ICICI Bank

ICICI BANK EURASIA LLC

2ND ANNUAL REPORT AND ACCOUNTS 2006-2007

Directors
Chanda D. Kochhar, *Chairperson*
Sonjoy Chatterjee
Sanjay Kumar Maheshka
Niranjan Limaye, *President & CEO*

Auditors
ZAO KPMG

Registered Office
3, 50 Let Oktyabrya Square
City of Balabanovo
Borovsk District
Kaluga Region 249000

directors' report

to the members

Your Directors have pleasure in presenting the Second Annual Report of ICICI Bank Eurasia LLC with the audited statement of accounts for the financial year ended December 31, 2006.

FINANCIAL HIGHLIGHTS

The financial performance for years ended December 31 is summarised below:

Rs. in million, except percentages

	2005	**2006**	**% change**
Net interest income and other income	*92*	**354**	286%
Operating expense	*(69)*	**(341)**	395%
Provisions & contingencies	*(5)*	**1**	n/a
Profit before tax	*18*	**14**	-18%
Profit after tax	*(4)*	**(11)**	249%
Consolidated profit after tax	*14*	**3**	-81%

The balance sheet as at December 31 is summarised below:

Rs. in million, except percentages

	2005	**2006**	**% change**
CAPITAL AND LIABILITIES			
HO Control Account	*878*	**2,099**	139%
Reserves and Surplus	*(140)*	**(158)**	14%
Deposits	*57*	**414**	629%
Borrowings	*169*	**11,823**	6896%
Other liabilities and provisions	*4*	**7**	58%
TOTAL	**968**	**14,185**	**1365%**
ASSETS			
Cash and balance with Reserve Bank of India	—	**—**	—
Balances with banks and money at call and short notice	*523*	**3,862**	638%
Investments	—	**4,867**	100%
Advances	*358*	**5,300**	1379%
Fixed Assets	*17*	**53**	222%
Other Assets	*70*	**103**	45%
TOTAL	**968**	**14,185**	**1365%**

ISSUANCE OF EQUITY CAPITAL

In July 2006, ICICI Bank Eurasia LLC has successfully concluded a capital raising exercise, raising a total of USD 42 million from ICICI Bank Limited as additional contribution to the equity capital from the parent company.

SUBSIDIARY COMPANIES

At December 31, 2006, ICICI Bank Eurasia LLC had no subsidiaries.

DIRECTORS

Currently there are four Members of the Supervisory Board (Directors):

- Chanda D. Kochhar (Chairperson)
- Sonjoy Chatterjee
- Sanjay Kumar Maheshka
- Niranjan Limaye

Chanda D. Kochhar was elected as member of the Supervisory Board on November 4, 2006 by the Resolution of the Sole Participant of ICICI Bank Eurasia LLC and was appointed as the Chairperson of the Supervisory Board of ICICI Bank Eurasia LLC on December 4, 2006 by the Resolution of the Sole Participant of ICICI Bank Eurasia LLC.

Sonjoy Chatterjee was elected as member of the Supervisory Board on November 4, 2006 by the Resolution of the Sole Participant of ICICI Bank Eurasia LLC.

Niranjan Limaye was elected as member of the Supervisory Board on December 4, 2006 by the Resolution of the Sole Participant of ICICI Bank Eurasia LLC.

Sanjay Kumar Maheshka was elected as member of the Supervisory Board on June 18, 2005 by the general meeting of Participants of ICICI Bank Eurasia LLC.

K. V. Kamath was relieved from the position of the Chairman of the Supervisory Board of ICICI Bank Eurasia LLC on December 4, 2006 by the Resolution of the Sole Participant of ICICI Bank Eurasia LLC.

Lalita D. Gupte and Mr. Bhargav Dasgupta were relieved from their positions of the members of the Supervisory Board of ICICI Bank Eurasia LLC on November 4, 2006 by the Resolution of the Sole Participant of ICICI Bank Eurasia LLC.

AUDITORS

ZAO KPMG has been appointed as auditor of ICICI Bank Eurasia LLC on for the financial year 2006 by a resolution of the Sole Participant pursuant recommendation of the Audit Committee of the Bank.

PERSONNEL

As of December 31, 2006 number of the Bank's employees was 120.

CORPORATE GOVERNANCE

ICICI Bank Eurasia is building a tradition of best practices in corporate governance. The corporate governance framework in ICICI Bank Eurasia LLC is based on an effective Supervisory Board, Executive Board and the constitution of the Committees of the Bank, to oversee critical areas.

SUPERVISORY BOARD

ICICI Bank Eurasia LLC has a Supervisory Board, constituted in compliance with the Law on Limited Liability Companies, Law on Banks and Banking activities and Regulations and Recommendations of the Bank of Russia. It is also based on the Compliance Framework of the Sole Participant.

The Supervisory Board's main function is to oversee management activities of the Bank. The Supervisory Board functions either as a full Board or through various committees constituted to oversee specific areas. The Board is supported by three committees, namely, Audit Committee, Governance Committee, Risk and Credit Committee.

At December 31, 2006, the Board of Directors consisted of 4 members. There were six meetings of the Supervisory Board during the period from April 1, 2006 till March 31, 2007 – April 19, 2006, June 27, 2006, July 19, 2006, November 2, 2006, February 8, 2007 and February 27, 2007. The names of the members of the Supervisory Board, their attendance at Board Meetings during the year and the number of other committee memberships held by them in the mentioned period are set out in the following table:

Name of Member	Board Meetings attended during the year	Number of other Supervisory Board's committee memberships
Chanda D. Kochhar (Chairperson)	3	3
Sonjoy Chatterjee	3	3
Sanjay Kumar Maheshka	6	2
Niranjan Limaye	2	2
Kamath Vaman Kundapur (Ex-Chairman)	4	1
Lalita D. Gupte (ex-member)	2	3
Bhargav Dasgupta (ex-member)	2	3

It has been a standard practice for Directors to participate in the meetings of the Supervisory Board and Committees by teleconference.

EXECUTIVE BOARD

Executive Board of ICICI Bank Eurasia LLC: main function is day-to-day management of the Bank implementing policies adopted by the General meeting of Participants (Sole Participant) and the Supervisory Board. As of March 31, 2007 it was supported in its activities by five committees constituted to oversee specific areas: Executive Credit Committee, Asset and Liability Management Committee, Operations Committee, Products Committee and Purchases Committee.

Currently the Executive Board consists of 4 members:

- Niranjan Limaye
  (Decision of the Supervisory Board No. sb 1/02-2007 of February 8, 2007)
- Vladislav Aleksandrovich Voitsehovich
- Galina Georgievna Kazanikova
  (Decision of the Supervisory Board Nr 22 of July 5, 2005)
- Vinod Easwaran
  (Decision of the Supervisory Board No. sb 1/02-2007 of February 8, 2007)

There were 32 meetings of the Executive Board during the period from April 1, 2006 till March 31, 2007.

AUDIT COMMITTEE

Terms of Reference

The Audit Committee provides direction to the audit and risk management function and monitors the quality of internal and statutory audit. The responsibilities of the Audit Committee include:

- Review internal and management reports
- Oversee financial reporting process to ensure fairness, sufficiency and credibility of financial statements
- Review financial statements before submission to the Supervisory Board
- Recommend the appointment and removal of auditors and fix their remuneration
- Review the adequacy of internal control systems and internal audit function
- Review CBR inspection and audit reports and reports of auditors
- Review quarterly reports of the Compliance Officer
- Review the scope of audit with external auditors and examine reasons for any substantial default to any stakeholder
- Review the monthly returns filed before CBR or any other regulatory authority.

Composition

As of March 31, 2007 the Audit Committee comprises four Directors and is chaired by Chanda D. Kochhar. There were four meetings of the Committee during the period from April 1, 2006 till March 31, 2007. The details of the composition of the Committee and attendance at its Meetings are set out in the following table:

Name of Member	Number of meetings attended
Chanda D. Kochhar (Chairperson)	1
Sonjoy Chatterjee	1
Sanjay Kumar Maheshka	4
Niranjan Limaye	0
Lalita D. Gupte (ex-Chairperson)	3
Bhargav Dasgupta (ex-member)	2

Governance Committee

Terms of Reference

The functions of the Committee include:

- Review Senior Management appointments and nominations
- Review remuneration and compensation, including the Bank's performance bonus plan
- Approve corporate philosophy and mission
- Ensure ethical behaviour and compliance with laws and regulations.

Composition

The Governance Committee comprises two members and is chaired by Chanda D. Kochhar. There were two meetings of the Committee during the period from April 1, 2006 till March 31, 2007. The details of the composition of the Committee and attendance at its Meetings are set out in the following table:

Name of Member	Number of meetings attended
Chanda D. Kochhar (Chairperson)	0
Sonjoy Chatterjee	0
Kamath Vaman Kundapur (ex-Chairman)	2
Lalita D. Gupte (ex-member)	2
Bhargav Dasgupta (ex-member)	1

RISK AND CREDIT COMMITTEE

Terms of reference

The functions of the Committee include

- Approve all new credit proposals in excess of USD 4 million to a single borrower or borrower group
- Review and approve Bank's Credit policy
- Approve all credit proposals not compliant with the bank's standard lending criteria as defined in the bank's internal credit policy
- Approve all new product proposals and their related limits
- Approve the formats for program lending and delegate authority under these programs
- Approve facility reviews where the aggregate group exposure exceeds USD 4 million
- Approve all credit proposals generally above the prescribed authority of the Executive Credit Committee
- Review the quarterly portfolio analyses prepared by the Head of Risk

- Approve any borrowings other than temporary loans taken in the ordinary course of business in accordance with Treasury policy dealing limits (acceptance of deposits of money shall not be deemed to be borrowings)
- Review and approve Bank's investment policy and associated limits
- Monitor Bank's market risk exposures through a suitable reporting package encompassing interest rate risk, exchange rate risk, liquidity risk and equity risk.
- Review of operations of the Executive credit committee.

Composition

The Risk and Credit Committee comprises four Members Directors. It is chaired by Chanda D. Kochhar. There were 13 meetings of the Committee during the mentioned period. The details of the composition of the Committee and attendance at its Meetings are as follows:

Name of Member	Number of meetings attended
Chanda D. Kochhar (Chairperson)	4
Sonjoy Chatterjee	4
Sanjay Kumar Maheshka	13
Niranjan Limaye	4
Lalita D. Gupte (ex-Chairman)	9
Bhargav Dasgupta (ex-member)	9

Executive Credit Committee

Terms of reference

The Committee reviews and sanctions credit proposals within the framework of the policy for the amount up to 4 million USD.

Composition

The Executive Credit Committee comprises six members, namely -

1. President and CEO (Chairman). The position of President and CEO of ICICI Bank Eurasia LLC was held by Sanjay Kumar Maheshka who was released from it from February 20, 2007 by the decision of the Supervisory Board of ICICI Bank Eurasia LLC from February 8, 2007. Niranjan Limaye was appointed to the position of the President and CEO of ICICI Bank Eurasia LLC on May 28, 2007,
2. Deputy CEO - Voitsekhovich V.A.,
3. Deputy CEO - Kazanikova G.G.,
4. CFO - Olga V. Krokhmalnaya (resigned on May 18, 2007; currently the position is vacant),
5. Head of Retail Business Group - Vinod Easwaran,
6. Deputy Head of Operations and Technology Department - Olga V. Nikulina (resigned on May 16, 2007; currently the position is vacant).

There have been 64 meetings of the Executive Credit Committee during the reporting period from April 1, 2006 till March 31, 2007.

Asset and Liability Management Committee

Terms of reference

- Implementation of risk mitigation measures
- New products (for investment purposes)
- Delegation of authority to functional authorities
- Empanelment of brokers
- Adherence to extant CBR guidelines on accounting, classification and valuation of investment portfolio
- Adherence to Internal Control guidelines and limits
- Investment transactions activity
- Business transacted through the brokers
- Maintenance of liquidity requirements
- Any other matter incidental to investment and treasury operations.

In addition to the above, to determine and delegate to the Asset Liability Management Committee regulation of the asset liability management policy of the Bank and market risk management and for this purpose to authorise the Asset Liability Management Committee to:

- Put in place an effective liquidity management policy in conjunction with the Liquidity Policy statement approved by the CBR, including, inter alia, the funding strategies, liquidity planning under alternative stress scenarios, prudential limits and review the same periodically
- Decide the deposit rates and the lending rates
- Monitor market risk limits including limits on liquidity and interest rate on the balance sheet
- Approve the system for liquidity management
- Consider and approve any other matters related to liquidity and interest risk management.

Composition

The ALM Committee comprises of the following members: President and CEO (Chairman) (The position of President and CEO of ICICI Bank Eurasia LLC was held by Sanjay Kumar Maheshka who was released from it from February 20, 2007 by the decision of the Supervisory Board of ICICI Bank Eurasia LLC from February 8, 2007. Niranjan Limaye was appointed to the position of the President and CEO of ICICI Bank Eurasia LLC on May 28, 2007), Deputy CEO - Voitsekhovich Vladislav Alexandrovich, the CFO - Olga V. Krokhmalnaya (resigned on May 18, 2007; currently the position is vacant).

There have been 11 meetings of the ALM Committee during the period from April 1, 2006 till March 31, 2007.

Operations Committee

Terms of reference

- To conform and approve tasks on development of the operational system of the Bank
- To conform operational conditions of clients' servicing and their modifications
- To approve modifications to products and to procedures which have been approved by the Credit and Risk Committee.

Composition

The Operations Committee comprises of the following members: Deputy CEO - Vladislav A. Voitsekhovich (Chairman), Deputy CEO - Galina G. Kazannikova, CFO - Olga V. Krokhmalnaya (resigned on May 18, 2007; currently the position is vacant), Head of Risk Management Department - Igor V. Ryashin, Head of Retail Business Group - Vinod Easwaran, Deputy Head of Operations Technology Department - Olga V. Nikulina (resigned on May 16, 2007; currently the position is vacant).

There have been 11 meetings of the Operations Committee during the reporting period from April 1, 2006 till March 31, 2007.

Products Committee

Terms of reference

- To vet all the product proposals before they are submitted to the Executive Board of ICICI Bank for approval.
- To entrust departments heads of the Bank on elaboration of internal documents and systems for implementation of new banking products.

Composition

The Products Committee comprises of the following members: Head of Retail Business Group - Vinod Easwaran (Chairman), Deputy Head of Operations Technology Department - Olga V. Nikulina (resigned on May 16, 2007; currently the position is vacant), Chief Accountant - Irina A. Komarova, Head of Legal Service - Vadim G. Shubenin, Head of Internal Control Service - Vladimir A. Grigoriev, Head of Treasury - Alexey M. Voronov.

There have been 12 meetings of the Products Committee during the reporting period from April 1, 2006 till March 31, 2007.

Purchases Committee

Terms of reference

- Control of the implementation of the Budget of the Bank
- Approval of purchases of items and inventories
- Control over purposeful nature of bank's expenditure
- Monitoring of departments' expenses
- Maintaining of financial and moral integrity of the organization and its members
- Combating fraud and conspiracy
- Taking penal actions towards employees on grounds of integrity issues

Composition

The Purchases Committee comprises of the following members: CFO (Chairman) - Olga V. Krokhmalnaya (resigned on May 18, 2007; currently the position is vacant), Deputy CEO - Vladislav A. Voitsekhovich, Head of Retail Business Group - Vinod Easwaran.

There have been 12 meetings of the Purchases Committee during the reporting period from April 1, 2006 till March 31, 2007.

The Sole Participant

The Sole Participant of the Bank has taken a number of decisions on the composition of the Supervisory Board, increase of equity capital and investment into the property of the Bank, change of location of the Branch, approval of the yearly financial results and appointment of Auditors and of an Inspector of the Bank.

The Sole Participant of ICICI Bank Eurasia LLC holding 100% of its equity capital is ICICI Bank Eurasia LLC.

Disclosures

1. There are no materially significant transactions with related parties i.e., directors, management, subsidiaries, or relatives conflicting with the Bank's interests.

Means of Communication

It is ICICI Bank Eurasia's belief that all stakeholders should have access to complete information regarding its position to enable them to accurately assess its future potential. ICICI Bank Eurasia disseminates information on its operations and initiatives on a regular basis. The ICICI Bank Eurasia website (www.icicibankrussia.com) serves as a key awareness facility for all its stakeholders, allowing them to access information at their convenience. It provides comprehensive information on ICICI Bank Eurasia's strategy, business segments, financial performance, operational performance and the latest press releases.

ICICI Bank Eurasia's annual financial results are published in Russian financial media.

GENERAL SHAREHOLDER INFORMATION

Listing of equity shares/ADSs on Stock Exchanges (with stock code)

ICICI Bank Eurasia has no stock exchange listings.

Share Transfer System

Being a limited liability company shares in the equity capital of ICICI Bank Eurasia LLC is transferred upon resolution/decision of the General meeting of Participants and is effected by introducing of respective changed into the Charter.

Information on Shareholding

Shareholding pattern of ICICI Bank Eurasia LLC at March 31, 2007

Shareholder Category	Shares	%
ICICI Bank Limited	985 600 000	100

Plant Locations – Not applicable

Address for Correspondence

ICICI Bank Eurasia LLC
Russia 125047 Moscow
4th Lesnoi Lane 4
Capital Plaza Business Center
Tel No: +7 (495) 981 - 4988/89
Fax No: +7 (499) 500 - 8082

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm:

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures;
2. that they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit or loss of the Bank for that period;
3. that they have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Laws of the Russian Federation for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities; and
4. that they have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENTS

ICICI Bank Eurasia is grateful to the Bank of Russia for their continued co-operation, support and advice. ICICI Bank Eurasia LLC wishes to thank its investors, the domestic and international banking community for their support.

ICICI Bank Eurasia LLC would like to take this opportunity to express sincere thanks to its valued clients and customers for their continued patronage. The Directors express their deep sense of appreciation of all the employees, whose outstanding professionalism, commitment and initiative has made the organization growth and success possible and continues to drive its progress. Finally, the Directors wish to express their gratitude to the Members for their trust and support.

Compliance with the Code of Business Conduct and Ethics

I confirm that all Directors and senior management have affirmed compliance with ICICI Bank Code of Business Conduct and Ethics.

For and on behalf of the Board

Niranjan Limaye
President & CEO

Kaluga Region, City of Balabanovo, May 24, 2006

independent auditors' report

to the Board of Directors of ICICI Bank Eurasia LLC

Report on the Financial Statements

We have audited the accompanying financial statements of ICICI Bank Eurasia LLC (the "Bank"), which comprise the balance sheet as at 31 December 2006, and the income statement, 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 2006, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

ZAO KPMG
02 April 2007

balance sheet

as at December 31, 2006

	Notes	2006 (Rs. in 000's)	(Restated) 2005 (Rs. in 000's)
ASSETS			
Cash and cash equivalents	4	**135,212**	*36,877*
Minimum reserve deposit at the Central Bank of the Russian Federation	5	**259,629**	*1,999*
Placements with banks and other financial institutions	6	**3,467,190**	*484,131*
Financial instruments at fair value through profit or loss	7	**1,741,578**	—
Loans to customers	8	**5,300,179**	*358,337*
Available-for-sale assets	9	**3,125,448**	—
Property and equipment	10	**53,186**	*16,520*
Deferred tax asset	11	**14,151**	*1,423*
Other assets	12	**88,227**	*69,113*
TOTAL ASSETS		**14,184,800**	*968,400*
LIABILITIES			
Financial instruments at fair value through profit or loss	7	**3,324**	—
Deposits and balances from banks and other financial institutions	13	**11,451,903**	*168,993*
Current accounts and deposits from customers	14	**409,580**	*53,113*
Promissory notes		**4,394**	*3,680*
Subordinated debt	15	**371,113**	—
Other liabilities	16	**3,557**	*4,349*
Total liabilities, other than net assets attributable to participants		**12,243,871**	*230,135*
Net assets attributable to participants	17	**1,940,929**	*738,265*
TOTAL LIABILITIES		**14,184,800**	*968,400*
Commitments and Contingencies	28-30		

The financial statements as set out on pages 4 to 39 were approved on 02 April 2007.

VLADISLAV VOITSEKHOVICH
Acting Chief Executive Officer

IRINA KOMAROVA
Chief Accountant

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

profit and loss statement

for the year ended December 31, 2006

	Notes	2006 (Rs. in 000's)	(Restated) 2005 (Rs. in 000's)
Interest income	18	**467,788**	*21,232*
Interest expense	18	**(251,289)**	*(4,859)*
Net interest income		**216,499**	*16,373*
Fee and commission income	19	**79,884**	*12,991*
Fee and commission expense	20	**(1,944)**	*(481)*
Net fee and commission income		**77,940**	*12,510*
Net income on financial instruments at fair value through profit or loss	21	**5,887**	*47*
Net foreign exchange income	22	**6,549**	*11,668*
Other income	23	**47,438**	*51,169*
Operating income		**354,313**	*91,767*
Net impairment reversals/(losses)	24	**939**	*(5,340)*
General administrative expenses	25	**(340,839)**	*(68,788)*
Operating expenses		**(339,900)**	*(74,128)*
Income before taxes		**14,413**	*17,639*
Income tax expense	26	**(11,669)**	*(3,341)*
Net income		**2,744**	*14,298*

VLADISLAV VOITSEKHOVICH
Acting Chief Executive Officer

IRINA KOMAROVA
Chief Accountant

The profit and loss account is to be read in conjunction with the Notes to, and forming part of, the financial statements.

ICICI Bank

for the year ended December 31, 2006

	Notes	2006 (Rs. in 000's)	(Restated) 2005 (Rs. in 000's)
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest receipts		**370,129**	*20,918*
Interest payments		**(112,434)**	*(5,564)*
Fee and commission receipts		**97,485**	*12,991*
Fee and commission payments		**(1,945)**	*(480)*
Net receipts from financial instruments at fair value through profit or loss		**7,880**	*47*
Net receipts/(payments) from foreign exchange		**(22,716)**	*2,934*
Other income		**47,610**	*51,171*
General administrative expenses		**(329,196)**	*(70,670)*
		56,813	*11,347*
(Increase)/decrease in operating assets			
Placements with banks and other financial institutions and minimum reserve deposit at the Central Bank of the Russian Federation		**(3,193,363)**	*(480,527)*
Financial instruments at fair value through profit or loss		**(1,716,677)**	—
Loans to customers		**(4,909,925)**	*(262,236)*
Available-for-sale assets		**(3,097,541)**	—
Other assets		**(20,040)**	*(68,165)*
		(12,937,546)	*(810,928)*
Increase/(decrease) in operating liabilities			
Deposits and balances from banks and other financial institutions		**11,169,271**	*168,012*
Current accounts and deposits from customers		**353,146**	*(13,888)*
Other liabilities		**(1,078)**	*(101)*
		11,521,339	*154,023*
Net cash utilised by operating activities before taxes paid		**(1,359,394)**	*(645,558)*
Taxes paid		**(20,392)**	*157*
Cash flows from operations		**(1,379,786)**	*(645,401)*
CASH FLOWS FROM INVESTING ACTIVITIES			
Net purchases of property and equipment		**(42,078)**	*(9,745)*
Cash flows from investing activities		**(42,078)**	*(9,745)*
CASH FLOWS FROM FINANCING ACTIVITIES			
Contribution by participant		**1,163,626**	*665,266*
Proceeds from issuance of debt securities		**—**	*(5,007)*
Proceeds from subordinated debt		**353,109**	—
Cash flows from financing activities		**1,516,735**	*660,259*
Net increase in cash and cash equivalents		**94,871**	*5,113*
Effect of changes in exchange rates on cash and cash equivalents		**1,032**	*9,032*
Cash and cash equivalents at the beginning of the year		**39,309**	*22,732*
Cash and cash equivalents at the end of the year	4	**135,212**	*36,877*

VLADISLAV VOITSEKHOVICH — *Acting Chief Executive Officer*

IRINA KOMAROVA — *Chief Accountant*

The cash flow statement is to be read in conjunction with the Notes to, and forming part of, the financial statements.

NOTE 1 – CORE ACTIVITIES OF THE BANK

ICICI Bank Eurasia Limited Liability Company (the "Bank") was incorporated in May 2005, when ICICI Bank Limited, India (the "Parent"), acquired the entire share capital of Investisionno-Kreditny Bank (IKB), a Russian bank with registered office in Balabanovo in the Kaluga region and a branch in Moscow. Investisionno-Kreditny Bank (IKB) was founded in 1998. The Bank conducts its business under a banking license issued by the Central Bank of the Russian Federation on May 27, 1998 registration number 3329, for banking operations in Russian Roubles and foreign currencies from legal entities and individuals.

The Bank was accepted into the state deposits insurance scheme in October 2004.

The principal activities of the Bank are corporate and retail lending, issuing guarantees, deposit taking, customer accounts maintenance, cash and settlement operations and operations with securities and foreign exchange.

The registered address of the Bank's head office is 249000, Kaluga region, Balabanovo, 50 Let Oktyabrya square, 3. The Bank has 1 branch in Moscow and 2 cash offices in Moscow and Kaluga region.

As of December 31, 2006, the number of staff employed by the Bank was 120 (December 31, 2005: 77).

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.

NOTE 2 – BASIS OF PREPARATION

Statement of compliance

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

Basis of measurement

The financial statements are prepared on the historical cost basis except that financial instruments at fair value through profit or loss and available-for-sale assets are stated at fair value.

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. Indian Rupees is the Bank's presentation currency for the purposes of these financial statements.

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

Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires Management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Although these estimates are based on Management's best knowledge of current events and actions, actual results ultimately may differ from these estimates.

Information about significant areas of estimation uncertainty and critical judgements made by Management in the application of IFRSs that have significant effect on these financial statements are described in Note 8 "Loans to customers" in respect of the loan impairment allowance.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been applied consistently in the preparation of the financial statements.

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. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to the functional currency at the foreign exchange rate ruling at the date of the transaction. Foreign exchange differences arising on translation are recognised in the income statement.

Inflation accounting

The Russian Federation ceased to be hyperinflationary with effect from 1 January 2003 and accordingly no adjustments for hyperinflation have been made for periods subsequent to this date. The hyperinflation-adjusted carrying amounts of the Bank's assets and liabilities as at 31 December 2002 became their carrying amounts as at 1 January 2003 for the purpose of subsequent accounting.

Cash and cash equivalents

The Bank considers cash and nostro accounts with the CBR 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.

Financial instruments

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;
- 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;
- a derivative (except for a derivative that is a designated and effective hedging instrument); or,
- upon initial recognition, designated by the entity 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.

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

Recognition

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

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 interest 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 value through profit or loss and financial liabilities that arise when a transfer of a financial asset carried at fair value does not qualify for derecognition, are measured at amortised cost. Amortised cost is calculated using the effective interest 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.

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.

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;
- a gain or loss on an available-for-sale financial asset is recognized directly through changes in assets attributable to participants (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 changes in assets attributable to participants 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.

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.

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.

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 are 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 and other credit related commitments are recognised when losses are considered probable and can be measured reliably.

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.

Property and equipment

Owned assets

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.

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 first day of the month, following the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. The estimated useful lives are as follows:

Equipment	4 years
Fixtures and fittings	4 to 10 years
Vehicles	5 years

Intangible assets

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

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

The estimated useful life is as follow:

Computer software	10 years

Impairment

Financial assets carried at amortized cost

Financial assets carried at amortized cost consist principally of loans, other receivables and unquoted available-for-sale debt securities ("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 had 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 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 judgement to estimate the amount of any impairment loss.

All impairment losses in respect of loans and receivables are recognised 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.

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.

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 in the period when they are declared.

Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in changes in net assets attributable for participants, in which case it is recognised in changes in net assets attributable for participants.

Current tax expense 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 where 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 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 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.

Interest income and expenses and fee and commission income

Interest income and expense are recognised in the income statement as they accrue, taking into account the effective interest rate of the asset/liability or an applicable floating rate. 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.

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

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

Operating leases

Where the Bank is the lessee in a lease agreement where the lessor does not transfer substantially all of the risks and rewards incidental to ownership of the asset, the arrangement is accounted for as an operating lease. The leased asset is not recognised in the Bank's financial statements, and lease payments are recognised in the statement of income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Comparative information

Certain comparative information has been reclassified conform to changes in presentation and correct application of IFRS.

Fee and commission income

Included in other income for the year ended December 31, 2006 are fees in respect of research and information services (Refer Note 23), which was presented in the fee and commission income in the previous year. Management believes that the revised presentation results in more appropriate presentation of such income as it is not in the nature of commission income.

The effect of this reclassification on the comparative information as previously reported is as follows:

	December 31, 2005 (Rs. in 000's)
Fee and Commission Income (as previously reported)	*57,386*
Fee and Commission Income (restated)	*12,991*
Other Income (as previously reported)	*6,776*
Other Income (restated)	*51,169*

Cash and cash equivalents

Included in placements with banks and other financial institutions at December 31, 2006 are overnight accounts, which were presented in the cash and cash equivalents in the previous year. Management believes that the revised presentation results in more appropriate presentation of overnight accounts.

	December 31, 2005 (Rs. in 000's)
Cash and cash equivalents (as previously reported)	*188,020*
Cash and cash equivalents (restated)	*36,877*
Placements with banks and other financial institutions (as previously reported)	*332,989*
Placements with banks and other financial institutions (restated)	*484,131*

Net assets attributable to participants

IAS 32 (revised 2003) "Financial Instruments: Disclosure and Presentation" (effective since January 1, 2005) requires, among other things, that financial instruments under which the issuer can be required to deliver cash or other financial assets to the holder do not meet the definition of equity and must therefore be classified as liabilities. Each participant in a Russian Limited Liability Company has the unilateral right to withdraw his capital from the company and receive his share of the company's net assets within six months after the end of the year of which the withdrawal was notified. As a result, charter capital, additional paid-in capital and retained earnings attributable to participants of the Bank previously reported as equity, were reclassified to liabilities in order to comply with the standard (refer to note 17).

Changes in accounting policies

During the current year there were no significant changes required to be carried out by the Bank in its accounting policies as a result of new or revised Standards that are effective for periods beginning on or after 1 January 2006.

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 2006, 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 these pronouncements when they become effective. The Bank has not yet analysed the likely impact of these new standards on its financial statements.

- *IFRS 7 "Financial Instruments: Disclosures",* which is effective for annual periods beginning on or after January 1, 2007, provides disclosure requirements regarding the significance of financial instruments to the Bank's financial position and performance, and qualitative and quantitative information about the nature and extent of risks arising from financial instruments. The Standard supersedes International Financial Reporting Standard IAS 30 "Disclosures in the Financial Statements of Banks and Similar Financial Institutions" and the disclosure requirements in International Financial Reporting Standard IAS 32 "Financial Instruments: Presentation and Disclosure". A large portion of existing disclosure requirements in International Financial Reporting Standard IAS 32 "Financial Instruments: Presentation and Disclosure" is transferred to the new Standard. The title of International Financial Reporting Standard IAS 32 is amended to IAS 32 "Financial Instruments: Presentation".
- *IFRIC 9 "Reassessment of embedded derivatives",* which is effective for annual periods beginning on or after November 1, 2006, clarifies that an embedded derivative shall be assessed for separation from the host contract and accounted for as a derivative when the Group first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a significant change in the terms of the contract, i.e. in the terms of either the host contract or the embedded derivative or both.
- *IFRIC 10 "Interim Financial Reporting and Impairment",* which is effective for annual periods beginning on or after November 1, 2006, clarifies that

an impairment loss recognised in a previous interim period in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost should not be reversed.

- Amendment to IAS 1 *"Presentation of Financial Statements – Capital Disclosures"*, which is effective for annual periods beginning on or after January 1, 2007. The Standard will require increased disclosure in respect of the Bank's capital.

NOTE 4 – CASH AND CASH EQUIVALENTS

	2006 (Rs. in 000's)	2005 (Rs. in 000's)
Cash	52,041	4,630
Due from the Central Bank – nostro accounts	83,171	32,247
	135,212	36,877

NOTE 5 – MINIMUM RESERVE DEPOSIT AT THE CENTRAL BANK OF THE RUSSIAN FEDERATION

	2006 (Rs. in 000's)	2005 (Rs. in 000's)
Minimum reserve deposit	259,629	1,999
	259,629	1,999

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

NOTE 6 – PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	2006 (Rs. in 000's)	2005 (Rs. in 000's)
Loans and deposits	2,067,919	332,902
Nostro accounts	885,730	—
Overnight placement with Banks	503,183	151,143
Accrued interest	10,358	86
	3,467,190	484,131

Concentration of placements with banks and other financial institutions

As at December 31, 2006 the Bank had 2 (2005: 1) banks and financial institution, whose balance exceeded 10% of total placements with banks and other financial institutions. The gross values of these balances as of December 31, 2006 and 2005 were Rs. 1,372,078 thousand and Rs. 158,422 thousand, respectively.

NOTE 7 – FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2006 (Rs. in 000's)	2005 (Rs. in 000's)
Assets		
Debt instruments – Trading quoted		
Corporate bonds	1,316,640	—
Bonds issued by banks	424,938	—
	1,741,578	—
Liabilities		
Derivative financial instruments		
Foreign currency contracts	3,324	—
	3,324	—

Losses arising on derivative financial instruments are recognized in net foreign exchange income (Note 22).

Foreign currency contracts

The table below summarises, by major currency, the contractual amounts of the Bank's forward exchange contracts outstanding at December 31, 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, along with the amounts payable and receivable on the matured but unsettled contracts, have been recognised in the income statement and in financial instruments at fair value through profit or loss, as appropriate.

	Notional amount		Weighted average contracted exchange rates	
	2006 (Rs. in 000's)	2005 (Rs. in 000's)	2006	2005
Buy USD sell RUR				
Less than three months	1,100,640	—	26.37	—
Between three months and one year	308,074	—	26.37	—
Buy USD sell Euros				
Less than three months	65,822	—	0.76	—

NOTE 8 – LOANS TO CUSTOMERS

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

	2006 (Rs. in 000's)	2005 (Rs. in 000's)
Retail customers		
Mortgage lending	572,297	21,246
Auto loans	100,301	2,395
Credit cards	850	—
Public sector customers		
Public administration	335,260	—
Commercial customers		
Manufacturing	1,556,817	—
Trade	1,216,526	223,921
Real estate	862,669	79,210
Finance	302,234	—
Machine-building	240,556	—
Oil and gas	118,623	—
Other	2,630	40,653
Accrued interest	238	230
	5,309,001	367,655
Provision for impairment	(8,822)	(9,318)
	5,300,179	358,337

Significant credit exposures

As at December 31, 2006 the Bank had no (2005: 1) borrowers or group of related borrowers, whose loan balance exceeded 10% of loans to customers. The gross value of these loans as of December 31, 2005 was Rs. 157,741 thousand.

Contractually overdue loans

Information in relation to loans with contractually overdue principal or interest as at December 31, 2006 and 2005, is summarised as follows:

	2006 (Rs. in 000's)	2005 (Rs. in 000's)
Gross loans with contractually overdue principal or interest	8,822	—
Provision for impairment	(8,822)	—
Net contractually overdue loans recorded in the balance sheet	—	—

Analysis of movements in the provision for impairment

	2006 (Rs. in 000's)	2005 (Rs. in 000's)
Balance at the beginning of the year	**9,932**	*3,976*
Charge/(recovery) for the year	**(1,110)**	*5,342*
Balance at the end of the year	**8,822**	*9,318*

The Bank has reviewed its loan portfolio and identified loans with a total principal amount of Rs. 8,822 thousand, which have indicators of impairment and has created provision for these loans of Rs. 8,822 thousand at December 31, 2006. The Bank also assessed collective allowance for impairment as at December 31, 2006 and has concluded that no provision is required. Changes in these estimates could effect the loan impairment provision. For example, to the extent that the net present value of the estimated cash flows differs by minus one percent, the collective loan impairment provision on loans as of December 31, 2006 would be Rs. 53,001 thousand higher.

Loan maturities

The maturity of the Bank's loan portfolio is presented in Note 34, 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 to customers will be renewed on maturity. Accordingly, the effective maturity of the loan portfolio may be significantly longer than the classification indicated based on contractual terms.

NOTE 9 – AVAILABLE-FOR-SALE ASSETS

	2006 (Rs. in 000's)	2005 (Rs. in 000's)
Debt instruments – Quoted		
Corporate bonds	**2,471,007**	—
Bonds issued by banks	**51,421**	—
Debt instruments – Unquoted		
Corporate bonds	**348,521**	—
Promissory notes	**254,499**	—
	3,125,448	—

NOTE 10 – PROPERTY AND EQUIPMENT

(Rs. in 000's)	Equipment	Fixtures and fittings	Vehicles	Computer software	Construction in progress	Total
Cost amount						
At 1 January 2006	4,340	646	2,642	9,071	1,560	18,259
Additions	16,867	22,957	—	2,201	117	42,142
Transfer	1,663	—	—	—	(1,663)	—
Disposals	(473)	—	—	—	—	(473)
Reserve for translation difference	286	43	174	598	104	1205
At December 31, 2006	**22,683**	**23,646**	**2,816**	**11,870**	**118**	**61,133**
Depreciation / amortisation						
At 1 January 2006	(871)	(168)	(445)	(255)	—	(1,739)
Depreciation/ amortisation charge	(3,158)	(1,671)	(505)	(996)	—	(6,330)
Disposals	236	—	—	—	—	236
Reserve for translation difference	(57)	(11)	(29)	(17)	—	(114)
At December 31, 2006	**(3,850)**	**(1,850)**	**(979)**	**(1,268)**	**—**	**(7,947)**
Carrying value At December 31, 2006	**18,833**	**21,796**	**1,837**	**10,602**	**118**	**53,186**
At December 31, 2005	*3,469*	*478*	*2,197*	*8,816*	*1,560*	*16,520*

NOTE 11 – DEFERRED TAX ASSET

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 2006 and 2005. These deferred tax assets have been recognised in these financial statements. The future tax benefits will only be realised if profits will be available against which the unused tax losses can be utilised 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 deductible temporary differences, which have no expiry dates, are listed below at their tax effected accumulated values:

	Assets		Liabilities		Net	
(Rs. in 000's)	2006	2005	2006	2005	2006	2005
Financial instruments at fair value through profit or loss	**7,396**	—	**—**	—	**7,396**	—
Loans to customers	**4,224**	*1,637*	**(630)**	—	**3,594**	*1,637*
Property and equipment	—	—	**(750)**	*(214)*	**(750)**	*(214)*
Available-for-sale assets	**3,911**	—	—	—	**3,911**	—
Total deferred tax assets/ (liabilities)	**15,531**	*1,637*	**(1,380)**	*(214)*	**14,151**	*1,423*

The rate of tax applicable for deferred taxes was 24% (2005: 24%).

The above deductible temporary differences do not expire under current tax legislation.

Movement in temporary differences during the year

(Rs. in 000's)	Balance January 1, 2006	Recognised in income	Recognised in changes in net assets attributable to participants	Reserve for translation difference	Balance December 31, 2006
Financial instruments at fair value through profit or loss	—	7,396	—	—	7,396
Available-for -sale assets	—	—	3,911	—	3,911
Loans to Customers	1,637	1,849	—	108	3,594
Property and equipment	(214)	(522)	—	(14)	(750)
	1,423	**8,723**	**3,911**	**94**	**14,151**

NOTE 12 – OTHER ASSETS

	2006 (Rs. in 000's)	2005 (Rs. in 000's)
Prepayments	**65,602**	*68,026*
Other	**22,836**	*1,127*
	88,438	*69,153*
Provision for impairment	**(211)**	*(40)*
	88,227	*69,113*

Analysis of movements in the provision for impairment

	2006 (Rs. in 000's)	*2005 (Rs. in 000's)*
Balance at the beginning of the year	44	—
Charge for the year	171	*44*
Balance at the end of the year	215	*44*

NOTE 13 – DEPOSITS AND BALANCES FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	2006 (Rs. in 000's)	*2005 (Rs. in 000's)*
Term deposits	11,331,149	*168,606*
Accrued interest	120,754	*387*
	11,451,903	*168,993*

Concentration of deposits and balances from banks and other financial institutions

As at December 31, 2006 the Bank had 1 (2005: 3) group of related banks, whose balances exceeded 10% of total deposits and balances from banks and other financial institutions. The gross value of these balances as of December 31, 2006 and 2005 were Rs. 10,708,712 thousand and Rs. 161,816 thousand, respectively.

NOTE 14 – CURRENT ACCOUNTS AND DEPOSITS FROM CUSTOMERS

	2006 (Rs. in 000's)	*2005 (Rs. in 000's)*
Current accounts and demand deposits		
– Retail	25,624	*2,420*
– Corporate	366,588	*48,027*
Term deposits		
– Retail	6,774	*1,706*
– Corporate	10,552	*960*
Accrued interest	42	—
	409,580	*53,113*

Concentrations of current accounts and customer deposits

As of December 31, 2006 the Bank had 2 (2005: 1) customers, whose balances exceeded 10% of total customer accounts. These balances as of December 31, 2006 and 2005 were Rs. 191,502 thousand and Rs. 23,466 thousand, respectively.

NOTE 15 – SUBORDINATED DEBT

	2006 (Rs. in 000's)	*2005 (Rs. in 000's)*
Subordinated debt (ICICI Bank Limited, Offshore Banking Unit in the Kindom of Bahrain)	353,111	—
Accrued interest	18,002	—
	371,113	—

Principal amount (in USD thousand)	Interest rate	Issue date	Maturity date	2006 (Rs. in 000's)	*2005 (Rs. in 000's)*
8,000	6.65%	30 March 2006	30 March 2016	371,113	—

NOTE 16 – OTHER LIABILITIES

	2006 (Rs. in 000's)	*2005 (Rs. in 000's)*
Taxes payable	3,195	*4,318*
Other	362	*31*
	3,557	*4,349*

NOTE 17 – NET ASSETS ATTRIBUTABLE TO PARTICIPANTS

	Charter Capital (Rs. in 000's)	Additional paid-in capital (Rs. in 000's)	Revaluation reserve for available -for-sale assets (Rs. in 000's)	Retained Earnings (Rs. in 000's)	Total net assets attributable to participant (Rs. in 000's)
Balance at 1 January 2005 (restated)	**207,533**	**—**	**—**	**(154,254)**	**53,279**
Net income for the year	—	—	—	14,298	14,298
Contribution by the sole participant	440,328	230,354	—	—	670,682
Reserve for translation difference	(434)		440		6
Balance at December 31, 2005 (restated)	**647,427**	**230,354**	**—**	**(139,516)**	**738,265**
Net income for the year	—	—	—	2,744	2,744
Contribution by the sole participant	1,127,312	36,314	—	—	1,163,626
Unrealised losses on available for-sale assets	—	—	(16,299)	—	(16,299)
Tax effect on unrealised losses on available-for-sale assets		—	3,911	—	3,911
Reserve for translation difference	42,692	15,190		(9,200)	48,682
Balance at December 31, 2006	**1,817,431**	**281,858**	**(12,388)**	**(145,972)**	**1,940,929**

Charter Capital represents contributions made by the participant of the Bank.

Under Russian legislation, a participant in a limited liability company has the unilateral right to withdraw from the company, in which case the company would be obliged to pay such withdrawing participant's share of the net assets of the company. As a result charter capital and retained earnings attributable to participants of the Bank have been presented as a liability in order to comply with the *IAS 32 (revised 2003) "Financial Instruments: Disclosure and Presentation"*. Comparative figures have been presented accordingly. Management of the Bank has not been advised of the intention of the participant to withdraw its capital from the Bank.

As at December 31, 2006 the Charter Capital of the Bank was Rs. 1,817,431 thousand (2005 Rs.: 647,427 thousand). During the year 2006 Charter Capital was increased by Rs. 1,127,312 thousand (2005 Rs.: 440,328 thousand).

In June 2006, the Bank also received a contribution from the participant amounting to Rs. 36,314 thousand to comply with the depositary insurance requirements, which was treated as additional paid-in capital.

NOTE 18 – NET INTEREST INCOME

	2006 (Rs. in 000's)	*2005 (Rs. in 000's)*
Interest income		
Securities interest	178,987	—
Loans to customers	182,645	*15,158*
Placements with banks and other financial institutions	106,156	*6,074*
	467,788	*21,232*
Interest expense		
Deposits and balances from banks and other financial institutions	249,752	*563*
Promissory notes	1,172	*574*
Current accounts and deposits from customers	365	*3,722*
	251,289	*4,859*

NOTE 19 – FEE AND COMMISSION INCOME

	2006 (Rs. in 000's)	*2005 (Rs. in 000's)*
Securities interest	178,987	—
Fees related to loans	63,037	*10,561*
Guarantee and letter of credit issuance fees	5,103	*53*
Settlement fees	4,338	—
Cash transactions fees	2,791	*480*
Underwriting and corporate finance fees	2,263	—
Agency services fees	875	—
Other	1,477	*1,897*
	79,884	*12,991*

NOTE 20 – FEE AND COMMISSION EXPENSE

	2006 (Rs. in 000's)	2005 (Rs. in 000's)
Cash transactions fees	619	314
Settlement fees	560	100
Participation fees	404	—
Credit card maintenance fees	79	—
Other	282	67
	1,944	481

NOTE 21 – NET INCOME ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2006 (Rs. in 000's)	2005 (Rs. in 000's)
Debt instruments	5,887	—
Other	—	47
	5,887	47

NOTE 22 – NET FOREIGN EXCHANGE INCOME

	2006 (Rs. in 000's)	2005 (Rs. in 000's)
Gain from translation of financial assets and liabilities	32,589	8,734
Loss on spot transactions and derivatives	(26,040)	2,934
	6,549	11,668

NOTE 23 – OTHER INCOME

	2006 (Rs. in 000's)	2005 (Rs. in 000's)
Research and information services	46,138	46,345
Other	1,300	4,824
	47,438	51,169

NOTE 24 – NET IMPAIRMENT REVERSALS/(LOSSES)

	2006 (Rs. in 000's)	2005 (Rs. in 000's)
Impairment losses		
Loans to customers	—	(5,301)
Other assets/commitments	(171)	(40)
	(171)	(5,340)
Reversals of impairment losses		
Loans to customers	1,110	—
	1,110	—
Net impairment reversal/(losses)	939	(5,340)

NOTE 25 – GENERAL ADMINISTRATIVE EXPENSES

	2006 (Rs. in 000's)	2005 (Rs. in 000's)
Employee compensation	165,548	35,842
Rent	46,928	8,558
Payroll related taxes	20,151	7,317
Repairs and maintenance	20,055	—
Operational taxes	19,271	3,064
Retail banking sales cost	10,586	—
Professional services	8,319	5,492
Communications services	7,396	—
Depreciation and amortisation	6,330	1,089
Information and consultation services	3,884	—
Travel	3,788	—
Advertising and marketing	3,088	—
Insurance	1,799	—
Other	23,696	7,426
	340,839	68,788

NOTE 26 – INCOME TAX EXPENSE

	2006 (Rs. in 000's)	2005 (Rs. in 000's)
Current tax expense		
Current year	20,392	4,925
Under/(over) provided in prior years	—	(810)
	20,392	4,115
Deferred tax expense		
Deferred taxation movement due to origination and reversal of temporary differences and movement in valuation allowance	(8,723)	(774)
	(8,723)	(774)
Total income tax expense in the income statement	11,669	3,341

The Bank's applicable tax rate for current and deferred tax is 24% (2005: 24%).

Reconciliation of effective tax rate:

	2006 (Rs. in 000's)	%	2005 (Rs. in 000's)	%
Income before tax	14,413		17,639	
Theoretical income tax expense at the applicable statutory rates	3,460	24	4,234	24
Tax effect of net non-deductible cost/(non-taxable income)	8,579	60	(83)	—
Under/(over) provided in prior years	—	—	(810)	(5)
Tax effect of items taxed at lower rate	(370)	(3)	—	—
	11,669		3,341	

NOTE 27 – 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:

Market risk

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments traded in the market. Price risk arises when the Bank takes a long or short position in a financial instrument.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk arises when the actual or forecasted assets of a given maturity period are either greater or less than the actual or forecasted liabilities in that maturity period. For further information on the Bank's exposure to fair value interest rate risk at year end refer to Note 33 and 34.

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

The Bank manages its market risk by setting open position limits in relation to financial instrument, interest rate maturity and currency positions which are monitored on a regular basis and reviewed and approved by the Management Board.

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 Management Board.

Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in raising funds to meet its commitments. 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 Management Board. For further information on the Bank's exposure to liquidity risk at year end refer to Note 34.

NOTE 28 – COMMITMENTS

At any time the Bank has outstanding commitments to extend credit. These commitments take the form of approved loans and credit card limits 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 Bank also provides guarantees by acting as settlement agent in securities borrowing and lending transactions.

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.

	2006 (Rs. in 000's)	2005 (Rs. in 000's)
Contracted amount		
Loan and credit line commitments	781,662	—
Guarantees and letters of credit	96,355	5,982
Credit card commitments	53,057	—

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.

NOTE 29 – OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2006 (Rs. in 000's)	2005 (Rs. in 000's)
Less than one year	34,659	13,123
Between one and five years	140,571	—
More than five years	33,102	—
	208,332	13,123

The Bank leases a number of premises under operating lease. The leases typically run for an initial period of five to ten 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.

NOTE 30 – CONTINGENCIES

Insurance

The insurance industry in the Russian Federation is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. 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's property or relating to the Bank's 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 the ordinary course of business, the Bank is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints, will not have a material adverse effect on the financial conditions of the results of future operations of the Bank.

Taxation contingencies

The taxation system in the Russian Federation is relatively new and is characterised 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 these financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

NOTE 31 – RELATED PARTY TRANSACTIONS

Control relationships

The party with ultimate control over the Bank and its direct parent company is ICICI Bank Limited, India, which produces publicly available financial statements.

Transactions with members of the Board of Directors and the Management Board

Total remuneration included in employee compensation and payroll related taxes (refer Note 25):

	2006 (Rs. in 000's)	2005 (Rs. in 000's)
Members of the Board of Directors	14,706	2,178
Members of the Management Board	6,256	5,392
	20,962	7,570

The above amounts include employee compensation and payroll related taxes in respect of members of the Board of Directors and Management Board.

The outstanding balances and average interest rates as of December 31, 2006 with members of the Board of Directors and Management Board is as follows:

	2006 (Rs. in 000's)	Average Interest Rate	2005 (Rs. in 000's)	Average Interest Rate
Balance Sheet				
Assets				
Loans to customers	818	15	—	—

Amounts included in the income statement in relation to transactions with members of the Board of Directors and Management Board is as follows:

	2006 (Rs. in 000's)	*2005 (Rs. in 000's)*
Income statement		
Interest income	**32**	—

Transactions with other related parties

The outstanding balances and the related average interest rates as of December 31, 2006 and related income statement amounts of transactions for the year ended December 31, 2006 with other related parties are as follows. Other related parties are ICICI Bank Limited (India) and ICICI Bank UK Limited (Great Britain).

	Parent company		**Other subsidiaries of the Parent company**		**Total**
	(Rs. in 000's)	**Average Interest Rate**	**(Rs. in 000's)**	**Average Interest Rate**	**(Rs. in 000's)**
Balance Sheet					
Assets					
Placements from banks and other financial institutions	—	—	2,213	—	2,213
Liabilities					
Placements from banks and other financial institutions	9,830,110	5.99	878,602	6.02	10,708,712
Subordinated debt	371,113	6.65	—	—	371,113
Income statement					
Interest expense	232,126	—	11,932	—	244,058
Other income	46,138	—	3,314	—	49,452

The outstanding balances and the related average interest rates as of December 31, 2005 and related income statement amounts of transactions for the year ended December 31, 2005 with other related parties are as follows. Other related party is ICICI Bank Limited (India).

	Parent company		**Other subsidiaries of the Parent company**		**Total**
	(Rs. in 000's)	**Average Interest Rate**	**(Rs. in 000's)**	**Average Interest Rate**	**(Rs. in 000's)**
Balance Sheet					
Liabilities					
Placements with banks and other financial institutions	162,201	5.2	—	—	162,201
Income statement					
Interest expense	381	—		—	381
Other income	42,935	—	—	—	42,935

NOTE 32 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair value of the Bank's financial assets and liabilities approximates the carrying amount due to the recent date of origination of these financial instruments.

The estimated fair values of financial instruments at fair value through profit or loss and quoted available-for-sale assets are based on quoted market prices at the balance sheet date without any deduction for transaction costs.

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

The estimates of fair value are intended to approximate the amount for which a financial instrument could be exchanged between knowledgeable, willing parties in an arm's length transaction. However given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.

NOTE 33 – AVERAGE EFFECTIVE INTEREST RATES

The table below displays the Bank's interest bearing assets and liabilities as at December 31, 2006 and 2005 and their corresponding average effective interest rates as at that date.

	2006		*2005*	
	Value (Rs. in 000's)	**Average Effective Interest Rate**	*Value (Rs. in 000's)*	*Average Effective Interest Rate*
Interest Bearing Assets				
Placements with banks and other financial institutions				
Nostro accounts				
– RUR	**2,776**	**0.97%**	*33,932*	—
– USD	**880,936**	**4.48%**	*110,893*	—
– other currencies	**3,356**	**—**	*6,317*	—
Loans and deposits				
– RUR	**338,349**	**7.62%**	*174,565*	*3.69%*
– USD	**2,241,773**	**6.57%**	*158,424*	*7.44%*
Financial instruments at fair value through profit or loss				
– RUR	**1,533,384**	**9.72%**	—	—
– USD	**188,194**	**8.91%**	—	—
Loans to customers				
– RUR	**552,534**	**10.54%**	*34,224*	*14.00%*
– USD	**4,306,284**	**8.73%**	*324,113*	*10.88%*
– other currencies	**441,361**	**6.98%**	—	—
Available-for-sale assets				
– RUR	**2,218,990**	**9.26%**	—	—
– USD	**651,958**	**9.08%**	—	—
– other currencies	**254,500**	**9.69%**	—	—
Interest Bearing Liabilities				
Deposits and balances from banks and other financial institutions				
Term Deposits				
– RUR	**436,245**	**5.30%**	—	—
– USD	**10,425,119**	**5.99%**	*168,993*	*5.20%*
– other currencies	**590,539**	**5.62%**	—	—
Subordinated debt				
– USD	**371,113**	**6.65%**	—	—
Current accounts and deposits from customers				
Current accounts and demand deposits				
– RUR	**315,666**	**—**	*40,279*	—
– USD	**75,326**	**—**	*3,284*	—
– other currencies	**1,219**	**—**	*7,844*	—
Term Deposits				
– RUR	**2,449**	**5.49%**	*1,291*	*7.00%*
– USD	**3,079**	**5.02%**	*415*	*5.00%*
– other currencies	**1,289**	**4.12%**	—	—

	2006 Value (Rs. in 000's)	2006 Average Effective Interest Rate	*2005 Value (Rs. in 000's)*	*2005 Average Effective Interest Rate*
Collateral for letters of credit				
– USD	**10,552**	**—**	*—*	*—*
Promissory notes				
– RUR	**4,209**	**13.05%**	*3,523*	*13.50%*
– other currencies	**185**	**10.00%**	*157*	*10.00%*

NOTE 34 – MATURITY ANALYSIS

The table below summarises the Bank's assets and liabilities by remaining contractual maturity dates as at December 31, 2006.

Assets	Overdue (Rs. in 000's)	Demand and less than 1 month (Rs. in 000's)	1 to 3 months (Rs. in 000's)	3 months to 1 year (Rs. in 000's)	1 to 5 years (Rs. in 000's)	More than 5 years (Rs. in 000's)	No Maturity (Rs. in 000's)	Total (Rs. in 000's)
Cash and cash equivalents	—	135,212	—	—	—	—	—	135,212
Minimum reserve deposit at the Central Bank of the Russian Federation	—	—	—	—	—	—	259,629	259,629
Placements with banks and other financial institutions	—	1,555,799	48,534	1,862,857	—	—	—	3,467,190
Financial instruments at fair value through profit or loss	—	—	—	—	1,486,479	255,099	—	1,741,578
Loans to customers	—	24,950	288,252	1,758,170	2,678,109	550,698	—	5,300,179
Available-for sale assets	—	—	45,265	580,424	2,499,759	—	—	3,125,448
Property and equipments	—	—	—	—	—	—	53,186	53,186
Deferred tax asset	—	—	—	—	—	—	14,151	14,151
Other assets	—	19,249	17,938	2,489	42	48,509	—	88,227
Total assets	**—**	**1,735,210**	**399,989**	**4,203,940**	**6,664,389**	**854,306**	**326,966**	**14,184,800**
Liabilities								
Financial instruments at fair value through profit or loss	—	2,447	164	713	—	—	—	3,324
Deposits and balances from banks and other financial institutions	—	1,249,600	3,504,104	5,153,339	1,544,860	—	—	11,451,903
Current accounts and deposits from customers	—	397,206	6,896	5,478	—	—	—	409,580
Promissory notes	—	—	—	—	4,209	185	—	4,394
Subordinated debt	—	—	—	—	—	371,113	—	371,113
Other liabilities	—	427	2,977	153	—	—	—	3,557
Total liabilities, other than net assets attributable to participants	**—**	**1,649,680**	**3,514,141**	**5,159,683**	**1,549,069**	**371,298**	**—**	**12,243,871**
Net position as at December 31, 2006	**—**	**85,530**	**(3,114,152)**	**(955,743)**	**5,115,320**	**483,008**	**326,966**	**1,940,929**
Net position as at December 31, 2006	—	374,996	52	40,652	282,728	21,320	18,517	738,265

The table below summarises the Bank's assets and liabilities by date of repricing as at December 31, 2006.

Assets	Overdue (Rs. in 000's)	Demand and less than 1 month (Rs. in 000's)	1 to 3 months (Rs. in 000's)	3 months to 1 year (Rs. in 000's)	1 to 5 years (Rs. in 000's)	More than 5 years (Rs. in 000's)	No Maturity (Rs. in 000's)	Total (Rs. in 000's)
Cash and cash equivalents	—	—	—	—	—	—	135,212	135,212
Minimum reserve deposit at the Central Bank of the Russian Federation	—	—	—	—	—	—	259,629	259,629
Placements with banks and other financial institutions	—	2,070,874	4,397	1,391,919	—	—	—	3,467,190
Financial instruments at fair value through profit or loss	—	—	—	—	1,486,479	255,099	—	1,741,578
Loans to customers	—	2,046,196	1,863,481	505,295	351,726	533,481	—	5,300,179
Available-for-sale assets	—	—	45,265	580,424	2,499,759	—	—	3,125,448
Property and equipment	—	—	—	—	—	—	53,186	53,186
Deferred tax asset	—	—	—	—	—	—	14,151	14,151
Other assets	—	—	—	—	—	—	88,227	88,227
Total Assets	**—**	**4,117,070**	**1,913,143**	**2,477,638**	**4,337,964**	**788,580**	**550,405**	**14,184,800**

Liabilities	Overdue (Rs. in 000's)	Demand and less than 1 month (Rs. in 000's)	1 to 3 months (Rs. in 000's)	3 months to 1 year (Rs. in 000's)	1 to 5 years (Rs. in 000's)	More than 5 years (Rs. in 000's)	No Maturity (Rs. in 000's)	Total (Rs. in 000's)
Financial instruments at fair value through profit or loss	—	—	—	—	—	—	3,324	3,324
Deposits and balances from banks and other financial institutions	—	1,424,275	5,452,224	4,575,404	—	—	—	11,451,903
Current accounts and deposits from customers	—	397,206	6,896	5,478	—	—	—	409,580
Promissory notes	—	—	—	—	4,209	185	—	4,394
Subordinated debt	—	—	—	—	—	371,113	—	371,113
Other liabilities	—	—	—	—	—	—	3,557	3,557
Total liabilities, other than net assets attributable to participants	—	1,821,481	5,459,120	4,580,882	4,209	371,298	6,881	12,243,871
Net position as at December 31, 2006	—	2,295,589	(3,545,977)	(2,103,244)	4,333,755	417,282	543,524	1,940,929
Net position as at December 31, 2006	—	374,996	52	40,652	282,728	21,320	18,517	738,265

NOTE 35 – CURRENCY ANALYSIS

The following table shows the currency structure of assets and liabilities at December 31, 2006:

	RUR (Rs. in 000's)	USD (Rs. in 000's)	EUR (Rs. in 000's)	Other currencies (Rs. in 000's)	Total (Rs. in 000's)
Cash and cash equivalents	106,688	25,369	3,155	—	135,212
Minimum reserve deposit at the Central Bank of the Russian Federation	259,629	—	—	—	259,629
Placements with banks and other financial institutions	341,125	3,122,709	1,143	2,213	3,467,190
Financial instruments at fair value through profit or loss	1,553,384	188,194	—	—	1,741,578
Loans to customers	552,534	4,306,284	—	441,361	5,300,179
Available-for-sale assets	2,218,990	651,958	254,500	—	3,125,448
Property and equipment	53,186	—	—	—	53,186
Deferred tax asset	14,151	—	—	—	14,151
Other assets	87,246	872	109	—	88,227
Total Assets	**5,186,933**	**8,295,386**	**258,907**	**443,574**	**14,184,800**
Liabilities					
Financial instruments at fair value through profit or loss	3,324	—	—	—	3,324
Deposits and balances from banks and other financial institutions	436,245	10,425,119	147,737	442,802	11,451,903
Current accounts and deposits from customers	318,115	88,958	2,454	53	409,580
Promissory notes	4,209	—	185	—	4,394
Subordinated debt	—	371,113	—	—	371,113
Other liabilities	3,524	33	—	—	3,557
Total liabilities, other than net assets attributable to participants	**765,417**	**10,885,223**	**150,376**	**442,855**	**12,243,871**
Net on balance sheet position as of December 31, 2006	**4,421,516**	**(2,589,837)**	**108,531**	**719**	**1,940,929**
Net off balance sheet position as of December 31, 2006	**(2,361,427)**	**2,471,764**	**(110,337)**	**—**	**—**
Net on and off balance sheet positions as of December 31, 2006	2,060,089	(118,073)	(1,806)	719	1,940,929
Net on and off balance sheet positions as of December 31, 2005	356,031	383,593	(722)	(637)	738,265