38 095 064**	**0.17%**

31 December 2006	**Gross loans**	**Collective Impair-ment**	**Net loans**	**Collective impairment to Gross loans (%)**
Loans to commercial customers				
- grade 1 - 6 (equivalent to credit rating A)	-	-	-	0.00%
- grade 7, 8 (equivalent to credit rating BBB+)	56 759	(5)	56 754	0.01%
- grade 9 (equivalent to credit rating BBB)	-	-	-	-
- grade 10 (equivalent to credit rating BBB-)	4 012 703	(3 735)	4 008 968	0.09%
- grade 11 (equivalent to credit rating BB+)	3 610 116	(2 410)	3 607 706	0.07%
- grade 12 (equivalent to credit rating BB)	2 984 211	(5 548)	2 978 663	0.19%
- grade 13 (equivalent to credit rating BB-)	1 722 785	(2 946)	1 719 839	0.17%
- grade 14 (equivalent to credit rating B+)	2 401 159	(11 323)	2 389 836	0.47%
- grade 15 (equivalent to credit rating B)	1 344 662	(8 407)	1 336 255	0.63%
- grade 16 (equivalent to credit rating BB-)	1 160 843	(9 939)	1 150 904	0.86%
- grade 17 (equivalent to credit rating C)	209 556	(4 598)	204 958	2.19%
Total collectively assessed for impairment	17 502 794	(48 911)	17 453 883	0.28%
Loans to retail customers				
- not rated	31 836	(42)	31 794	0.13%
	17 534 630	**(48 953)**	**17 485 677**	**0.28%**

The internal rating grades above are determined as a part of credit risk management using internal rating procedures developed centrally for the ING Group worldwide. Credit risk management policy is disclosed in Note 25 (c).

Analysis of collateral

The following table provides the analysis of corporate loan portfolio, net of impairment, by types of collateral as at 31 December 2007:

	31 December 2007	% of loan portfolio	31 December 2006	% of loan portfolio
Guarantees received	20 580 120	54.02%	12 479 123	71.37%
No collateral	17 514 944	45.98%	5 006 554	28.63%
Total	**38 095 064**	**100.00%**	**17 485 677**	**100.00%**

The amounts shown in the table above represent the carrying value of the loans, and do not necessarily represent the fair value of the collateral.

During the year ended 31 December 2007 the Bank did not obtain any assets by taking control of collateral accepted as security (31 December 2006: nil).

Analysis of movements in the impairment allowance

Movements in the loan impairment allowance by classes of commercial loans for the year ended 31 December 2007 are as follows:

	Loan impairment allowance as at 1 January	Loan impairment charge/(reversal) during the year	Loan impairment allowance as at 31 December
- grade 1 - 6 (equivalent to credit rating A)	-	-	-
- grade 7, 8 (equivalent to credit rating BBB+)	5	550	555
- grade 9 (equivalent to credit rating BBB)	-	3 669	3 669
- grade 10 (equivalent to credit rating BBB-)	3 735	(682)	3 053
- grade 11 (equivalent to credit rating BB+)	2 410	4 729	7 139
- grade 12 (equivalent to credit rating BB)	5 548	(844)	4 704
- grade 13 (equivalent to credit rating BB-)	2 946	(1 241)	1 705
- grade 14 (equivalent to credit rating B+)	11 323	(7 100)	4 223
- grade 15 (equivalent to credit rating B)	8 407	4 152	12 559
- grade 16 (equivalent to credit rating BB-)	9 939	11 925	21 864
- grade 17 (equivalent to credit rating C)	4 598	(114)	4 484
Total loan impairment allowance	**48 911**	**15 044**	**63 955**

Movements in the loan impairment allowance by classes of commercial loans for the year ended 31 December 2006 are as follows:

	Loan impairment allowance as at 1 January	**Loan impairment charge/(reversal) during the year**	**Loan impairment allowance as at 31 December**
- grade 1 - 6 (equivalent to credit rating A)	1	(1)	-
- grade 7, 8 (equivalent to credit rating BBB+)	2	3	5
- grade 9 (equivalent to credit rating BBB)	13	(13)	-
- grade 10 (equivalent to credit rating BBB-)	1 038	2 697	3 735
- grade 11 (equivalent to credit rating BB+)	1 643	767	2 410
- grade 12 (equivalent to credit rating BB)	2 777	2 771	5 548
- grade 13 (equivalent to credit rating BB-)	3 241	(295)	2 946
- grade 14 (equivalent to credit rating B+)	5 195	6 128	11 323
- grade 15 (equivalent to credit rating B)	7 111	1 296	8 407
- grade 16 (equivalent to credit rating BB-)	4 028	5 911	9 939
- grade 17 (equivalent to credit rating C)	24 670	(20 072)	4 598
Total loan impairment allowance	**49 719**	**(808)**	**48 911**

Industry and geographical analysis of the loan portfolio

Loans and advances to customers are issued primarily to customers located within the Russian Federation, who operate in the following economic sectors:

	2007 RUR '000	**2006 RUR '000**
Retail customers	31 305	31 836
Commercial customers		
Manufacturing	6 972 384	3 176 203
Trade	5 694 571	3 104 167
Mining/metallurgy	5 450 112	2 160 323
Power	5 200 755	1 901 754
Food and tobacco production	4 046 818	2 379 301
Oil and petroleum production	3 940 690	1 318 154
Telecommunications	2 875 298	1 084 665
Chemical	2 082 366	1 443 196
Finance	1 618 446	699 576
Other	246 395	235 455
	38 159 140	**17 534 630**
Provision for impairment	(64 076)	(48 953)
	38 095 064	**17 485 677**

Concentration of loans to customers

As at 31 December 2007 the Bank had no loans to customers, whose balances exceeded 10% of gross loans. As at 31 December 2006, loans to customers which individually comprised more than 10% of loans and advances to customers were as follows:

	2006
	RUR '000
RAO UES	1 901 754
	1 901 754

Loan maturities

The maturity of the Bank's loan portfolio is presented in note 35, which shows the remaining period from the reporting date to the contractual maturity of the loans comprising the loan portfolio or draw-down repayment date. Due to the short-term nature of the credits issued by the Bank, which are usually prolonged, it is likely that many of the Bank's loans to customers will be prolonged on maturity. Accordingly, the effective maturity of the loan portfolio may be significantly longer than the classification indicated based on contractual terms.

15 Other assets

	2007 RUR '000	2006 RUR '000
Custody fees receivable	278 223	134 500
Other accrued income	111 909	18 156
Income tax receivable	62 919	-
Settlements with suppliers	36 309	33 423
VAT receivable	13 597	-
Settlements with VISA International and Europay International	7 281	8 325
Other	4 500	9 521
	514 738	**203 925**

16 Property and equipment

RUR'000	Office Machines & Equipment	Data Processing Equipment	Motor Vehicles	Computer Software	Total
Cost					
At 31 December 2006	176 824	80 000	24 657	98 196	379 677
Additions	13 240	24 661	7 976	-	45 877
Disposals	(456)	(3 600)	(7 147)	-	(11 203)
At 31 December 2007	189 608	101 061	25 486	98 196	414 351
Depreciation					
At 31 December 2006	132 885	33 214	5 410	97 889	269 398
Depreciation charge	29 887	14 787	5 117	301	50 092
Disposals	(558)	(3 584)	(3 772)	-	(7 914)
At 31 December 2007	162 214	44 417	6 755	98 190	311 576
Carrying value					
At 31 December 2007	**27 394**	**56 644**	**18 731**	**6**	**102 775**
At 31 December 2006	**43 939**	**46 786**	**19 247**	**307**	**110 279**

17 Goodwill

Goodwill relates to the purchase of the Russian custody business of Credit Suisse First Boston, Moscow. Goodwill is tested for impairment annually, no impairment loss was identified as at 31 December 2007 or 2006.

18 Deferred tax asset and liability

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to net deferred tax assets as of 31 December 2007 and 2006. The net deferred tax asset represents the amount that can be off set against the future taxable profits.

These temporary differences, which have no expiry dates, except for losses carried forward, that expire within 10 years from the year of origination, are listed below at their tax effected accumulated values:

	Assets		**Liabilities**		**Net**	
RUR'000	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
Financial instruments at fair value through profit or loss	73 644	6 601	-	-	73 644	6 601
Loans to customers	-	17 377	(9 214)	-	(9 214)	17 377
Other assets	-	-	(8 874)	(4 373)	(8 874)	(4 373)
Property and equipment	-	6 105	(729)	-	(729)	6 105
Goodwill	-	-	(25 217)	(17 298)	(25 217)	(17 298)
Deposits and balances from banks and other financial institutions	14 258	-	-		14 258	-
Other liabilities	79 501	66 810	-	-	79 501	66 810
Tax losses carried forward	-	149 169		-	-	149 169
	167 403	**246 062**	**(44 034)**	**(21 671)**	**123 369**	**224 391**
Valuation allowance	-	(149 169)	-	-	-	(149 169)
Net deferred tax assets/(liabilities)	**167 403**	**96 893**	**(44 034)**	**(21 671)**	**123 369**	**75 222**

The rate of tax applicable for deferred taxes was 24% (31 December 2006: 24%).

19 Deposits and balances from banks and other financial institutions

	2007 RUR '000	**2006 RUR '000**
Current accounts and demand deposits	4 261 790	711 808
Term deposits	31 852 829	15 268 472
	36 114 619	**15 980 280**

Concentration of deposits and balances from banks and other financial institutions

As at 31 December 2007 and 2006, deposits and balances from banks and other financial institutions which individually comprised more than 10% of deposits and balances from banks and other financial institutions were as follows:

	2007 RUR '000	**2006 RUR '000**
ING Group Banks	13 946 149	6 070 122
Sberbank	-	3 101 274
	13 945 199	**9 171 396**

20 Amounts payable under repurchase agreements

	2007 RUR '000	2006 RUR '000
Amounts due to banks and other financial institutions	1 939 827	2 551 367
Amounts due to customers	25 210	-
	1 965 037	**2 551 367**

Securities pledged

As of 31 December 2007, the Bank had certain securities pledged as collateral under repurchase agreements (refer to Note 13).

21 Subordinated loans

	2007 RUR '000	2006 RUR '000
Subordinated loan from ING Bank N.V. with a nominal amount of USD 25 000 thousand maturing on 30 December 2012 at an interest rate of 12 month LIBOR + 6% (2006: 12 month LIBOR + 6%)	679 173	726 317
Subordinated loan from ING Bank N.V. with a nominal amount of EUR 20 000 thousand maturing on 21 November 2015 at an interest rate of 3 month EURIBOR + 6% (2006: 3 month EURIBOR + 6%)	726 921	699 881
Subordinated loan from ING Bank N.V. with a nominal amount of RUR 850 000 thousand maturing on 03 April 2017 at an interest rate of 3 month MosPrime +3%.	872 295	-
	2 278 389	**1 426 198**

According to the terms of the agreements on the loans above, the creditor may not demand repayment of loan before maturity. In case of bankruptcy of the borrower, liabilities under the loan are repaid after settlement of all other liabilities of the Bank.

22 Current accounts and deposits from customers

	2007 RUR '000	2006 RUR '000
Current accounts and demand deposits	12 025 245	9 079 294
Term deposits	22 708 796	13 397 818
	34 734 041	**22 477 112**

Concentrations of current accounts and customer deposits

As at 31 December 2007 and 2006, current accounts and deposits from customers which individually exceeded 10% of total current accounts and deposits from customers were as follows:

	2007 RUR '000	2006 RUR '000
TNK – BP	4 378 662	5 284 369
Rosneft	4 003 504	-
Interros Group	-	3 433 002
	8 382 166	**8 717 371**

23 Other liabilities

	2007 RUR '000	2006 RUR '000
Employee compensation payable	267 291	220 201
Payables to suppliers	54 976	69 618
Other taxes payable	39 652	27 419
Provision for guarantees and letters of credit	1 570	1 869
Income tax payable	-	19 211
Other	15 197	1 178
	378 686	**339 496**

24 Share capital

Issued capital

The authorised, issued and outstanding share capital as at 31 December 2007 comprises 2 466 540 ordinary shares (31 December 2006: 2 466 540) with a par value of RUR 750.

The holders of ordinary shares 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.

Dividends

Dividends payable are restricted to the maximum retained earnings of the Bank which are determined according to legislation of the Russian Federation. In accordance with the legislation of the Russian Federation, as of 31 December 2007, retained earnings available for distribution amounted to RUR 3 388 567 thousand (2006: RUR 2 681 815 thousand).

25 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 market risk, which includes price, fair value interest rate and currency risks, credit risk and liquidity risk. These risks are managed in the following manner:

a) Risk management policies and procedures

The Bank's risk management policies aim to identify, analyse and manage the risks faced by the Bank, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, products and services offered and emerging best practice.

The Bank benefits from being part of a global banking group where many risk management and control procedures are designed on a central level, and implemented on a local level. In addition to local monitoring of risk parameters, there is also a central supervision.

The General Manager of the Bank has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies and procedures as well as approving significantly large exposures.

The Bank has established various risk management and control units (Market Risk Management, Credit Risk Management, Operational, Information and Security Risk Management, and Compliance), who deal with their respective sphere of risk. The Heads of these departments are responsible for ensuring the implementation of common principles and methods for identifying, measuring, managing and reporting both financial and non-financial risks. These Heads report directly to the General Manager.

Credit, market and liquidity risks both at portfolio and transactional levels are managed and controlled through an Asset and Liability Management Committee. In order to facilitate efficient decision-making in the credit area, the Bank has established a hierarchy of credit sign-off levels depending on the type and amount of the exposure.

Both external and internal risk factors are identified and managed throughout the Bank's organisational structure. Particular attention is given to developing risk maps that are used to identify the full range of risk factors and serve as a basis for determining the level of assurance over the current risk mitigation procedures. All Risk control units are in constant interaction with other functions of the Bank (Front Office, Operations, Finance, Audit) to timely identify and address risks.

b) Market risk

Market risk is the risk that movements in market prices, including foreign exchange rates, interest rates, credit spreads and equity prices will affect the Bank's income or the value of its portfolios. Market risks comprise currency risk, interest rate risk and other price risk. Market risk arises from open positions in interest rate, and currency financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimizing the return on risk.

Market Risk Management and Product Control division monitor, control and manage the market risk daily. Financial Market division can take positions only in approved products within set limits. The Limit Sheet and Product Mandate is reviewed annually and approved by the Parent Company, ING Bank N.V.

Value-at-risk

The Value-At-Risk method is used for quantitative risk valuation at the ING Bank Group level. Value at risk is defined as a potential loss for the defined time period based on assumptions about market volatility of market indicators and the set degree of probability. This statistical method allows to compare market risk for different portfolios.

VaR is a technique that estimates the potential losses that could occur on risk positions as a result of movements in market rates and prices over a specified time horizon and to a given level of confidence. The VaR model used by the Bank is based upon a 99 percent confidence level and assumes a 1-day holding period. The VaR model used is mainly based on historical volatility and correlation. The model derives plausible future scenarios based on historical market rate time series, taking into account inter-relationships between different markets and rates. All VaR calculations are regularly back-tested against actual and hypothetical P&L. Potential movements in market prices are determined with reference to market data from at least the last 12 months.

Although VaR is a valuable tool in measuring market risk exposures, it has a number of limitations, especially in less liquid markets:

- The use of historical data as a basis for determining future events may not encompass all possible scenarios, particularly those which are of an extreme nature.
- A 1 or 10-day holding period assumes that all positions can be liquidated or hedged within that period. This is considered to be a realistic assumption in almost all cases but may not be the case in situations in which there is severe market illiquidity for a prolonged period.
- The use of a 99% confidence level does not take into account losses that may occur beyond this level. There is a one percent probability that the loss could exceed the VaR.
- As VaR is only calculated on the end-of-day bases and does not necessarily reflect exposures that may arise on positions during the trading day.
- The VAR measure is dependent upon the Bank's position and the volatility of market prices. The VAR of an unchanged position reduces if market volatility declines and vice versa.

The Bank does not solely rely on its VaR calculations in its market risk measurement due to inherent risk of usage of VaR as described above. The limitations of the VaR methodology are recognised by supplementing VaR limits with other position and sensitivity limit structures, including limits to address potential concentration risks within each trading portfolio, and gap analysis.

A summary of the VaR estimates in respect of the Bank's currency positions as at 31 December 2007 and 2006 is as follows:

	31 December 2007	**31 December 2006**
Foreign exchange risk	7 480	14 902

Interest rate risk

Interest rate risk is the risk that movements in interest rates will affect the Bank's income or the value of its portfolios of financial instruments.

The Bank is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may also reduce or create losses in the event that unexpected movements arise.

An analysis of sensitivity of the Bank's projected net income for the year and equity to interest rate repricing risk based on a simplified scenario of a 100 basis point (bp) symmetrical fall or rise in all yield curves and positions of interest-bearing assets and liabilities existing as at 31 December 2007 and 31 December 2006 is as follows:

	2007	2006
100 bp parallel increase	(3 667)	(12 997)
100 bp parallel decrease	3 667	12 997

An analysis of sensitivity of the Bank's projected net income for the year and equity as a result of changes in fair value of financial instruments held for trading as at 31 December 2007 and 2006 due to changes in the interest rates based on simplified scenario of a 100 basis point (bp) symmetrical fall or rise in all yield curves is as follows:

	2007	2006
100 bp parallel increase	(206 659)	(205 457)
100 bp parallel decrease	206 659	205 457

c) 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 (both for on balance sheet and off balance sheet exposures), including guidelines to limit portfolio concentration and the establishment of a regular reporting routine, which actively monitors the Bank's credit risk. The Bank's credit policy is reviewed and approved by the Parent Company, ING Bank N.V., as well as by the Management Board.

The Bank's credit policy establishes:

- Procedures for review and approval of loan/credit applications;
- Methodology for the credit assessment of borrowers;
- Methodology for the credit assessment of counterparties(corporates, banks, other financial institutions, other counterparties);
- Methodology for the evaluation of collateral;
- Credit documentation requirements;
- Procedures for the ongoing monitoring of loans and other credit exposures.

Corporate loan/credit applications are originated by the General Lending Product Department and are then passed on to the Loan Department, which is responsible for the Bank's corporate loan portfolio. Reports produced by the department's credit analysts are based on a structured analysis focusing on the customer's business and financial performance. Corporate loan/credit applications include complete information about the borrower, a financial analysis and, if pertinent, a market and peer group analysis. The loan/credit applications are then independently reviewed by the Risk Department's Credit Risk Management Division and a second opinion is given accompanied by a check that credit policy requirements have been met. The Credit Committee reviews the loan/credit application on the basis of submissions by the Loan Department and the Risk Department. Individual transactions are also reviewed by the Bank's Legal, Accounting and Tax departments depending on the specific risks and pending final approval of the Credit Committee. The credit decision is then taken via the Signatory Approval Process, which involves sign offs by authorized representatives of Front Office as well as Credit Risk Management. Before allowing to draw on any approved facilities, legal documentation and fulfillment of conditions precedent are independently verified by the Legal Department and Risk Management.

The Bank continuously monitors the performance of individual credit exposures and regularly reassesses the creditworthiness of its customers. The review is based on the customer's most recent financial statements and other information submitted by the borrower, or otherwise obtained by the Bank. The current market value of collateral is regularly assessed by either independent appraisal companies or the Bank's specialists, and in the event of negative movements in market prices the borrower is usually requested to put up additional security.

The Bank's maximum exposure to on balance sheet credit risk is generally reflected in the carrying amounts of financial assets on the balance sheet. Possible netting of assets and liabilities to reduce potential credit exposure is not applied in the Bank.

The Bank monitors concentrations of credit risk by industry/sector and by geographic location. For the analysis of concentration of credit risk in respect of loans and advances to customers refer to Note 14 "Loans to customers".

d) Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in raising funds to meet its commitments. Liquidity risk exists when the maturities of assets and liabilities do not match. The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of financial institutions, including the Bank. It is unusual for financial institutions ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The Bank maintains liquidity management with the objective of ensuring that funds will be available at all times to honor all cash flow obligations as they become due. The Bank's liquidity policy is reviewed and approved by the Asset and Liability Committee.

The Bank seeks to actively support a diversified and stable funding base comprising long-term and short-term loans from other banks, core corporate and retail customer deposits, accompanied by diversified portfolios of highly liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

The Liquidity Management and Funding policy of the Bank requires:

- projecting cash flows by major currencies and considering the level of liquid assets necessary in relation thereto;
- maintaining a diverse range of funding sources;
- managing the concentration and profile of debts;
- maintaining debt financing plans;
- maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any interruption to cash flow;
- maintaining an up-to-date contingency funding plan;
- monitoring balance sheet liquidity ratios against regulatory requirements;

Decisions on the Bank's liquidity management are made by the Asset and Liability Management Committee and implemented by the Liquidity Management and Funding Department within Financial Markets Division.

The Bank also calculates mandatory liquidity ratios on a daily basis in accordance with the requirement of the Central Bank of Russia. The Bank was in compliance with these ratios during the years ended 31 December 2007 and 2006.

The following tables show the undiscounted cash flows on the Bank's financial liabilities and unrecognized loan commitments on the basis of their earliest possible contractual maturity. The total gross amount (inflow)/ outflow disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment. The Bank's expected cash flows on these financial liabilities and unrecognized loan commitments may vary significantly from this analysis.

The position of the Bank as at 31 December 2007 was as follows:

	Less than 1 month	1 to 3 Month	3 month to 1 year	1 year to 5 years	More than 5 years	Total gross Amount outflow/ (inflow)	Carrying amount
	RUR'000	RUR'000	RUR'000	RUR'000	RUR'000	RUR'000	RUR'000
Non-derivative liabilities							
Deposits and balances from banks and other financial institutions	33 190 426	457 156	581 796	2 042 738	-	36 272 116	36 114 619
Amounts payable under repurchase agreements	1 968 027	-	-	-	-	1 968 027	1 965 037
Current accounts and deposits from customers	33 621 111	1 094 442	45 754	-	-	34 761 307	34 734 041
Subordinated loans	102 192	-	168 447	639 211	3 148 619	4 058 469	2 278 389
Other liabilities	13 638	305 175	59 873	-	-	378 686	378 686
Derivatives							
- Inflow	(138 243 775)	(17 057 587)	(21 716 554)	(5 643 415)	-	(182 661 331)	(1 082 601)
- Outflow	138 149 485	17 090 753	21 741 887	5 302 852	-	182 284 977	1 016 758
Total	**68 801 104**	**1 889 939**	**881 203**	**2 341 386**	**3 148 619**	**77 062 251**	**75 404 929**
Credit related commitments	**284 041**	**130 171**	**555 250**	**1 657 228**	**-**	**2 626 690**	**2 625 120**

The position of the Bank as at 31 December 2006 was as follows:

	Less than 1 month	**1 to 3 Month**	**3 month to 1 year**	**1 year to 5 years**	**More than 5 years**	**Total gross Amount outflow/ (inflow)**	**Carrying Amount**
	RUR'000	**RUR'000**	**RUR'000**	**RUR'000**	**RUR'000**	**RUR'000**	**RUR'000**
Non-derivative liabilities							
Financial liabilities at fair value through profit or loss	-	2 078 441	-	-	-	2 078 441	2 069 308
Deposits and balances from banks and other financial institutions	13 015 180	1 292 086	199 441	1 658 754	-	16 165 461	15 980 280
Amounts payable under repurchase agreements	2 554 766	-	-	-	-	2 554 766	2 551 367
Current accounts and deposits from customers	22 127 745	299 472	66 827	-	-	22 494 044	22 477 112
Subordinated loans	74 227	-	70 717	548 832	2 024 993	2 718 769	1 426 198
Other liabilities	20 257	276 604	31 432	11 203	-	339 496	339 496
Derivatives							
- Inflow	(31 128 886)	(26 079 433)	(21 364 968)	(7 970 422)	-	(86 543 709)	(317 162)
- Outflow	31 151 299	26 074 029	21 365 346	7 995 062	-	86 585 736	386 279
Total	**37 814 588**	**3 941 199**	**368 795**	**2 243 429**	**2 024 993**	**46 393 004**	**44 912 878**
Credit related commitments	**313 179**	**162 602**	**1 532 878**	**664 250**	**-**	**2 672 909**	**2 669 730**

For further information on the Bank's exposure to liquidity risk at year end refer to Note 35.

26 Capital management

The Central Bank of Russia sets and monitors capital requirements for the Bank.

The Bank defines as capital those items defined by statutory regulation as capital for credit institutions. Under the current capital requirements set by the Central Bank of Russia banks have to maintain a ratio of capital to risk weighted assets ("statutory capital ratio") above the prescribed minimum level. As at 31 December 2007, this minimum level is 10%. The Bank was in compliance with the statutory capital ratio during the years ended 31 December 2007 and 2006.

27 Commitments

At any time the Bank has outstanding commitments to extend loans. These commitments take the form of approved loans and overdraft facilities.

The Bank provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to five years.

The contractual amounts of commitments are set out in the following table by category. The amounts reflected in the table for commitments assume that amounts are fully advanced. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the balance sheet date if counterparties failed completely to perform as contracted.The contractual amounts of commitments are set out in the following table by category.

	2007 RUR '000	2006 RUR '000
Contracted amount		
Undrawn loan commitments	4 404 725	1 630 724
Guarantees and letters of credit	2 625 120	2 669 730

The total outstanding contractual commitments to extend credit indicated above does not necessarily represent future cash requirements, as these commitments may expire or terminate without being funded.

28 Operating leases

The Bank leases a number of premises under operating lease. The leases typically run for an initial period of up to five years, with an option to renew the lease after that date. 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:

	2007 RUR '000	2006 RUR '000
Less than one year	80 262	82 688
Between one and five years	89 263	174 338
	169 525	**257 026**

During this year ended 31 December 2007 RUR 111 253 thousand (31 December 2006: RUR 121 515 thousand) was recognized as an expense in the income statement in respect of operating leases.

29 Contingencies

Insurance

The Bank does not have full coverage for its premises and equipment, 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

Bank's management is unaware of any significant actual, pending or threatened claims against the Bank.

Taxation contingencies

The taxation system in the Russian Federation is relatively new and is characterized by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open longer. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

These circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on the Bank's financial position, if the authorities were successful in enforcing their interpretations, could be significant.

30 Custody activities

The Bank provides custody services to its customers, whereby it holds securities on behalf of customers and receives fee income for providing these services. These securities are not assets of the Bank and are not recognized in the balance sheet.

31 Related party transactions

Control relationships

The Bank's Parent Company is ING Bank N.V. which produces publicly available financial statements. The party that has the ultimate control over the Bank is ING Group N.V.

Transactions with the Board of Management

Total remuneration included in employee compensation (refer note 9):

	2007 RUR '000	2006 RUR '000
Short-term benefits		
Employee compensation	82 794	59 358
Salary related taxes	2 149	1 408
Post-employment benefits		
Contributions to non-state pension funds	225	243
Total remuneration	**85 168**	**61 009**

Loans issued to directors and senior management and average interest rates as of 31 December 2007 and 2006 are as follows:

	2007 RUR '000	Average Interest Rate	2006 RUR '000	Average Interest Rate
Loans to customers	1 234	9.92%	5 943	8.95%
Interest income	129	-	484	-

The amounts presented above include operations and balances only in respect of the senior management (Board of Management members) of the Bank.

Transactions with the Parent Company

The outstanding balances and the related average interest rates as of 31 December 2007 and 2006 with the Parent Company are as follows:

	2007 RUR '000	Average Interest Rate	2006 RUR '000	Average Interest Rate
Assets				
Placements with banks and other financial institutions	494 825	4.60%	601 429	1.74%
Financial instruments at fair value through profit or loss (except for foreign currency contracts)	-	-	2 075 239	5.33%
Financial instruments at fair value through profit or loss (foreign currency contracts)	609 384	-	234 733	-
Other assets	-	-	33	-
Liabilities				
Deposits from banks and other financial institutions	13 591 546	5.09%	6 047 846	4.84%
Financial instruments at fair value through profit or loss (except for foreign currency contracts)	-	-	2 069 308	5.00%
Financial instruments at fair value through profit or loss (foreign currency contracts)	240 062	-	307 080	-
Subordinated loans	2 278 389	10.80%	1 426 198	9.80%
Other liabilities	22 309	-	45 004	-
Off Balance sheet items				
Guarantees received	23 113 953	-	23 779 475	-

Amounts included in the income statement in relation to transactions with the Parent Company are as follows:

	2007 RUR '000	2006 RUR '000
Interest income	12 274	47 526
Interest expense	(780 957)	(381 535)
Fee and commission income	10 923	19 343
Fee and commission expense	-	(17 720)
Net foreign exchange (loss)/gain	(83 936)	(570 257)
General administrative expenses	(17 038)	(45 004)

Transactions with other ING Group Companies

The outstanding balances and the related average interest rates as of 31 December 2007 and 2006 with other ING Group companies are as follows:

	2007 RUR '000	Average Interest Rate	2006 RUR '000	Average Interest Rate
Assets				
Placements with banks and other financial institutions	2 004	0.00%	9 986	0.00%
Financial instruments at fair value through profit or loss (foreign currency contracts)	108 565	-	22 858	-
Loans to customers	-	-	39 115	6.03%
Other assets	108 034	-	14 529	-
Liabilities				
Financial instruments at fair value through profit or loss (foreign currency contracts)	6 111	-	2 206	-
Deposits from banks and other financial institutions	354 603	5.00%	22 276	0.00%
Customer accounts	680 198	0.02%	163 804	0.62%
Other liabilities	14 767	-	1 732	-
Off Balance sheet items				
Guarantees received	2 293 706	-	252 160	-
Undrawn loan commitments	305 432	-	264 368	-

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

	2007 RUR '000	2006 RUR '000
Interest income	19 167	5 520
Interest expense	(82 627)	(6 354)
Fee and commission income	243 067	89 991
Fee and commission expense	(5 908)	-
Net foreign exchange gain	199 217	21 712
General administrative expenses	(5 191)	-
Other income	119 496	79 772

32 Cash and cash equivalents

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

	2007 RUR '000	2006 RUR '000
Cash	226 650	242 885
Due from Central Bank - nostro account	944 550	1 266 030
Nostro accounts with banks	2 313 495	1 095 367
	3 484 695	**2 604 282**

33 Fair value of financial instruments

The Bank has performed an assessment of its financial instruments, as required by IFRS 7 Financial Instruments: Disclosure 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.

The estimated fair value of quoted trading financial instruments is based on quoted market prices at the balance sheet date without any deduction for transaction costs.

The estimated fair values of all the other financial assets and liabilities are calculated using discounted cash flow techniques based on estimated future cash flows and discount rates for similar instruments at the balance sheet date.

This estimate of fair value is intended to approximate the amount at which the above listed financial assets could be exchanged in a current transaction between unrelated willing parties on an arm's length basis. However given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realizable in an immediate sale of the assets or settlement of liabilities.

34 Average effective interest rates

The table below displays the Bank's interest bearing assets and liabilities as at 31 December 2007 and 2006 and their corresponding average effective interest rates as at that date. These interest rates are an approximation of the yields to maturity of these assets and liabilities, except for loans to customers totaling RUR 35 301 291 thousand (2006: RUR 6 981 890 thousand) and subordinated loans which carry variable rates.

	2007		2006	
	Value RUR '000	Average Effective Interest Rate	Value RUR '000	Average Effective Interest Rate
Interest Bearing Assets				
Placements with banks and other financial institutions				
Nostro accounts				
- RUR	223 441	0.00%	315 332	0.08%
- USD	2 002 949	3.21%	645 587	0.95%
- other currencies	87 105	0.44%	134 448	0.60%
Loans and deposits				
- RUR	12 434 261	6.00%	6 405 817	5.27%
- USD	2 434 980	5.76%	3 705 097	5.77%
- other currencies	7 553 221	4.42%	5 255 727	3.63%
Financial instruments at fair value through profit or loss				
Held by the Bank				
- RUR	14 896 244	7.39%	9 388 791	7.23%
- USD	-	-	2 075 239	5.33%
Pledged under sale and repurchase agreements				
- RUR	2 000 237	5.73%	2 637 593	8.45%
Loans to customers				
- RUR	22 822 292	7.74%	10 271 440	6.86%
- USD	12 478 913	6.29%	5 417 217	7.03%
- other currencies	2 793 859	6.16%	1 797 020	5.27%

	2007		2006	
	Value RUR '000	**Average Effective Interest Rate**	**Value RUR '000**	**Average Effective Interest Rate**
Interest Bearing Liabilities				
Financial instruments at fair value through profit or loss				
- USD	-	-	2 069 308	5.00%
Deposits and balances from banks and other financial institutions				
Current accounts and demand deposits				
- RUR	3 653 564	0.00%	370 208	0.00%
- USD	608 197	0.00%	340 563	0.00%
- other currencies	29	0.00%	1 037	0.00%
Term deposits				
- RUR	15 832 083	4.75%	11 926 012	4.34%
- USD	13 630 261	5.17%	3 073 951	5.32%
- other currencies	2 390 485	4.31%	268 509	3.59%
Amounts payable under repurchase agreements				
- RUR	1 965 037	7.19%	2 551 367	6.26%
Subordinated loans				
- RUR	872 295	10.52%	-	-
- USD	679 173	11.44%	726 317	10.87%
- other currencies	726 921	10.61%	699 881	9.84%
Current accounts and deposits from customers				
Current accounts and demand deposits				
- RUR	6 288 694	0.42%	4 776 020	0.82%
- USD	4 394 877	0.08%	3 376 434	0.17%
- other currencies	1 341 674	0.28%	926 840	0.27%
Term deposits				
- RUR	15 181 145	3.74%	6 341 021	4.63%
- USD	5 538 926	4.54%	6 800 292	4.91%
- other currencies	1 988 725	4.10%	256 505	3.26%

Other currencies in the table above are primarily the Euro.

35 Maturity analysis

Except for securities held for trading, the following table shows the Bank's assets and liabilities by remaining contractual maturity dates as at 31 December 2007. The portfolio of unpledged trading securities is classified within less than one month in the table below as the Management of the Bank believes, that such financial assets can be realised within this period. The portfolio of trading securities pledged under sale and repurchase agreements is classified within less than one month in the table below in accordance with the maturity of the corresponding repurchase agreements. Information about the contractual maturity of these securities is provided later in this Note.

	Less than 1 month RUR '000	1 to 3 Months RUR '000	3 months to 1 year RUR '000	1 year to 5 years RUR '000	More than 5 years RUR '000	No stated maturity RUR '000	Total RUR '000
Assets							
Cash	226 650	-	-	-	-	-	226 650
Due from the Central Bank of the Russian Federation	944 550	-	-	-	-	1 196 163	2 140 713
Placements with banks and other financial institutions	20 511 543	3 244 325	413 390	316 183	250 516	-	24 735 957
Financial instruments at fair value through profit or loss							
- Held by the Bank	15 247 751	317 548	271 944	126 703	14 899	-	15 978 845
- Pledged under sale and repurchase agreements	2 000 237	-	-	-	-	-	2 000 237
Loans to customers	9 777 979	7 391 787	9 839 307	9 965 031	1 120 960	-	38 095 064
Other assets	13 702	478 342	18 369	4 325	-	-	514 738
Property and equipment	-	-	-	-	-	102 775	102 775
Goodwill	-	-	-	-	-	125 125	125 125
Deferred tax asset	-	-	-	-	-	123 369	123 369
Total assets	48 722 412	11 432 002	10 543 010	10 412 242	1 386 375	1 547 432	84 043 473
Liabilities							
Financial liabilities at fair value through profit or loss	339 500	284 188	300 938	92 132	-	-	1 016 758
Deposits and balances from banks and other financial institutions	33 173 465	431 355	537 263	1 972 536	-	-	36 114 619
Amounts payable under repurchase agreements	1 965 037	-	-	-	-	-	1 965 037
Subordinated loans	-	-	-	-	2 278 389	-	2 278 389
Current accounts and deposits from customers	33 601 332	1 088 096	44 613	-	-	-	34 734 041
Other liabilities	13 638	305 175	59 873	-	-	-	378 686
Total liabilities	69 092 972	2 108 814	942 687	2 064 668	2 278 389	-	76 487 530
Net position as at 31 December 2007	**(20 370 560)**	**9 323 188**	**9 600 323**	**8 347 574**	**(892 014)**	**1 547 432**	**7 555 943**
Net position as at 31 December 2006	**(8 509 341)**	**7 774 973**	**2 980 829**	**2 061 673**	**541 136**	**1 241 258**	**6 090 528**

The following table shows financial instruments at fair value through profit or loss by their contractual maturities as at 31 December 2007.

	Held by the Bank	**Pledged under sale and repurchase agreements**
	RUR '000	**RUR '000**
Less than 1 month	5 568 542	-
1 to 3 months	448 219	18 419
6 months to 1 year	1 621 036	100 103
1 to 5 years	6 673 600	1 696 245
More than 5 years	1 667 448	185 470
	15 978 845	**2 000 237**

36 Currency analysis

The following table shows the currency structure of assets and liabilities at 31 December 2007.

	RUR	USD	Other currencies	Total
	RUR '000	RUR '000	RUR '000	RUR '000
Assets				
Cash	153 759	55 320	17 571	226 650
Due from the Central Bank of the Russian Federation	2 140 713	-	-	2 140 713
Placements with banks and other financial institutions	12 657 702	4 437 929	7 640 326	24 735 957
Financial instruments at fair value through profit or loss				
- Held by the Bank	15 978 845	-	-	15 978 845
- Pledged under sale and repurchase agreements	2 000 237	-	-	2 000 237
Loans to customers	22 822 292	12 478 913	2 793 859	38 095 064
Other assets	107 710	390 912	16 116	514 738
Property and equipment	102 775	-	-	102 775
Goodwill	125 125	-	-	125 125
Deferred tax asset	123 369	-	-	123 369
Total assets	56 212 527	17 363 074	10 467 872	84 043 473
Liabilities				
Financial liabilities at fair value through profit or loss	1 016 758	-	-	1 016 758
Deposits and balances from banks and other financial institutions	19 485 647	14 238 458	2 390 514	36 114 619
Amounts payable under repurchase agreements	1 965 037	-	-	1 965 037
Subordinated loans	872 295	679 173	726 921	2 278 389
Current accounts and deposits from customers	21 469 839	9 933 803	3 330 399	34 734 041
Other liabilities	315 107	20 396	43 183	378 686
Total liabilities	45 124 683	24 871 830	6 491 017	76 487 530
Net on balance sheet position	**11 087 844**	**(7 508 756)**	**3 976 855**	**7 555 943**
Off balance sheet position	(2 229 253)	6 057 924	(3 828 671)	-
Net position as of 31 December 2007	**8 858 591**	**(1 450 832)**	**148 184**	**7 555 943**
Net position as of 31 December 2006	**4 576 583**	**(428 759)**	**1 942 704**	**6 090 528**

Other currencies in the table above are primarily the Euro.